HOUSE OF COMMONS DEBATES

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HOUSE OF COMMONS

Wednesday, February 2, 1983

The House met at 2 p.m.

• (1405)

[*English*]

HOUSE OF COMMONS

CHANGE IN OFFICIAL OPPOSITION SEATING ARRANGEMENTS

Madam Speaker: I have been informed by the Whip of the Official Opposition that the Right Hon. Member for Yellowhead (Mr. Clark) will occupy seat No. 162 and that the Hon. Member for Yukon (Mr. Nielsen) will occupy seat No. 161.

Some Hon. Members: Hear, hear!

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

TRANSPORT

EFFECT OF NEW GRAIN TRANSPORT POLICY ON QUEBEC

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, I am very pleased with this opportunity to speak under the provisions of Standing Order 21. Yesterday, the Canadian Government announced a new grain transportation policy. Since that announcement, a lot has been said, but in fact, very little has been said, in Quebec. Many Quebec farmers are wondering about the policy and what the implications are going to be. As a Member from Quebec and as Chairman of the Caucus Sub-Committee on Agriculture, we—and I personally—have always been ready to defend the interests of Quebecers as we did in the past for the dairy policy, pork price stabilization payments, the $33 million policy for the storage of grain and other areas between 1978 and 1983. We shall be going on a speaking tour through Quebec starting on Monday, at Saint-Raymond de Portneuf and Rimouski, to explain our position, to hear what our fellow citizens have to say about this policy and to explain the grain transportation policy to Quebecers and especially to Quebec farmers.

* * *

TRANSPORT

REQUEST THAT LIBERAL MEMBERS DENOUNCE MINISTER'S LIVESTOCK FEED PROPOSAL

Hon. Roch La Salle (Joliette): Madam Speaker, under the same standing order, I would like to make a few comments on behalf of millions of Quebecers who today are demonstrating their disappointment with respect to the proposals made yesterday by the Minister of Transport regarding this grain policy. Madam Speaker, as a representative of Quebec and on behalf of Quebec farmers, it is my duty to point an accusing finger at those brave Liberal Members who not long ago were giving the Province of Quebec and Quebec farmers the assurance that all was well. Yesterday's statement is certainly not in line with such assurances and has created a general uproar in Quebec. I think I have every right to demand that the ten Members who formed a committee to ensure the survival of agriculture in Quebec, have the courage to speak out against these proposals or at least relinquish their seat in the House, if they really care about the rights of Quebec farmers. The reaction in Quebec is very similar to the feelings aroused by the F-18 issue. Once more, Quebec has been betrayed by the Liberal Members from Quebec, who had committed themselves to take action regarding these proposals. In the circumstances, Madam Speaker, I have no choice but to speak out on behalf of millions of Quebecers, our Quebec farmers and ask the Members from Quebec to stand up and censure these proposals which are only going to jeopardize agricultural growth in Quebec. That is my position.

Mr. Blais: Totally irresponsible! The Hon. Member is doing a disservice to his province and his country.

* * *

[*English*]

GARRISON DIVERSION

PROPOSED INCREASE IN UNITED STATES FUNDING

Mr. Jack Murta (Lisgar): Madam Speaker, I rise under the provisions of Standing Order 21 to bring to the attention of the House the question of the proposed additional funding for the Garrison diversion project which was indicated a few days ago in the United States Congress. In the 1983-84 year, the Garrison diversion will be receiving some $22 million, the largest amount it has received in any one year since the inception of the project. From a Manitoba point of view, and I would suspect from a Canadian point of view, this kind of funding is totally unacceptable.

S.O. 21

The one point which must be made is that Manitobans at this point in time must not give up hope. It is only a proposal and it can be defeated.

I urge the Government not only to instruct its Ministers but also to give an indication to the Province of Manitoba that an all-Party Committee, as was suggested, will move forthwith to present itself in Washington to put up a strong showing against this particular proposal.

Madam Speaker: The Hon. Member for Dauphin (Mr. Lewycky).

[*Editor's Note: The Hon. Leader of the Opposition (Mr. Nielsen) and the Right Hon. Member for Yellowhead (Mr. Clark) having entered the Chamber:*]

Some Hon. Members: Hear, hear!

Mr. Lewycky: Madam Speaker, this is the first time that the entire Conservative caucus has risen and applauded me. I assume it is because of the statement I want to make on the Crow.

* * *

RAILWAYS

CROWSNEST PASS RATE—OPPOSITION TO ANNOUNCED CHANGES

Mr. Laverne Lewycky (Dauphin): Yesterday in Winnipeg the Minister of Transport (Mr. Pepin), with his announcement on the Crow rate, dealt a crushing blow to farmers in western Canada. With this latest action the Government has completely destroyed the already tenuous survival of farmers who really provide the country with such a fundamental necessity as its daily food. In fact, while the Minister of Transport was making his announcement, many of us were meeting with delegations from the Canadian Farmers' Survival Association. These men are desperate. Prices for grain have been falling, interest rates are climbing, and the banks are foreclosing their farms. Now the Government is throwing farmers to the mercy of the railways. This will be a millstone around the necks of farmers in western Canada. Specifically in Manitoba, there was nothing in the announcement with regard to Churchill or to the farmers of Manitoba.

I have received a strongly worded resolution, passed unanimously by some 300 people at a meeting in Swan River, which reads:

> That this meeting go on record as being strongly opposed to the Pepin efforts to dismantle the Crow.

I present it to the House.

CANADA POST CORPORATION

SUGGESTED ISSUANCE OF UNITED EMPIRE LOYALIST COMMEMORATIVE STAMP

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, this year and next mark the bicentennial anniversary of the arrival of the United Empire Loyalists to Canada. They were a people who were instrumental in founding the nation we cherish today. They carried with them a loyalty and patriotism which forged a strong bond with England, and assured the French and English colonies protection against the threat of American Imperialism. The Loyalists introduced many of the social values and ideals we prize, as they brought with them British society, Government, and character.

• (1410)

A great many Canadians can proudly trace their families back 200 years to the arrival of these diligent and patriotic people and, in doing so, proudly boast their Loyalist origins.

It is my understanding Canada Post is considering issuing a stamp in 1984 to commemorate the bicentennial of the Loyalist arrival. To honour these settlers, their descendants, and their legacy, I appeal to the Postmaster General and his cabinet colleagues to issue a commemorative stamp honouring the arrival of the United Empire Loyalists. Loyalist descendants will be celebrating the bicentennial with pride, and are asking the Government of Canada to acknowledge properly the significant contributions and historical importance of the Loyalist immigration.

* * *

TRUST COMPANIES

CALL FOR REFERRAL OF WHITE PAPER TO COMMITTEE

Hon. Marcel Lambert (Edmonton West): Madam Speaker, the following exist as fact. First, in the fall of 1980, at the time of the passing of the Bank Act, the then Minister of State for financial institutions promised the committee that there would be a whole new trust company act brought forward within a matter of a month or two.

Second, the Government has now tabled a white paper on trust company act provisions.

Third, negotiations did take place between representatives of the Government side and members of the Opposition with regard either to referring the contents of a new trust company bill or, as it turns out, this white paper, to a special committee so that we could get on with work on the legislation.

Fourth, the actual setting up of the Standing Committee on Finance, Trade and Economic Affairs under the new rules would take at good two or three weeks at least.

Therefore I would suggest to the Hon. Ministers responsible that there be an immediate referral of the contents of the white paper, or of a new trust company act, to a special committee of

the House, which could be going within a week because, as you know, Madam Speaker, there are serious problems.

* * *

EXTERNAL AFFAIRS

NICARAGUA—CANADIAN SUPPORT FOR PEACE INITIATIVE

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, yesterday 1,600 United States troops began military activities in Honduras near that country's border with Nicaragua. Nicaragua has been under prolonged and persistent pressure from the United States and American-backed right wing rebels. This political pressure and military incursions into Nicaragua have taken a toll in civilian lives and a straggering toll on the besieged Nicaraguan economy.

The threat of invasion from Honduras continues. The Governments of Honduras and the United States continue to harbour and support anti-Nicaraguan rebels, terrorists, troop activities, and harassment of refugees. Only last month the foreign ministers of Panama, Columbia, Mexico and Venezuela met at Contadora Island in Panama and made an urgent call to all nations to:

—refrain from undertaking actions that could create the danger of generalizing the conflict throughout the region.

The Ministers said that dialogue and negotiations were the key to solving the interstate problems of Central America.

On Monday last a letter was sent to President Reagan, signed by 78 U.S. Congressmen, protesting U.S. troop presence in the region as:

—a dangerous escalation of tensions in a volatile region.

—and calling for U.S. support for the Mexican-Venezuelan peace initiatives.

Canada supports this Mexican-Venezuelan approach, and should do so enthusiastically according to the Minister of Employment and Immigration (Mr. Axworthy) who has recently returned from Central America.

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SOCIAL SECURITY

DELAY IN MAILING OF JANUARY OLD AGE PENSION CHEQUES

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, altogether too many elderly pensioners in the Victoria area, and probably elsewhere in British Columbia, suffered unnecessary misery and concern earlier this week—some even had to borrow to pay rents that were falling due—because of the deliberate failure of the Department of Supply and Services to mail January's pension cheques on schedule.

I urge, therefore, that the Minister of Supply and Services (Mr. Blais) be required to investigate the matter immediately to ensure that such suffering and misery not be inflicted again on old age pensioners. A delay of this sort should not have happened, and should not happen again.

• (1415)

ORAL QUESTION PERIOD

[*English*]

INDUSTRY

PETROCHEMICAL INDUSTRY—REQUEST THAT GOVERNMENT ACT TO PROVIDE ASSISTANCE

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is directed to the Minister of State for Economic Development, in the absence of the Minister of Industry, Trade and Commerce. The Minister will be aware that the Canadian petrochemical industry is in serious difficulty. In eastern Canada alone this industry accounts for 9,000 direct jobs and 108,000 indirect and induced jobs. The reason the industry is in trouble is that its feedstock prices have pushed it into a non-competitive position as compared to industries in the United States and other countries. Is the Minister aware that, without immediate action, this industry will face the potential loss of 50,000 jobs, to be added to the 1.5 million or more Canadians who are now unemployed?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I will take that question in the absence of the Minister of Industry, Trade and Commerce. We are very much aware and sensitive to the problems of the petrochemical industry, which are certainly not unique to the industry in this country, as the Hon. Member knows. The industry is in difficulty in the United States, and in serious difficulty in Japan.

There are a number of structural reasons for this problem that faces the industry on a world-wide basis. The Government is looking at the matter on an urgent priority basis. Many of us, as I am sure the Hon. Member is aware, have received in-depth representations from industry spokesmen, and I can assure you that the Government has taken its responsibility very seriously in this regard.

Mr. Gurbin: That is precisely the kind of answer that we know the Government has been giving to the industry. It is precisely for that reason that we are asking these questions today.

PRICE OF OIL FEEDSTOCK

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my supplementary question is directed to the same Minister. The Government does not understand that it is not a question of recession, or other reasons that have been coming from the Department or the Government. This is a made-in-Canada problem. It is a problem of feedstock prices in Canada. Neither the industry, the Opposition, nor anyone else expects the Government to answer for world-wide recession problems, but it can deal with the problems that have been created in Canada and that affect Canadians.

Yesterday the Hon. Member for Sarnia-Lambton presented a petition in the House. Part of that petition reads:

—the petrochemical industry is in trouble in Sarnia and in Canada because of the federal Government's Petrochemical Feedstock Taxation Policy; and that thousands of jobs are in jeopardy in both the short and the long term;—

Is the Minister aware that the taxation and revenue policies that have been put forward in the National Energy Program promise that the prices of feedstocks would not exceed 85 per cent of world prices and that that figure, in fact, was not expected to be reached until 1985? In many cases we have already exceeded that figure.

Madam Speaker: Order.

Mr. Gurbin: Is he prepared to change those taxation policies?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I am sorry, I did not hear the last part of that question. However, the Member is essentially wrong in his facts. The fact is that the oil-based sector of that industry is in serious difficulty everywhere. In fact the Canadian sector does enjoy an advantage because of the feedstock prices that were established by the National Energy Program.

The oil-based sector in the United States is also going through serious difficulties, with many plants having been shut down. It is true that the oil-based sector produces a limited number of products that cannot be produced from the gas-based sector. But these are very complex issues. I suggest that, if the Hon. Member has some worthwhile suggestions to make, I am sure that my colleague, the Minister of Industry, Trade and Commerce, would be glad to hear them.

It is not a simple problem, frankly, of a domestic nature in the country. The oil-based sector is in serious trouble everywhere.

REQUEST FOR NEW TAX POLICY

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, the industries that are shut down in the United States are shut down because of the recession. This is a Canadian problem because of the Canadian taxation and revenue policies that have been designed by the Liberal Government. That is what needs to be changed.

Will the Minister respond to the request of the industry and the Opposition to put forward a suitable and appropriate taxation and revenue policy to maintain our feedstock prices below 85 per cent of world and competitor levels? Will the Minister provide a long-term petrochemical feedstock policy pricing regime for the Canadian industry?

• (1420)

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, on behalf of my colleagues who are directly concerned and seized with this problem at the present time, I will certainly take the Hon. Member's question as a representation as to the position of the Conservative Party on this issue. Certainly a long-term solution to the petrochemical problem is one which we would all like to achieve. That is what the Government is attempting to do at the present time.

STATE OF WESTERN PETROCHEMICAL INDUSTRY

Hon. Don Mazankowski (Vegreville): Madam Speaker, I direct my question to the Minister of Energy, Mines and Resources. Perhaps he can enlighten the House a little more concerning the plight of the petrochemical industry. As he well knows, the natural gas based petrochemical industry, largely based in western Canada, is clearly struggling to survive. As a matter of fact, at the present time there are some $7.5 billion worth of petrochemical projects on hold, largely due to the loss of the competitive edge which the western based industry had. It is now in a position where feedstock prices are 10 per cent higher than the international price and the U.S. price. Two years ago, the Alberta based producers had a 25 per cent price advantage.

Has the Minister looked into the reason why the Government has allowed the western petrochemical industry to lose its competitive advantage, and why it refuses to take corrective action to allow this industry to grow once again?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I have nothing to add to what my predecessor just said to the House. At this time we are studying the problem, which is very complex, as we must take into consideration the east and the west, the feed stock base of natural gas, and also of oil, affecting the petrochemical industry, and so on. We are reviewing the situation at this time, and when we have a new policy we will announce it.

REQUEST FOR EARLY GOVERNMENT ACTION

Hon. Don Mazankowski (Vegreville): Can I interpret what the Minister of Energy, Mines and Resources said as meaning that the Government will simply ignore the potential loss of 60,000 jobs as a result of the failure of the petrochemical industry? The fact is that we are not talking about months or years. We are talking about days and weeks for the survival of this very important sector of the Canadian economy. Why does the Minister refuse to act?

Some Hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I just said that we are reviewing the situation at this time. Very soon we will announce a policy.

Miss MacDonald: You do not know the difference between feedstock and energy prices.

THE ECONOMY

DEVELOPMENT OF COAL RESERVES—GOVERNMENT POSITION

Mr. Les Benjamin (Regina West): Madam Speaker, my first question is directed to the Prime Minister since it relates to over-all Government policy. The Government announced yesterday that it proposes to amend the 1925 statute which not only sets out statutory grain rates but also sets out provisions concerning the reserve of coal on what are called Dominion coal lands. Amending that legislation would free those lands. The legislation states that "coal will be reserved for the purpose of securing a sufficient and suitable supply of coal to the public at reasonable prices, not exceeding $2 per tonne".

Can the Prime Minister give us his assurance that, should this legislation pass, the development of this $450 billion coal reserve will proceed in the public sector and that the benefits and revenues will go to the people of Canada? Whom will the Government allow to develop this reserve, the CPR or the private coal companies? Who will derive the benefits of that resource which has been held in reserve since 1925?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it would be the intention of the Government to ensure that the benefits to the public are maximized in every way.

Some Hon. Members: Oh, oh!

Mr. Benjamin: Madam Speaker, that means that there goes the CPR again, on another gravy train.

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RAILWAYS

AMOUNT OF INVESTMENT

Mr. Les Benjamin (Regina West): Madam Speaker, my supplementary question is directed to the Minister of State for Economic Development. Yesterday the Government announced the provision of a guaranteed annual income for the railroads, a 21 per cent return on investment and another 20 per cent in add-on profit from the transportation of grain. Why is the Government allowing the railways to invest less money in 1983 than they did in 1980, when they claimed they were losing hundreds of millions of dollars on the transportation of grain? Do the Minister and the Government intend to allow the railroads to take those guaranteed annual profits, and use them for something else?

• (1425)

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I would hope that the Hon. Member has had an opportunity of reviewing the package which was distributed to him yesterday morning at 11 o'clock. It seems to me that it was clear from the announcement yesterday, made across the country and in this House, that the railways' direct investments over the next decade will be $16.5 billion to improve the railway transportation sector. Also there will be industrial spinoffs, which are fully described in that package. So I really do not know what the complaint of the Hon. Member is.

Mr. Benjamin: Madam Speaker, I suggest that the Minister read Statistics Canada instead of letting the CPR write his answers for him. The rate of railway investment for 1980 projected to 1991 is many hundreds of millions more than the Government is now requiring of the railroads.

REQUEST THAT CAPITAL BE USED TO ACQUIRE EQUITY IN RAILWAYS

Mr. Les Benjamin (Regina West): Madam Speaker, I must now direct this question to the Prime Minister because this also has to do with over-all Government policy.

We agree that the railway system must be upgraded with a massive capital investment. Since the people of Canada paid for the building of 60 per cent of the CPR, 81 per cent of the Canadian Northern and 65 per cent of the Grand Trunk Pacific, and when the latter two went bankrupt we paid for them a second time, I would like to ask the Prime Minister if the Government will assure the House and the people of Canada that the capital investment provided for Canadian National will be used to increase our equity ownership in the Canadian National and also that the Government of Canada will take equity ownership for the value of the capital investment provided to Canadian Pacific.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I take that as a suggestion by the Hon. Member. I am glad that he is looking at the future, not only the past. I can assure him that the Government wants to look at the future, not at the past.

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NATIONAL DEFENCE

ADMIRAL'S REPORTED STATEMENT ON DISARMAMENT NEGOTIATIONS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence (Mr. Lamontagne). Yesterday the CBC reported that the Secretary of State for External Affairs in Geneva expressed, and I quote:

—unswerving Canadian support for President Reagan's proposal for the zero option.

At the same time, Canada's Admiral Falls, Chairman of NATO'S Military Committee, said in an interview in Brussels, and I quote:

From the beginning it has not been hard for me to understand why the Soviets feel the way they do.

—It is obvious to me, and to a lot of other people, that if (American President Ronald Reagan's) zero option stance is to be retained, and the British and French weapons are excluded, it isn't a zero option.

Can the Minister tell the House why Admiral Falls spoke out against the zero option at the same time as the Secretary

of State for External Affairs was expressing unswerving Canadian support for it?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, my first remark about the comment of Admiral Falls is that I would not like to make any comments concerning his remark at the moment, not knowing if it was misquoted or taken out of context.

The former Minister of National Defence knew Admiral Falls, who was Chief of Defence Staff during his tenure, very well. I much prefer to wait until I have the full text of his speech to make sure that what he said was correctly reported.

As far as the NATO commitment by our Minister of External Affairs is concerned, I think it is irrelevant with regard to his comment; the NATO policy is, the two-track decision taken in 1979 in that we believe in a strong credible deterrent in order to prevent peace.

REQUEST THAT ADMIRAL BE RECALLED

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my supplementary is directed to the same Minister. As he well knows, there are Queen's Regulations for everything, including an outburst such as yesterday's. Article 19.36 of the Queen's Regulations and Orders says:

—no officer or man shall without permission ... publish his opinions on any military question that is under consideration by superior authorities.

It is obvious that Admiral Falls has forgotten this dictate. Does the Government intend to recall him to get this straightened out, because it is clearly in conflict with the Regulations?

• (1430)

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, first of all I would like to correct something I said in my previous answer. When I said "prevent peace" I meant "prevent war". I must correct it right away to be straight on the record.

As far as Admiral Falls' comment is concerned, I would like to remind the Hon. Member that Admiral Falls is under the authority of NATO itself.

Mr. McKinnon: Paid for by us.

Mr. Lamontagne: He is not delegated by Canada. He was asked by NATO to take up his post, and he is under the responsibility of NATO officials, so any action to be taken will be taken by NATO.

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AGRICULTURE

ANNOUNCEMENT OF DEVELOPMENT FUND—ALLOCATION FOR WESTERN CANADA

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, my question is directed to the Minister of State for Economic Development. Yesterday the Minister of Transport, in changing the statutory rate for the movement of grain, announced a $250 million agricultural development fund. Out of that fund $20 million is supposed to be allocated to western Canada. Is there any connection between the $20 million and the phantom $4 billion western Economic Development Fund which we have not heard anything about over the last while, and which was not mentioned in the Minister's statement? In addition, what industries in western Canada would be eligible for moneys from the fund when it is a stipulation that they cannot compete with existing industries in the rest of Canada which receive government assistance?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, perhaps I could answer the question of the Hon. Member to clarify some of the things he said which are not really very correct. First, the offset package put forward as part of the Crow proposal yesterday was a $250 million fund both for agricultural and industrial benefits. Of that amount, $75 million will be used exclusively in western Canada to support a number of initiatives by private business to develop new industry and provide sourcing for railways. To use one major example, the new telecommunications system the railways use will command about $450 million of imports. That is an area which could be very effectively filled by Canadian industry through the assistance of those grants.

The other $175 million is divided between both western and eastern agriculture to support the development of special crops, enter into research and development projects, look at improved marketing information, and sensory equipment to improve the over-all performance of agriculture right across Canada as well as in the West. We will be detailing those particular programs after we have consulted with provincial Governments and the business and agricultural sectors in order to determine from them what their priorities are as to the best allocation of funds in order to help Canadian industry and agriculture respond to the very major opportunities presented by the Crow development.

EFFECT OF ANNOUNCEMENT ON SASKATCHEWAN

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, only 10 per cent of the sourcing for railway supplies comes from offshore. That means only 10 per cent of railway sourcing supply is available for industrial development in western Canada. The people of western Canada have a great deal of concern over the mythical Western Economic Development Fund, of which we have not seen anything. There is the immediate employment fund which was in the Minister of Finance's June budget, which was just a Liberal slush fund; it was not even responsible to a line Minister. It was given out through Minister's offices in the Province of Saskatchewan. If there is no specific allocation and no room for more than 10 per cent of railway sourcing in Saskatchewan, it is a myth that industrialization will follow the change of statutory rates.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, first let me say there is

absolutely nothing mythical about allocations under the Western Economic Development Fund.

Some Hon. Members: Oh, oh!

Mr. Axworthy: It is interesting, Madam Speaker, that this is such a cause of hilarity. Hon. Members opposite obviously are not reading what happened yesterday, because $3.6 billion, originally allocated under that fund, is now going into the modernization and improvement of the railway system in western Canada. That was a high priority, the major priority for which that Fund was allocated. So there is nothing mythical about it. We went through a very clear examination with Westerners as to what the best use of that fund would be, and the message was very clear—put it into transportation. That is what this Government has done, so that we will have the best transportation system in the world.

* * *

FISHERIES

WORLD MARKET PROSPECTS—GOVERNMENT POLICY

Miss Coline Campbell (South West Nova): Madam Speaker, my question is for the Minister of Fisheries. Given the implications of his answer to me on Monday, is it now going to be Government policy to trade non-surplus fish for uncertain market accessibility, or is the Minister prepared to take a more active role in establishing new world markets for both our non-surplus and surplus fish within the 200-mile jurisdiction?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, as I said to the Hon. Member two days ago, the policy announced by the Secretary of State for External Affairs in Geneva two days ago, which we worked closely on, will very directly link the fishing allocation in Canadian waters not only with commitments to open up markets for our fish, but, I would go even further, on past performance these countries will have to perform by first buying before having access to our waters.

The second question related to border problems with the United States. That, of course, is a separate issue and, as the Hon. Member knows, is being dealt with in a different forum.

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ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR DESTRUCTION OF FILES

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is for the Solicitor General. One of the most disturbing findings of the McDonald Commission into the RCMP was the fact that the Security Service had opened up over 800,000 files on Canadians most of whom were completely law-abiding. In November of last year the Minister told the Justice Committee and I quote:

—within a month I will announce the file destruction policy of the security service, and file review and destruction pursuant to that policy will begin.

The Minister promised to destroy tens of thousands of files. Well, three months have passed and there has been no action whatsoever. When will the Solicitor General keep his promise to the Justice Committee and the people of Canada, and destroy those files which were opened in a massive violation of the privacy of thousands of law-abiding Canadian citizens?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I continue to agree that tens of thousands of files can and should be destroyed. But since the meeting to which the Hon. Member refers was held, I have been asked by counsel in the Province of Quebec handling a number of cases, about which the Hon. Member is aware, not to destroy files for the time being. I have been working on a policy which I hope in fact to announce in the next few days, about destruction, but I regret that for the reasons I have just given actual destruction of files will be deferred.

McDONALD COMMISSION REPORT

Mr. Svend J. Robinson (Burnaby): Madam Speaker, we have counsel for the RCMP in Quebec telling the Solicitor General not to destroy files they illegally opened. What kind of system have we got there? How can the Minister possibly defend keeping those files which, in fact, in no way relate to any of the charges presently pending before the courts of Quebec? There is no relationship whatsoever.

Furthermore, Madam Speaker, when is this Minister finally going to make public those portions of the Third Report of the McDonald Commission, which will allow Canadians to make their own judgment on the decision of Attorneys-General, provincial and federal, not to lay a single charge for law-breaking as revealed by the McDonald Commission, a decision clearly in fundamental breach of the rule of law in Canada?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, the Hon. Member is always very good at giving free legal advice.

Some Hon. Members: Oh, oh!

Mr. Kaplan: I am sure that he would not want me to take any steps which deprive members and former members of the RCMP of any defences they feel they can make in their interests in the trials proceeding in Quebec. That is the reason the files are not being destroyed for the time being. On the other hand, I do intend to announce the policy, and I would be glad to have the Hon. Member's support for it. When he sees it, I am sure he will agree it is an excellent policy. As I say, in the next few days I do hope to be able to come forward with it.

Mr. Broadbent: I want my file.

Mr. Kaplan: So far as the publication of portions of the McDonald Commission Report is concerned, portions which I indicated were being withheld pending decisions by prosecutors and the Commissioner on Discipline, again those are in

the process of being edited and I hope to make them public shortly, as I indicated I would.

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RAILWAYS

CROWSNEST PASS RATE—IMPACT OF CHANGES ON FARMERS

Mr. Len Gustafson (Assiniboia): Madam Speaker, my question is for the Prime Minister, who will remember that in this House he said to western Canadians, and western farmers in particular, that while they had no representation west of Winnipeg, he would look into the interests of the western farmers. The announcement yesterday in Winnipeg was not in the best interests of the western farmer.

• (1440)

Is the Prime Minister aware of the burden which he has placed on the farmers? Wheat prices have dropped $1 a bushel in the last year. Cost of production has increased 25 per cent in the last year. The over-all loss of income to farmers is estimated to be 28 per cent. Is the Prime Minister aware of these facts, and is he aware of what he has done by the announcement made yesterday by his Minister in Winnipeg?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I suppose I should not say I am surprised at the question from the Hon. Member for Assiniboia. It is clear that there is no unified position on the benches across from us, but I would hope that when the necessary legislation is tabled in the House we would see them come forward with one voice. For example, I look at the statements made by the Hon. Member for Lisgar to the CBC on January 18, some two weeks ago, when he said, "We are generally in agreement with the Gilson thrust. We are not completely united because the country is not united. The Hon. Members from Saskatchewan have reservations and have been putting them forward very strongly within our own caucus".

It is perfectly clear, Madam Speaker, that the question, and opinion, if you like, expressed by the Hon. Member, does not represent a consensus of representatives from western Canada on that side of the House. Therefore I would take issue, first of all, with the statement about additional burdens being placed on western farmers because opportunities are being given to western farmers in this package. I dearly hope, Madam Speaker, that when the legislation comes forward it will be scrutinized with the objectivity expressed by the Hon. Member for Lisgar in the interview which he gave to CBC.

LONG-TERM IMPACT

Mr. Len Gustafson (Assiniboia): Madam Speaker, my supplementary question is also directed to the Prime Minister. I am disappointed he did not answer my question because I believe he has a responsibility to answer to the farmers of Canada. Is the Prime Minister aware of the long-term impact of what happened yesterday in Winnipeg, the long-term impact on the farmers? Within six to eight years the cost of this implementation will be $1 a bushel. Is the Prime Minister aware of the fact that, if the farmers are destroyed, grass will grow in the streets of our cities?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member shows concern about the long-term impact. Surely everyone in this country has reflected on the long-term impact of doing nothing about the transportation system in the West.

Hon. Members on that side of the House are complaining about the inadequacies of the transportation system, the rail system. They have been asking for its improvement. It is a statistical fact, it is knowledge, that if the rail system is not improved there will be bottlenecks by the middle of this decade. The farmers will not be able to move their grain. The miners will not be able to move their potash. Coal will not be able to move. There will be a jam of transportation in the West.

The Government has looked at the long-term future of the West. Some $20 billion in private and public moneys will be invested over the next few years in order to improve transportation in the West so that farmers and other producers can move their produce, so they can export it.

Naturally, the Tory Party is saying, "Don't do anything about it. We have no solution, but whatever you bring in to solve it, even if it is $20 billion, we will complain." You do not represent the West.

* * *

LABOUR CONDITIONS

INCREASE IN UNEMPLOYMENT AMONG YOUNG PEOPLE

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is for the Minister of Employment and Immigration. Within the context of the tragedy of 1.5 million Canadians unemployed last year, we saw a dramatic increase in the number of young people unemployed, that is, between the ages of 15 and 24, a dramatic increase of 37.3 per cent. Many of these young people are university graduates of last year.

We are now just a few months away from the time when more young people will be coming from our universities and post-secondary institutions into a jobless market. Will the Minister tell us what new programs, or what hope does he have for these young people coming into a job market which is already flooded with unemployed young people?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, this year, as in past years, the Government of Canada will be putting forward a major employment program for students, which is called "Summer Canada". It is through this program we have provided a very major basis of summertime employment to allow students to

go back into school. As well, we have the "Hire-A-Student Program", where we have something like 400 offices across Canada which undertake to work with the private sector to provide jobs for young people.

I would say beyond that, Madam Speaker, Hon. Members of this Caucus have been working very extensively over the past several months to develop a number of proposals related to youth employment, and they have submitted them to the different Ministers to examine as part of an over-all employment package, which we are examining as part of a buildup toward the new budget. Hon. Members of this Caucus and of this Government have been looking at the kinds of additional initiatives which we can take, and we would hope to be in a position to put them forward at the time the Minister of Finance brings his budget forward.

MINISTER'S STATEMENT ON STUDENT JOB PROSPECTS

Hon. James A. McGrath (St. John's East): Madam Speaker, that initiative and that process do not seem to be working because I have it on the authority of the Minister himself, when he told a group of students on Friday last at the University of Manitoba, "They should prepare for a jobless summer as there is an initial lag between economic recovery and improving job markets." That outrageous statement by this Minister responsible for job creation was made in his own city of Winnipeg to the students of the University of Manitoba. That is a disgraceful cop-out by the Minister. How does the Minister reconcile that statement with what he is now saying in the House?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I believe one of the responsibilities of any Minister is to talk to the people of Canada, including the young people, people of all regions, in a realistic way, and not to try to fool them with exaggeration, hyperbole and rhetoric, which we constantly hear from this Hon. Member of Parliament. What we should be doing is talking common sense to them and discussing with them how we can arrive at a solution. I would point out, Madam Speaker, if the Hon. Member and his colleagues are looking for solutions, the announcement which we made yesterday has a potential of creating something like 350,000 jobs. If they, and the Members of the New Democratic Party, are so interested in employment, they should get behind this proposal which is the biggest job-creation effort this country has ever undertaken.

* * *

EXTERNAL AFFAIRS

NIGERIA—EXPULSION OF MIGRANT WORKERS

Mr. Walter McLean (Waterloo): Madam Speaker, my question is directed to the Prime Minister, and it relates to the tragic situation in West Africa. The Prime Minister will know of the harsh and precipitous action on the part of the Government of Nigeria in expelling an estimated two million migrant workers. Would the Prime Minister tell this House what representations the Government of Canada has made to the Government of Nigeria?

Mr. Trudeau: Do you know the answer? I do not.

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, in the absence of the Secretary of State for External Affairs I want to tell the Hon. Member that the Government of Canada is monitoring the situation in Nigeria with great concern. We have received requests for assistance with reference to this matter from Togo, and from the International Red Cross, and steps are being taken to react to those requests. Our officials are in touch with the appropriate officials of that country, and that organization. We are doing all that is possible to be helpful in this tragic situation.

REQUESTS FOR CANADIAN ASSISTANCE

Mr. Walter McLean (Waterloo): Madam Speaker, the question was not regarding assistance to those affected, but what representations has this Government made on this, the second largest expulsion of migrant workers in recent history?

• (1450)

Pursuing the Minister's comments about the willingness of the Canadian Government to be of assistance, may I ask him if the Government has made any offers, particularly to the Government of Ghana, where 1.5 million of these refugees are heading home? For example, is the Canadian Government prepared to assist the Red Cross and church agencies, and will it send Hercules aircraft to assist in the evacuation?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, may I say to the Hon. Member that while we have received some preliminary inquiries about humanitarian assistance we have only had the two specific requests that I mentioned. We stand ready to respond to requests as soon as the character of the requirements can be defined. What the Hon. Member has said about aircraft is something that can be determined in our contacts to ascertain exactly what help is required of Canada.

Along with the neighbouring states, we recognize that the Nigerian action, unfortunately, falls within the authority of that Government. It parallels action that has been taken by other Governments. We regret, however, the hasty application of the order that has led to considerable hardship for the people there and in the neighbouring countries.

I can only reiterate to the Hon. Member that it is a situation that our officials are following closely. We have indicated our willingness to respond to requests for help, and are attempting to ascertain what help can best be provided by Canada from this distance.

Oral Questions

UNEMPLOYMENT INSURANCE COMMISSION

DELAY IN MAKING PAYMENTS UNDER WORK PROGRAMS IN BRITISH COLUMBIA

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, my question is for the Minister of Employment and Immigration. While I am pleased to hear that the Government is launching a number of new employment programs, I want to tell him that there are thousands of people in British Columbia alone, working on those programs, who are beginning to wonder why they are working in the bush in sub-zero temperatures in snow and rain, not getting paid for weeks and weeks, while other people sit home and collect. What kind of reward is that for initiative?

Last fall, with my colleague, the Hon. Member for Winnipeg-St. James and a number of other Members, I drew the attention of the Government to these non-payment problems and made some suggestions. At that time some minor improvements were made but since then the whole mess of nonpayment has become worse than ever. The UIC pay centre employees and management in Vancouver have a backlog of some 4,000 UIC and EBAP cheques. EBAP employees in Parksville, Campbell River, Salmo, Kaslo, Terrace, Nelson and places throughout the Province are having trouble. We want to see some action.

The corrective measures taken by the Minister have not worked. What new measures will he take? What new systems will be put in place? What does he plan to do to clean up this backlog before the UIC gets further bogged down in other welcome job creation programs so that the new ones may have a chance to work?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am pleased to note that the Hon. Member is in favour of and approves the job creation initiatives that we have taken. I will certainly respond to his concerns about the administration.

I should point out to the Hon. Member that in part we are experiencing problems because of the success of the program in its take-up. The Section 38 programs have close to 9,000 people enrolled in them, particularly in the rural areas of British Columbia. Those people must be paid through the unemployment insurance system, and this is now being done manually.

We are accelerating the implementation of the on-line computer system for handling unemployment insurance payouts in the British Columbia region. We hope to have that completed by February. That will mean that we will not have to utilize the manual method, which is a longer and more complicated way of doing it. We will be able to put it on the computer and make it easier to handle.

Mr. Kristiansen: Madam Speaker, as recently as Monday a representative of the Government, speaking in the adjournment debate said, referring to the EBAP program, "Interest in the program is steadily increasing now that the normal growing pains and the birth pains of the Program are over." The Parliamentary Secretary said this on Monday afternoon.

Madam Speaker: Order, please. The Hon. Member took two minutes to ask his first question. I cannot allow him more than half a minute.

REQUEST THAT MINISTER MAKE PERSONAL INVESTIGATION

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, there seems to be a divorce between their perceived reality and the facts. Would the Minister agree to accompany me, or other Members, to British Columbia to meet with his own officials and with people drawing unemployment, to find out what the situation really is and whether his solutions are really working?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I thank the Hon. Member for the invitation and his offer of company. I must tell him that I was in British Columbia last week, meeting with my officials about this specific issue. We took the steps we have just announced to bring the system on line. I think we can save the taxpayers the cost of an additional trip to British Columbia. Instead, I will be staying here and working on other programs.

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RAILWAYS

CROWSNEST PASS RATE—INQUIRY WHETHER PAYMENTS WILL BE RELATED TO PERFORMANCE

Mr. Arnold Malone (Crowfoot): Madam Speaker, I have a question for the Prime Minister. Bearing in mind that the thesis of the announcement made by the Minister of Transport in Winnipeg yesterday was that the railways would get more money by some contributions from the Government and from farmers, setting aside the merits and demerits of that specific formula for the moment, could the Prime Minister indicate whether, on the basis of getting more money, the railways will be required to meet a target of performance? If they are going to meet a target of performance, will it be measured by the volume delivered to the ports per year? Also, will there be a penalty to the railways in terms of financial payment if they do not meet the delivery target?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will take the question as notice.

Mr. Malone: Madam Speaker, I would be just as pleased if the Prime Minister would take the question as a representation.

STATUTORY AUTHORITY FOR CHANGES

Mr. Arnold Malone (Crowfoot): Madam Speaker, as long as there has been a Crow rate in the country, one of the great facts that farmers could live by has been that, irrespective of

whether the rate was right or wrong, it was guaranteed. When the new legislation is introduced with respect to the Crow rates, may I ask the Prime Minister if it will ensure that whatever the changes are, they will be made according to statute, that changes will not be manipulated by order in council, and that farmers will have a guarantee of some rate, either fixed or by formula, so that they will know what their costs of transportation are going to be, and that those facts are predictable?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that is not a question; that is a representation.

* * *

ADMINISTRATION OF JUSTICE

QUERY RESPECTING RECOVERY OF MONEYS PAID TO CONVICTED MURDERER, CLIFFORD OLSON

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, may I put a question to the Minister of Justice. For two days he has been meeting with provincial Attorneys General. Last week the British Columbia Attorney General, Allan Williams, indicated that during those meetings he would be discussing the question of the recovery of the $90,000 which the RCMP paid at the request of Clifford Olson, and of the $10,000 that is presumably still being held in trust in Canada. Did these discussions about the recovery of the Olson moneys take place and, if so, what was the result of them?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, that was one of the subjects I discussed with the Attorney General of British Columbia yesterday. I had already sent him a copy of my answer in this House to a question by one of the Hon. Member's colleagues. At that time I explained that, since the initial decision to pay was made by the Attorney General of British Columbia, any decision to recover the money should also be his. I understand that the Attorney General of British Columbia hopes to make a final decision on that matter in the relatively near future.

RESPONSIBILITY FOR RECOVERY

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, last week the British Columbia Attorney General, Allan Williams, expressed surprise that the federal Minister of Justice had attempted to put the onus—as he just did today again—on British Columbia to recover these moneys because retrieving these moneys, and I quote directly from the Attorney General, has been "under consideration ever since it started. It involves the Department of Justice federally—"

Why has the federal Minister of Justice attempted to leave the impression just to the contrary of the views of Mr. Williams? If the federal Department has been involved with discussions ever since they started, why has he attempted to put that onus on the British Columbia Attorney General?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, it may well be that the federal Department of Justice would be involved in an attempt to recover the moneys, if such a decision were made. The decision ought to be made by the Attorney General of British Columbia however, just as the original decision to pay the money was made by the Attorney General of British Columbia without the knowledge of either the Commissioner of the RCMP or the Solicitor General. The Attorney General did not challenge my assertion of that yesterday.

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[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by Hon. Members on Tuesday, February 1, 1983 and finds that the petitions meet the requirements of the Standing Orders as to form.

• (1500)

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. TAYLOR—OPPOSITION TO BILL C-85

Mr. Gordon Taylor (Bow River): Madam Speaker, in accordance with the wishes of the vast majority of farmers, ranchers and people generally in the Bow River constituency, I am herewith presenting a petition opposing the passage of Bill C-85, an Act to establish a corporation called Canagrex, unless Clause 14, the power to buy and sell, is removed. These 426 signatures represent the wishes of thousands of people in the Bow River riding.

We urge the Government to heed the wishes of the people and humbly pray that Parliament will not pass Bill C-85 in its present form.

[*Translation*]

MR. DENIGER—TELEVISING OF EROTIC SHOWS ON PAY TV

Mr. Pierre Deniger (La Prairie): Madam Speaker, I wish to present a petition on behalf of and signed by the following associations in my constituency: Com'femme Inc., Union des familles de Brossard, AFEAS régionale and the Groupe Ma'me Chose, in which the petitioners object to the screening of erotic shows on pay television channels and urge that the

public be made more aware of the general problem of pornography.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,566, 4,573, 4,575, 4,630 and 4,634.

[*Text*]

CBC—COVERAGE OF LIBERAL PARTY NATIONAL CONVENTION

Question No. 4,566—**Mr. Siddon:**

Did the Canadian Broadcasting Corporation provide closed circuit television service or equipment for such service at the Liberal Party National Convention in Ottawa on November 5 to 7, 1982 and, if so (a) what amount was the Corporation paid to provide the service (b) what was the total cost to the Corporation?

Hon. Francis Fox (Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows: No.

MR. PIERRE O'NEIL

Question No. 4,573—**Mr. Bosley:**

Is Mr. Pierre O'Neil presently the Director of Information Services at the Canadian Broadcasting Corporation and was he a former press secretary to the Prime Minister?

Hon. Francis Fox (Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows: Yes, Mr. Pierre O'Neil, a former press secretary to Prime Minister Trudeau, is at present Director of Information Services for the French Services Division of the Canadian Broadcasting Corporation.

CBC—ACCESS TO AIR TIME BY PRIME MINISTER

Question No. 4,575—**Mr. Bosley:**

1. Did the President of the Canadian Broadcasting Corporation accede to an unprecedented instruction by the Prime Minister's Office to grant the Prime Minister three 15-minute free-time appearances on CBC/Radio Canada networks and, if so, did the President (a) consult (b) advise (i) the Vice-President and General Manager, English Services Division of the CBC (ii) the Vice-President and General Manager, French Services Division of the CBC (iii) Messrs. Pierre DesRoches, Arthur Boughner, Gordon Bruce, Guy Coderre, Marcel Deschamps, Guy Gougeon and Jean-Louis Arcand (iv) the Minister responsible for the CBC?

2. How many (a) weeks (b) days (c) hours (d) minutes elapsed between the receipt by the President of the instructions from the Prime Minister's Office and the President's acquiescence in that instruction?

3. During the period between the receipt of the Prime Minister's instruction and the acquiescence, which (a) officials of the CBC (b) other individuals were consulted by or on behalf of the President?

4. During the period between receipt of the Prime Minister's instruction and the acquiescence, did the President inform himself (a) directly (b) indirectly of all relevant circumstances respecting each request for access to the CBC by Prime Minister (i) Bennett (ii) King (iii) St. Laurent (iv) Diefenbaker (v) Pearson (vi) Trudeau (vii) Clark?

5. On what precise occasions were requests for free access to the networks of CBC and/or Radio Canada made by Prime Minister (a) Bennett (b) King (c) St. Laurent (d) Diefenbaker (e) Pearson (f) Trudeau (g) Clark and, in each case (i) what was the response and what were the reasons for that response (ii) by which officer or office in the CBC was the decision taken?

Hon. Francis Fox (Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows:

1. The CBC policy, copies of which have been supplied to all major federal parties states " ... the Prime Minister of Canada has occasional access to air time to raise issues of exceptional national importance". Under the same policy, any request for such access must be made at least 24 hours before broadcast and must specify the subject matter. The recent request by the Prime Minister met these two requirements. Additionally, the CBC had to decide if such requests had been made only occasionally and if the subject was of exceptional national importance. The President of the CBC, after consultations in the normal manner with senior officers of the Corporation, was satisfied on both counts and advised the relevant senior officers of the CBC decision.

The President at no time consulted the Minister responsible for the CBC about the Prime Minister's request or the CBC's decision regarding the request.

2. The CBC's decision to accept the Prime Minister's request was made on the same day, following consultation by the President, in the usual manner, with senior officers of the Corporation.

3. Between receipt of the request from the office of the Prime Minister and the CBC decision to grant access to its facilities, consultation took place between the President and senior officers of the Corporation. No other individuals were consulted by or on behalf of the President.

4. It should be noted that the present policy which was agreed to by all political parties has been in place only since 1978. In addition, details of requests for Prime Ministerial access were readily available for only the ten previous years. The President informed himself directly of the relevant circumstances respecting these requests.

5. The length of time covered by the question is 50 years (since the establishment of the CRBC in 1932), and files and records have not been maintained in a fashion that would allow the accurate retrieval of such data prior to late 1973. However, since November, 1973 there have been six requests for Prime Ministerial access. In all cases, the requests were granted by the CBC President under provisions of the policy existing at the time. The dates and subject matter of all such broadcasts by the Prime Minister are: November 22, 1973—energy crisis, October 13, 1975—announcement of anti-inflationary measures, December 18, 1975—the economy, June 23, 1976—air traffic controllers strike, August 1, 1978—remarks on Bonn Economic Summit, October 19, 20, and 21, 1982—the economy.

STUDY "HIGH CULTURE, POPULAR CULTURE AND MASS MEDIA"

Question No. 4,630—**Mr. Mazankowski:**

Were two studies carried out, one on behalf of the Department of the Environment and one on behalf of the Department of Communications, both "to assess the level of involvement of the Canadian population in various types of high, mass and popular culture" and, if so (a) what was the purpose of the studies (b) for what reason were two separate studies required (c) who conducted the studies (d) what amount did each study cost?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Communications and Environment as follows: only one study was carried out on behalf of the Department of Communications.

(a) The project "High Culture, Popular Culture and Mass Media" is designed to show the relationship between high culture, popular culture and the mass media in terms of both behaviour and attitudes. The results will show to what extent individuals distinguish between high culture and popular culture and can aid in the development of fairer funding policies.

(b) See above.

(c) The study is being conducted by Professor Zuzanek of the University of Waterloo under the University Research Program of the Department of Communications.

(d) The study, when completed, will cost $25,000.

PROJECTED DEFICIT FOR 1982-83, 1983-84

Question No. 4,634—**Mr. Mazankowski:**

1. What is the government's projected deficit for the fiscal year (a) 1982-83 (b) 1983-84?

2. Does the Department of Finance have alternate projections based on (a) 10 per cent unemployment (b) 5 per cent unemployment (c) full employment and, if so, what are they?

3. If the economy were running at full capacity, what would be the expected (a) GNP (b) deficit for the fiscal year (i) 1982-83 (ii) 1983-84?

Hon. Paul J. Cosgrove (Minister of State (Finance)): 1 to 3. The Minister of Finance has indicated that he will make a budget presentation in the not too distant future.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

[*English*]

Mr. McKenzie: Madam Speaker, I should like to ask the Parliamentary Secretary what information he obtained about my starred question which I placed on the Order Paper on December 20, 1982. The questions were:

Will the Government be launching a comprehensive environmental study to determine the effects on the water quality of Indian Bay and Shoal Lake in the event that the proposed 350 cottage lots on the northwest corner of Shoal Lake in Manitoba are developed and, . . . ?

Will the Government permit the use of motorboats for recreational purposes on Indian Bay?

When I raised this question last week, the Parliamentary Secretary stated that he would make some inquiries. Could he inform me what progress is being made on answering this extremely important question?

Mr. Smith: Yes, Madam Speaker, I made inquiries and I regret to advise the Hon. Member that I do not as yet have a reply to them. I will again make further inquiries and hopefully get an answer for him as soon as possible.

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MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, notice of motion for the production of papers No. 106, in the name of the Hon. Member for Skeena, is acceptable to the Government subject to the usual reservations concerning documents received in confidence from sources outside the Government.

Notices of motions for the production of papers Nos. 117 and 118, in the name of the Hon. Member for Mississauga South, are also acceptable to the Government.

I ask that the remaining notices of motions for the production of papers be allowed to stand.

[*Translation*]

Madam Speaker: Subject to the conditions mentioned by the Parliamentary Secretary, is it the pleasure of the House to have Notice of Motion No. 106 deemed to have been adopted?

Some Hon. Members: Agreed.

[*Text*]

TABLING OF CORRESPONDENCE EXCHANGED BETWEEN AIRD AND BERLIS AND GOVERNMENT DEPARTMENTS

Motion No. 106—**Mr. Fulton:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of correspondence, telegrams and reports between the law firm of Aird and Berlis and the Ministers of the Environment, Fisheries and Oceans, and Indian Affairs and Northern Development and their respective Departments.

Motion agreed to.

[*Translation*]

Madam Speaker: Is it the pleasure of the House that Notices of Motion Nos. 117 and 118 be deemed to have been adopted?

Some Hon. Members: Agreed.

[*Text*]

TABLING OF AGREEMENT PERTAINING TO ACQUISITION OF NATIONAL TRUST COMPANY LIMITED IN TORONTO

Motion No. 117—**Mr. Blenkarn:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of the agreement whereby the government paid $600 to the National Trust Company Limited to acquire from the National Trust Company Limited in Toronto the one share held by the National Trust Company Limited in Financeco.

Motion agreed to.

TABLING OF AGREEMENT REACHED IN 1976 BETWEEN GAAB AND NATIONAL TRUST COMPANY LIMITED

Motion No. 118—**Mr. Blenkarn:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of the agreement made between the General Adjustment Assistance Board (GAAB) and the National Trust Company Limited in 1976 with respect to the holding by the National Trust Company Limited of the only issued and outstanding share in Financeco including any agreement whereby any profits would be paid to any charity and particularly the Sick Children's Hospital in Toronto, Mount Sinai Hospital in Toronto and St. Michael's Hospital in Toronto.

Motion agreed to.

[*Translation*]

Madam Speaker: Shall the remaining Notices of Motion be allowed to stand?

Some Hon. Members: Agreed.

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*English*]

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, prior to calling what I believe is the first Private Member's Bill, Bill C-668, standing in the name of the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen), there have been consultations between the Parties and I believe the House would give its unanimous consent to deal with Bill C-672, standing in the name of the Hon. Member for Dauphin (Mr. Lewycky), which is to be dealt with at all remaining stages without debate. I believe the House would be prepared to waive the period required by Standing Order 76(2), which is the period between first and second reading.

Madam Speaker: Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Doug Lewis (Simcoe North): Madam Speaker, we on this side are prepared to grant the necessary consent to the passage of this Bill at all three stages.

Madam Speaker: Perhaps in circumstances such as this it would be sufficient for the Speaker to ask for and obtain unanimous consent to deal with the matter.

ELECTORAL BOUNDARIES READJUSTMENT ACT

MEASURE TO CHANGE NAME OF CONSTITUENCY FROM DAUPHIN TO DAUPHIN-SWAN RIVER

Mr. Laverne Lewycky (Dauphin) moved that Bill C-672, an Act to change the name of the electoral district of Dauphin, be read the second time and, by unanimous consent, referred to a Committee of the Whole.

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

The Acting Speaker (Mr. Blaker): Shall all orders listed under Private Members' Public Bills preceding No. 468 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

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BANK ACT

AMENDMENTS TO PROVIDE INCREASED PROTECTION TO CONSUMERS

Mr. Benno Friesen (Surrey-White Rock-North Delta) moved that Bill C-668, an Act to amend the Bank Act (power of inspector), be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, we have more than the usual number of Members in the House today for Private Members' Business. I assume it is because of the intense interest in any Bill dealing with the Bank Act, it has an inherent fascination for everyone.

I have proposed this legislation because I see a good change coming in the banking industry. There has always been in the industry a kind of pragmatism with regard to technology. If industry wants to be competitive, if industry wants to get its share of the market, it must be pragmatic in terms of technology. Therefore, we have a lot of competition in the banking industry regarding the obtaining of loans, the extending of personal credit and the taking down of barriers.

I remember as a young man going to the bank. The tellers were behind iron cages. For the past 20 or 30 years the focus has been on removing those cages and making all banking officials as accessible as possible. Now everyone realizes that the consumer is important. It is not commercial lending that is important; it is the individual consumer who is important. All banks are in competition for that lending business. Therefore, the banks are very pragmatic in technology and up to date. We now have computerized banking systems which, incidentally and paranthetically, cause a great deal of concern in society. The computer banks are not situated in Canada and, therefore,

they are potentially accessible to people in other countries. Thus, there is some well-founded concern regarding that phase of technology in our banking industry.

• (1510)

What concerns me is that pragmatism is applied not only to technology in banking but can easily be applied to the activities of banking personnel having nothing to do with technology. As a renaissance writer put it, a new philosophy calls all in doubt, whereas there was a time in banking circles when the personnel or the management of banks were controlled by a concept, an overriding understanding that there are certain things you just do not do. That concept has quickly eroded in the last decade or two. We are now into an era of pragmatism where in the minds of some people you do what is successful and what you can get away with. It does not necessarily always have to do with legality.

When that kind of a concept becomes the philosophy of any individual staff member in any bank, then the consumer becomes vulnerable. He is at jeopardy. It is possible for internal fraud to take place within the banking system of which the senior banking management may be totally unaware. I am sure in cases like this that the boards of the banks, the senior levels of management of the banks, would not be committed to all kinds of pervasive attitudes of pragmatism in the banking business. Once any individual official can be guided by the concept that he can do what he can get away with, particularly if that catapults him into the level of a successful executive, then the consumer is vulnerable.

I am concerned about the present Bank Act and the powers of the Inspector General. I am sure the consumer, the borrowing public, naturally expects, with a title like Inspector General, that there is a certain level of protection for the consumer. Therefore, when a consumer goes to the bank to carry out a transaction, if something fraudulent should happen in that bank the consumer will have the Inspector General on his side and an investigation will take place and the wrong righted.

Under the present Bank Act I think that is an illusion. In fact, I think it is a delusion. In Section 246, Clause 1 of the Bill, Subsection (2), we find the following words concerning in the Inspector General:

> The Inspector, from time to time . . . for the purposes of satisfying himself that the provisions of this Act having reference to the safety of the interests of the depositors, creditors, and shareholders of the Bank and other provisions of this Act are being duly observed and that the Bank is in sound financial condition, and at the conclusion of each examination and inquiry shall report thereon to the Minister.

The first obligation of the Inspector General is to make sure that everything taking place within a banking operation is going to maintain the solvency of the bank. That is not unimportant. Every investor or depositor who has an account in a bank will be happy to know that somebody has the authority to make sure that the deposits are secure. That is a very important function for the Inspector General. In the context I am addressing, I think that is not taking place. The present Act goes on to read:

> The Minister, whenever he has reason to believe that an offence against this Act has been or is about to be committed by a bank, or by any director, officer, or an employee of a Bank, shall direct the Inspector to make such examination and inquiry as the Inspector deems necessary for the purpose of determining the facts—

That is basically where it starts—"for the purpose of determining the facts." That is a dead-end. That takes you nowhere. Let me add parenthetically that my Bill is addressing the banks and the Inspector General of Banks. There has been enough information in the news the past weeks and months regarding trust companies, particularly in the Province of Ontario, to give us pause for concern regarding the activities being carried on within trust companies. I would simply like to say that whatever I have submitted in this amendment to the Bank Act I think ought to apply also to trust companies. Trust companies ought to be open for examination. However, it is important to note that the Inspector General is incredibly limited in the conduct of his affairs.

I want to illustrate the dilemma. I have here a letter directed to a constituent, not one of mine, dated some time ago but within the life of this Parliament. It reads:

> Further to my letter of May 5, I have now been advised by the—bank that an investigation has been made and that a blanket release of all of the securities in question has been offered and that they are now available for delivery upon request.

That letter deals with what would have appeared at the time to be an attempted fraud. I think there was a fair amount of evidence to indicate at that time that there was attempted fraud in this particular case. Notice what the Inspector General said—that he had now been advised by the bank in question that an investigation had been made.

Here was a case where there was enough suspicion that fraud was attempted and probably would have been carried out had there not been a storm of protest. There was enough suspicion that very likely a criminal investigation should have been conducted. But what we have is the Inspector General saying that he was acting, in fact, as a messenger boy on behalf of the bank. The bank itself is carrying on an investigation and is reporting to the Inspector General. That is not good enough. I think the banks themselves should welcome an avenue that would allow them to clear themselves. As long as they are carrying on their own investigations, they can always be held suspect of carrying on a whitewash.

It seems to me that the banks should consider this a friendly amendment. If this amendment should be passed, there would be a mechanism structured outside of the banks that would carry on independent investigations. If there is fraudulent activity, charges can be laid. If the banks carry on their own investigations, there continues to be lingering public doubt because of possible whitewashing. Therefore, no real purpose is served. It appears to me that in the banks' own interest this should be considered a friendly amendment.

• (1520)

Even more important, it seems to me that the consumer needs that kind of ultimate protection. If there is an attempt at consumer fraud by a local car dealer, General Motors, or a

clothing manufacturer, for example, it is no time at all until an official from the Department of Consumer and Corporate Affairs arrives at that particular industry or business to check their books, and if the Department believes there is reason for charges to be laid, it will lay them.

This is not so in the case of the banks. Nothing like that occurs. According to the present Act, the Inspector General is the one who looks at the solvency of the banks and reports to the Minister of Finance (Mr. Lalonde). In that, you have a merry circle.

I would invite Members of the House to give serious consideration to supporting this legislation. There is nothing ideological or partisan about it. I believe that all Members of the House are interested in genuine consumer protection. I invite them to support this amendment, which will simply give additional powers to the Inspector General of Banks so that if there is reasonable belief that fraud has been committed, he can make a report to the Minister of Justice (Mr. MacGuigan) who can then take the appropriate steps to ensure that the consumer is protected.

Their support of this amendment will also allow the banking industry itself to be cleared of any accusations of having protected itself, or that it whitewashed any type of activity, as well as giving it a clean bill of health as a result of an investigation. The consumer can then have total confidence that he will have a non-partisan umpire to carry out an independent investigation and to make sure his interests are being protected when he feels he may have been wronged.

Mr. Pierre Deniger (La Prairie): Mr. Speaker, before I deal with the main issues in this Private Member's Bill, I want to congratulate the Hon. Member on his election as official caucus Chairman of the Official Opposition. I cannot help but find it interesting that his first speech in the House after his appointment would deal with increasing the powers of the Inspector of Banks. I want to wish him well in his functions. I know he will have a very exciting and eventful two-year term.

[*Translation*]

Mr. Speaker, I listened with great interest to the comments of the Hon. Member opposite, and I share his interest in the subject as well as his aims, which are to afford greater security and protection to the banking consumer. However, Mr. Speaker, I cannot support the Bill as presented by the Hon. Member, because he seems to be somewhat misdirected. Let me explain. Bill C-668 expands the authority of the Inspector General of Banks by giving him powers under the Criminal Code, as indicated in the wording of the Bill, and I quote:

> Anyone who believes that a director, officer or employee of a bank has committed or is about to commit an offence against this Act or an offence under the *Criminal Code*—

That is the key-word.

> —may make a complaint to the Inspector.

This amendment is important, I believe, because it considerably expands the powers of the Inspector General of Banks. Mr. Speaker, we all know—and I hope the Member for Edmonton West (Mr. Lambert) is going to speak in this debate, in view of his considerable interest in banking affairs—we all know what the duties and powers are of the Inspector General of Banks. During a very long debate, as you may recall, Mr. Speaker, which resulted in the new Bank Act, we had an in-depth discussion on the powers of the Inspector General of Banks, which in the previous legislation were defined in Sections 60 and 64 and can now be found in Part IX of the Bank Act which relates to supervision, which is, in fact, the responsibility of the Inspector General of Banks.

The extent of the powers of the Inspector General of Banks is described in Section 246(2) of the present Bank Act, and with your leave, Mr. Speaker, I shall quote as follows:

> The Inspector, from time to time, but not less frequently than once in each calendar year, shall make or cause to be made such examination and inquiry into the business and affairs of each bank as the Inspector may deem to be necessary or expedient, and for such purposes may take charge on the premises of the assets of the bank or any portion thereof, if the need should arise, for the purposes of satisfying himself that the provisions of this Act having reference to the safety of the interests of the depositors, creditors and shareholders of the bank and other provisions of this Act are being duly observed and that the bank is in a sound financial condition, and at the conclusion of each examination and inquiry shall report thereon to the Minister.

Well, Mr. Speaker, those are the powers of the Inspector General which are indeed very extensive, and now the Hon. Member opposite would like to extend those powers even further, conferring responsibilities on the Inspector General, not only with respect to the Bank Act, but also with respect to the Criminal Code.

At the time, the Inspector General of Banks told the Members of the Committee on Finance, Trade and Economic Affairs, that he did not have enough staff, that the growing number of new banks was putting tremendous pressure on his staff, and that the additional responsibilities and powers that banks have at the present time resulted in an enormous workload for this staff. He had to make sure that audits were in order, he had to discharge his responsibilities as defined in the Bank Act, and he had to have competent staff including auditors, lawyers, accountants, actuaries and people familiar with the international markets, the securities market, the stock market, and Canadian industry in general. Until now, however, it has not been considered either useful or necessary to have Criminal Code experts on the Inspector General's staff.

Mr. Speaker, if in addition, the Inspector General is to have responsibilities with respect to the Criminal Code, it is clear that this will add considerably to his staffing problems, his own responsibilities and the extent of those responsibilities.

Recruiting enough staff is already a difficult problem, and now we want to hire more bureaucrats. But supposing the necessary and I hope competent staff were available, when would they start working? Whenever there is a complaint? Of course, but unless there are a great many complaints, they will not have much to do, and if that is the case, it will be just one more burden on the Canadian taxpayer.

Therefore, Mr. Speaker, I do not think this bill is the answer. We should not forget, and I wish to emphasize this for the benefit of my hon. colleague opposite, that the Act already confers on the Inspector General of Banks the power to hold an inquiry as described in Section 246(6), which says, and I quote:

> The Inspector has all the powers conferred on a commissioner appointed under Part II of the *Inquiries Act* for the purpose of obtaining evidence under oath, and may delegate such powers as occasion may require.

The important thing here is that the Inspector General of Banks already has quasi-judicial powers under the Inquiries Act. These, however, extend only to the Bank Act and not to the Criminal Code. Therefore, if we want to add, and I do not share this view, a Criminal Code responsibility to the responsibilities of the Inspector General in the Bank Act, we shall need an amendment, and that amendment is the one being proposed by my colleague opposite. We on the Government side cannot support this amendment because, Mr. Speaker, as you are aware, we have our police forces, including the Royal Canadian Mounted Police, the Sûreté du Québec or the Montreal Police, which have special squads to investigate crimes such as business frauds, fraudulent bankruptcies and shady banking transactions, and these officers are experts in that area. When a complaint is made involving the Criminal Code, when there is the possibility of a criminal offence, it is really up to the officers of the peace to ensure that justice is done.

In recent years we have seen a number of major arrest and convictions thanks to the fact that these excellent officers did their job. It is their responsibility and not that of the Inspector General of Banks to hold that kind of inquiry. I feel that police officers and members of the judiciary who are specialized in business crime should have that responsibility. I know someone is going to say: Sure, but what happens if the Inspector General of Banks suspects fraudulent or criminal activity or if someone informs the Inspector General that he suspects something? The answer is simple. The Inspector General can communicate his information to the RCMP if the charges involved fall under their jurisdiction, or otherwise, he can transmit the information to the Montreal Police or the Sûreté du Québec, depending on their respective jurisdictions, and of course depending on the location where the offence was committed.

Mr. Speaker, in the past—and I remember that the Member for Edmonton West often brought this up in the Committee on Finance, Trade and Economic Affairs—before the present Act, the word bank was often misused. Some companies were using the word "bank" to designate institutions which were not banks. The Royal Canadian Mounted Police had to investigate with the help of experts, and the investigations were made because the offence came under the terms of the Criminal Code. The information was sent to the Inspector who would order the RCMP investigation as he was expected to do. If there was a strong case against the offenders, the whole matter was transferred to the Attorney General of Canada who would then institute proceedings. This procedure used to work smoothly because the Inspector General of Banks—for whom I have a lot of respect and who does a tremendous job, although he has never complained about the fact that he has very few people working for him—has never asked for the authority to extend his jurisdiction to criminal activities.

• (1530)

It seems to me, Mr. Speaker, that if it had been deemed advisable to give him that authority, we would have had to consider that amendment when we sat for hours on end to review the Bank Act, a task that was completed hardly a year or 18 months ago and which laster for three years. And yet, the amendment was not even mentioned during the debate on the Bank Act. It is important once more to read what is being proposed in Bill C-668. The amendment in sub-clause (4.2) reads as follows:

> Where, as a result of an examination and inquiry made by the Inspector under this section, the Minister determines that there are reasonable and probable grounds for believing that an offence has been or is about to be committed, he shall forthwith inform the Minister of Justice of his determination.

It seems rather interesting not to say astonishing to me that if the Minister of Finance, for instance, is required to examine the report and determine whether there are reasonable and probable grounds—I am using the legal terminology with which Members opposite are obviously very familiar—for believing that an offence might have been committed, he informs the Minister of Justice. However, if the Minister makes an inquiry pursuant to sub-section 246(4) as it now reads, and I quote:

> The Minister, whenever he has reason to believe that an offence against this Act has been or is about to be committed by a bank or by any director, officer or employee of the bank, shall direct the Inspector to make such examination and inquiry as the Inspector deems necessary for the purpose of determining the facts and the Inspector shall make or cause to be made such examination and inquiry and at the conclusion thereof shall report thereon to the Minister.

Therefore, the Bank Act clearly states that the Minister of Justice must be informed of any irregularity if need be.

Mr. Speaker, may I point out to the fact that banks are already subject to the Criminal Code, which provides for investigation in case of offences, and that these investigations come under the jurisdiction of the police forces and our courts. Moreover, without any evidence to the contrary, Mr. Speaker, I do not believe that there are enough offences such as the Hon. Member opposite seems to fear to justify granting the Inspector General of Banks more power. Allowing him to hire personnel and investigate and adding to the responsibilities already given to him under the Bank Act would not be justified. It seems to me, Mr. Speaker, that this would cause much duplication of efforts.

Moreover, there have been enough complaints about the size and cost of our bureaucracy and I am afraid that such a change would result in more duplication of efforts. Everyone

knows what problems can be caused by a lack of communication.

It seems to me that, under the Bank Act, and God knows that this Act is quite substantial and voluminous, the Inspector General is primarily accountable to us in this House. He already has quite enough to do and if he feels that the present legislation does not give him enough powers to alleviate the concerns and fears of the Hon. Member opposite, I am convinced that he will be the first to say so. However, such is not the case, Mr. Speaker. The Inspector General of Banks often appears before the Committee on Finance, Trade and Economic Affairs to complain that he is short of staff. He is right because there are now many more banks than in the past, but he has never complained of not being granted the power which the sponsor of this bill would want him to have.

To conclude, Mr. Speaker, I want to point out that I understand and respect the views of the Hon. Member opposite, namely his concern for security, but I do not believe that such security can be provided by this bill unless we create a very large bureaucracy because there are already officers who have the authority to answer all the concerns of the honourable member, except for centralization, which, unfortunately, neither the Inspector General of Banks nor ourselves seem to want. However, it would certainly be interesting to examine this issue in depth, but not through an amendment to the Bank Act.

[*English*]

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I would like to respond very briefly to the proposal before the House this afternoon. I would perhaps make some observations on the comments of the Hon. Member for Laprairie (Mr. Deniger) who last spoke. During the long period in which the Bank Act was reviewed in the House of Commons, it was very clear that the Inspector General of Banks did not have sufficient resources to do the job at hand. In addition to that, he lacked the will, and that lack of will was caused by a lack of direction from the Government and the former Minister of Finance. As a result, the Inspector General of Banks was simply performing a limited accounting function. He was certainly not involved and I suppose had been told not to become concerned with a number of the very crucial issues raised by the Hon. Member.

The Second point raised by the Hon. Member was that those resources already existed, so there was no need to "duplicate", as he called it, through this Bill, in order to delegate additional resources and authority to the Inspector General of Banks. I suggest that this is completely wrong and, to some degree, it shows a lack of sufficient information.

One recommendation I would give to the Hon. Member and the Finance Committee would be to call before that Committee representatives from the RCMP commercial crime group to determine their available resources. Recent publications have indicated that they are extremely short of personnel. They do not have the access which the Inspector General of Banks would have on a regular basis. Finally, they do not have the professional expertise readily available at their fingertips to handle the kinds of complex problems which can arise in commercial crime. The Committee should determine whether or not the resources, which the Hon. Member suggested are adequate, are in fact adequate. I am certain it would be extremely clear to anyone that we do not provide the budget or personnel necessary if those individuals are to handle the kinds of problems with which they are dealing.

Just to recap the first point, the Department of the Inspector General of Banks is understaffed and lacks the policy direction from the Government which is necessary in order to deal with the kinds of concerns which seem to be expressed here.

While the last revision of the Bank Act was before the House of Commons, there were numerous serious questions raised. I would just like to mention some of those questions today. The first would be the role that we had assigned to the Inspector General of Banks of reporting on this particular area and giving us the information he had available; but certainly there was a question in our minds and in the minds of other Members of that Committee during the revision process about the operation of the foreign operations of Canadian chartered banks. At that time we were unable to obtain any co-operation from the Inspector General of Banks on the grounds that, one, the information was confidential and, two, that he did not have it.

• (1540)

Ultimately, there were some serious questions raised about the foreign operations of Canadian banks. First of all, it was suggested that in some countries the banks had in fact been involved with certain groups which had worked actively against the existing governments. That kind of information was not available from the Inspector General of Banks. So the question of supervision of our chartered banks in foreign countries is an extremely important part of his role. The question whether or not these banks are exceeding the laws of the Government of Canada or the policy directions established by the Government of Canada was an extremely important aspect of that, which both the Government and the office of the Inspector General of Banks shrugged off.

The other aspect of the foreign operations of Canadian banks was certainly brought to light when the very serious question was raised some years ago about the exorbitant bank profits, enormous profits, which in reality were gleaned from Canadian taxpayers and Canadian residents. What they tried to sell us was essentially that the banks had earned these enormous profits by their foreign operations. Again, we are getting extremely misleading information from the banks, and this is allowed to proceed through the Inspector General of Banks and the Government of Canada.

Essentially what we have today is the absolute contrary, where Canadian chartered banks through their foreign operations seem to be in very serious difficulty. Loans to Venezuela and to Colombia have turned into a situation of very unwise

investment which the supervision of the Inspector General of Banks in earlier times may have prevented.

I would like to suggest that the over-exposure in some of those areas is creating apprehension on the part of the banks and enormous pressure in Canada to reduce that exposure. That type of pressure is applied against small businesses, farmers, fishermen and home owners. When we see foreclosures, people forced into bankruptcies and their assets seized by receivers, essentially we are getting a reaction on the part of banks to over exposure in some very unwise lending programs that occurred some time previously. If these loans had been properly supervised by the Inspector General of Banks, we certainly would not have the level of concern and the level of problem that we have in the country today.

Another area that was raised during the revision of the Bank Act, and again this relates directly to the supervision, the staff and the Inspector General of Banks, was bank operations and their labour relations policy. There was an effort to organize bank workers for a period of time. This particular group was extremely hard pressed. They had low wages, poor working conditions and were subject to many intimidations. When an effort was made to organize these employees, to guarantee them some of the same basic rights that other organized units were provided with, we found that the banks intensified the intimidation and it was extremely difficult to get any co-operation to provide the bank employees with the same kind of rights and privileges that other people in the working community have who are covered by collective agreements. There was no co-operation whatsoever and there was very intense intimidation.

Probably the worst employment record in Canada can be demonstrated by the Canadian banking system. It would not take Government Members any time at all to come up with numerous incidents of the banks' involvement in these practices. Again, if we are talking about supervision in the banks, whether it be through an RCMP commercial fraud operation, through the Inspector General of Banks, or through the facilities of the Canadian Labour Code, we are talking essentially about one and the same thing. Those organizations share responsibility for the smooth and effective operation of the Canadian banking system and one of those items pertains to the tremendously negative record of employee relations during the attempts of organizers and employees within the banking system to organize that particular work force.

Another matter that was raised, and it is proving to be a very difficult situation today, was the degree of consumer protection. We spent an enormous amount of time trying to plug matters into the Bank Act and regulations that would provide for the protection of consumers in the banking industry. When any individual in Canada, any small business, fisherman, or home owner approaches the bank, they literally approach on bended knee with cap in hand to seek a loan. There is an old adage that the only time a banker will give you a loan is when you do not need a loan. But many Canadians find themselves at a tremendous disadvantage because the power of the bank, and behind that the support of the Government, is exercised totally against the consumer.

What we have today is a situation where people are operating with very limited information. Members of the general public do not have the resources to hire accountants and lawyers to provide them with sophisticated advice, adequate guarantees and adequate protection in the event of problems. Therefore the entire situation is stacked in favour of the banks through lack of information and lack of assistance.

We have today an interesting scam that I would like to relate, a situation where employees in a number of banks across Canada, but particularly in my own area, became involved in a situation where they would set up a separate account and into that separate account they would place money obtained from a customer who needed funds transferred from one bank to another. These funds were placed in a staff party fund for individual gifts and whatnot. That is, the charges that were allegedly levied by the bank for a number of services provided were diverted out of the customer's pocket into an employees' fund. This matter is thoroughly documented in cases before the Canada Labour Relations Board.

The question is, where is the Inspector General of Banks? This practice seemed to have been reasonably widespread. The banks were very secretive about it and unwilling to come forward and expose these operations and root them out, even though managers in some cases knew of the matter and it was transmitted from one bank to another. There was very little in the way of consumer protection there. A practice which was really contrary to any accepted level of business practice within the banking community was allowed to continue and flourish.

Another problem is with consumer protection within the present context of the economic downturn. We have a situation where many people are strapped with mortgage interest rates and loan interest rates at 19 per cent or 20 per cent. There are mechanisms by which refinancing of loans can take place so that individuals will not be forced to work with bankruptcy level payments; but the bank will provide no information to customers on methods of refinancing those loans. As a matter of fact, continued unnecessary exploitation at very high interest rates goes on without any attempt to inform customers that interest rates are significantly lower and that there are options to refinance.

I spent a day with constituents from a small community in my riding, Black Creek, who are facing a foreclosure on their home because they are carrying a 19.5 per cent mortgage interest rate that could have been reduced to around 14 per cent, an enormous cut in the payments on their property as they are going through a rather difficult period in connection with their family income.

• (1550)

In addition to that, the bank did not make them aware of a program in British Columbia which would allow them to defer part of the principal and interest. The bank badly bungled the

application to a federal program which would have provided assistance.

At that point we have a situation where that family—and they are certainly not alone—are in danger of losing the home they had poured thousands and thousands of dollars into. That money will go down the drain because the bank refuses to provide information to its customers on ways of taking advantage of lower interest rates. That is because of the bank's incompetence or a deliberate attempt, I would say, to obscure opportunities available to these and other individuals to protect themselves in very difficult times.

We find the same situation, Mr. Speaker, with fishermen. There has been a very difficult time for fishermen on the West Coast. Rising fuel and other costs, and inflated interest rates, have put them in a position where they are in danger of losing their vessels. Everyone knows that a seizure by the banks will not in fact resolve the problems faced by those fishermen. So they confront the fishermen with an alternative. They say: "Even though we will not get 15 cents on the dollar for your vessel, we will seize it and take away your method of earning a living unless you sign over your house as well and maybe get a friend to co-sign". They tie that individual to the wall. His boat and home are mortgaged, he has personal friends and family co-signing the loan, and then the bank moves. The bank had intended to shaft the individual all along. They wanted to increase the size of the asset pool so they could get his boat, his home, and take his friends to the cleaners as well. That is the kind of thing the Inspector General of Banks should be inquiring into. He has a dual responsibility to protect not only shareholders and depositors but those who depend on an efficient banking system. Our law is inadequate and the office of the Inspector General of Banks is inadequate; and the Government's policy is also inadequate when it comes to protecting the consumer.

There is no point in repeating the problems of small business because everyone opposite knows them. The Small Business Development Bond has assisted some individuals, but the banking community has failed miserably to act in a responsible and responsive way to those businesses which need a cut in interest rates to survive. If any person were to ask what is the largest problem faced by businessmen in this country today, the answer is simply "trying to service their debt". That is because of high interest rates; there is a desperate need for assistance in bringing them down.

Another problem is the failure of the banks to contribute to the economic well-being of this country. The banks went on a binge during the hey-day of corporate mergers and foreign investment, and we are faced today with a very serious situation. The Inspector General of Banks could be playing a very effective role with more staff, more policy direction and more authority in legislation. The situation of the last couple of years where banks were bank-rolling organizations like Chrysler, Massey-Ferguson and Dome Petroleum, with the subsequent big bail-outs, was totally ill-conceived. When the bubble burst the banks were over-exposed on their foreign loans and they are in a precarious position. They are now faced with some very large bankruptcies in their domestic operations, with the possibility of several banks being hauled down unless something is done.

When we were looking at the Dome Petroleum situation some months ago, Members on the opposite side were seriously concerned that there were no choices available. It was either bail out Dome or bail out the banks; one would drag the other down. That situation is now placing other sectors of the Canadian economy in very serious difficulty. The squeezing we see going on with many other businesses in Canada seems to be directly related to the exposure of the banks with companies like Dome. We looked at this question during the revision of the Bank Act, but unfortunately Government Members and the Official Opposition did not see this as a priority and were not overly concerned with the fact that the generators of pools of capital should be making significant investments for the long-term benefit of our economy. Who knows were we will go from there, but ultimately it was failure to revise the Bank Act and put in policy direction which led us to this situation.

I would like to close my remarks with a reference to the chartering of foreign banks in Canada, Mr. Speaker. It is my contention that this will be something we will live to regret. The proposal before us to allow the Inspector General of Banks more staff, more legal authority and more policy direction from the Government is vitally necessary. We now see advertisements telling us what a great deal Canadians now have because we are not dealing just with domestic chartered banks but with 67 new banks in Canada, many of which are foreign banks. It has been pointed out that this would be one of the worst mistakes Canadians ever made. Well, the Government preached the tremendous benefits of competition and access to capital, but I say we will eventually find foreign companies and their agents working diligently against Canadian industrial policy through the operation of Canadian banks.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have very little time left but may I say that I have never heard such a speech quite so irrelevant to the point of the Bill as the one we have just heard from the New Democratic Party representative. He is not talking about protection which should be provided by the Inspector General of Banks, he is talking about some hope he had, as I recall his stand during the hearings on the Bank Act, that the Inspector General of Banks should be some sort of conscience or, shall we say, spear-carrier on behalf of Government to force banks to do the things we wish them to do.

There should be nothing of the sort, Mr. Speaker. While I have not entirely agreed with my colleague's Bill, I do agree that an individual who is aware of something wrong in the handling of securities held by a bank should have immediate access to laying a complaint with the provincial police.

• (1600)

We have to look at Quebec and Ontario here, and at other Provinces where the RCMP carry out the duties of the provincial police, because the administration of justice in cases of this kind would be from the police to the Attorney General of the

Province, who would determine whether a charge should be laid or not.

Incidentally, Mr. Speaker, the proposal in this Bill envisages, somehow or other, that the Inspector General of Banks has the right, or makes a practice, of visiting individual branches. Nothing could be further from the truth. The Inspector General does not do that; he works through the head offices of the banks. He has no flying squads of auditors or other officials who visit banks to count cash or verify securities; nothing of the kind. This is all done internally by the banks.

I would even go further. With respect to the person whose property interests are being adversely affected, or a person who is aware that the property interests of another person may be adversely affected by a criminal act which has been committed in the past—say that bonds had been converted or were about to be converted to the use of a bank official—the right exists. For instance, we know there are frauds, defalsifications and conversions by individual bank employees. If anyone is aware of that, the right already exists for that person to complain to the police. It is not necessary that he should have to go through the Inspector General of Banks, who would then deal with the head office of the bank, who would in turn deal with the Minister of Finance (Mr. Lalonde). The Inspector General is not the person to determine whether there has been an offence against a property or a right of property in any way. I believe the right exists already. It does not have to be done through the Inspector General. He is not qualified, nor is the Minister of Finance qualified, to determine that there has been an offence committed or about to be committed. The facts should be turned over to the Minister of Justice (Mr. MacGuigan), whose officials are qualified to determine whether or not charges should be laid.

Frankly—and I will terminate my remarks now—while I accept the purpose which the Bill of my colleague would try to achieve, I would say that right already does exist, because in reciting to me the facts which gave rise to this particular Bill, I found that action was taken by my colleague in reaction to publicity of the situation, and the matter was attended to. To that extent, I think this amendment to Section 246 of the Bank Act is quite unnecessary.

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Mr. Speaker, I am pleased to have the opportunity to speak on this important issue of the role of banks. In so doing, I would like to pay credit to the words expressed by the Hon. Member of the New Democratic Party, the Hon. Member for Comox-Powell River (Mr. Skelly).

I would like, however, to go back to some of the basics. The Finance Committee had the opportunity in a non-partisan way of looking at this precise issue and they made two recommendations: first, that we have an obligation to look at the Loan Act and the Trust Companies Act in order to give those institutions the power to get into consumer and business loans; second, that Committee recommended that the Canadian Payments Association assume additional responsibilities to look into complaints.

The Hon. Member of our Party who spoke before me outlined adequately and well the functions of the Inspector General at this present time. I would like to make it very clear that we on this side, are not unsympathetic to the intent of privіding better service to customers of the banks. As the Hon. Member for Comox-Powell River very eloquently pointed out, if the traditional way of always looking at things is pursued to its ultimate degree, if the banks do not act intelligently and compassionately in circumstances, you could end up with a small business person being put out of a viable operation. You could end up with the banks realizing on their security in such a way that they would not get as much back as if they were prepared to see that person through in particular circumstances.

In these difficult economic times all of us recognize that we are facing extraordinary circumstances, not only in our country but throughout the Western industrialized world. We have an obligation, all of us, Governments, the private sector, business and our banking institutions, to take into consideration these exceptional circumstances.

There are cases which have come to my attention, and I am sure they have come to the attention of many Hon. Members of this House, where the bank has simply called its loan on a small business which has not defaulted on any of its payments, which was probably in the same kind of economic condition as it was when the bank undertook to extend that line of credit. But the banks have been under a squeeze pressure, perhaps as a result of declining international situations, perhaps as a result of too many big loans. We have to look to the small investor who might not have the same type of political clout as the big investor.

That is why I believe the proper approach is not to enter into layers of regulatory coverage, introducing new officers into the banks, into the Inspector General's banks, trying to impose another bureaucracy on our system. Surely, that is not the approach that the Tories, in their wisdom, would want to see happen. Surely, we would not want to see a system in which, perhaps, if we took the NDP argument to its ultimate, we would legislate that banks could only foreclose under very extreme circumstances.

But legislation cannot deal with the myriad of human circumstances which exist out there. Rather, I believe the approach is one which is based on sound banking and an understanding of our present economic circumstances, as well as a sense of obligation and compassion towards our economy as a whole. If the banks are prepared to assume that responsibility, they will be prepared to look at the small business person or farmers they are going to foreclose on who will never get their security back because they have over-extended their loans in the past, and part of that could be the banker's fault. If we are going to get out of this problem in a way which is commensurate with maintaining human dignity and preserving jobs in this country, I believe the best approach is one under which the banks themselves enter into self-regulation whereby

they enter into an acceptance of their responsibilities on a mature basis.

I have every confidence, Mr. Speaker, that the banks will be willing to undertake that responsibility. And, perhaps, as Members of Parliament, one of our obligations is that when clients call us, or when constituents call us, we should work with the banks; we should phone the banks and lay out the facts. I have found, when I do this, the banks are generally receptive.

The Acting Speaker (Mr. Blaker): I am sorry to interrupt the Hon. Member. Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings and move to the next stage of the proceedings.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Blaker): Shall all items listed under Private Members' Notices of Motions preceding item No. 59 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

• (1610)

TRANSPORTATION

ADVISABILITY OF UPGRADING TRANSPORTATION SYSTEMS IN NORTHERN CANADA

Mr. Dave Nickerson (Western Arctic) moved:

That, in the opinion of this House, the Government should consider the advisability of embarking on an ambitious program of upgrading transportation systems in Northern Canada.

He said: Mr. Speaker, in speaking to my motion, which suggests that the Government should embark upon an ambitious program of transportation system upgrading in the northern part of Canada, it is my purpose this afternoon to do what I can to resurrect the Diefenbaker "Vision of the North".

In doing so, I want to pay tribute to two honourable and eminent gentlemen, one of whom is still with us. I refer to the Hon. Member for Qu'Appelle-Moose Mountain (Mr. Hamilton) who was responsible for giving Diefenbaker his vision of the north. In his younger days the Hon. Member for Qu'Appelle-Moose Mountain spent many years in the northern parts of Canada. He is a gentleman who has always been 30 or 40 years ahead of his time. He saw the opportunities that would come with the development of a transportation system.

The second gentleman to whom I want to pay tribute is the late Hon. Member for Brandon-Souris, the Hon. Walter Dinsdale. In Diefenbaker's time he very ably filled the office of minister for the North.

For the last 20 years or so the vision has become clouded, however. Emphasis on transportation has declined because there is an underlying difference in the viewpoint of Hon. Members opposite and Members on this side of the House. The Liberal view of Canada appears to be that of a little Canada. Liberals are inward-looking. They look at what exists already and put a wall around it. On this side of the House we tend to be outward-looking. At the time of the "Roads to Resources" program—that is, the Diefenbaker vision—we were ridiculed by Hon. Members opposite who described it as an igloo-to-igloo policy. I hope when they look back that they find such has not been the case and that the policy has paid dividends. Perhaps they will then change attitude.

We may be asked why we need an upgraded and improved transportation system in northern Canada. As someone from that part of the country, I look at the matter from a local viewpoint and say it would lower the cost of personal transportation and of the transportation of goods, and that this would eventually show up in the selling price.

In the last two elections in which I participated, I listened to debate between Liberal and NDP candidates. It was a kind of bidding match when each candidate, supported by his Party, claimed that if the people voted for his Party it would give them subsidies which would help to bring costs down. I did not become involved in that bidding match but tried to make the point that a more efficient transportation system and a more competitive transportation industry in the North would bring down the cost of living.

The NDP won that bidding match. Because it is never likely to form a Government it came up with the highest bid. And, of course, it did not succeed to office but the Party opposite did. Unfortunately, it then forgot about this little auction that had gone on. It did precisely the opposite of what it had promised and threatened to remove existing subsidies and to substantially increase taxes for northerners.

Looking at this from the national point of view, which is what we have to argue in this House, if Canada is not to be just a narrow strip of inhabited territory along the forty-ninth parallel, we must develop the hinterland of the country. We must bring northern Canada into the main stream. If we do not, you can bet your bottom dollar, Mr. Speaker, that someone else will come in and do that for us. Whatever our legal position is with respect to sovereignty over the northern part of Canada, we cannot neglect it; we cannot just leave it alone. There are millions and billions of people in the world who are short of land and short of resources. If we do not develop our northern reaches we will lose them by default. Someone else will eventually come in and develop them.

As I have said before, well planned ventures in transportation have been proven to pay dividends. The St. Lawrence Seaway is a prime example of this. It took great investment in time and effort but it has paid handsome dividends. One just needs to look at the volume of shipping and commerce it has generated.

A smaller example is the Pine Point railway which was constructed in the 1950s. Despite certain setbacks which are

occurring today, it has proven to be a profitable investment. The people of Canada got their money back, and more. It is now an integral part of the Canadian National Railways system and pays its way.

Then there is the Dempster Highway, the road going through Yukon into the Mackenzie Delta. This was proposed many years ago in the Diefenbaker era, and it received a great deal of criticism at that time. It was completed about the time the Right Hon. John George Diefenbaker died. Already it has proven its worth, as oil and gas developments are occurring in the Mackenzie Delta and the Beaufort Sea. The Dempster Highway provides a vital link to that oil and gas rich part of Canada.

I should like to touch on a few distinct sectors of the transportation industry which exist in the North and comment briefly on them, Mr. Speaker. First of all, there is air transportation. Of all sectors this is probably the one that has done the best job. That may be because air transportation is under the control of the Department of Transport and not the Department of Indian Affairs and Northern Development. I shall have more to say about that particular Department later.

The Arctic airports program is a joint program of the federal and territorial Governments and has worked out extremely well. There has been some slowness in the system but that has to be expected. A couple of years ago I wrote to the Minister of Transport (Mr. Pepin) with respect to the Norman Wells airport, which is now extremely busy and likely to be more so in the coming months, asking that something be done to upgrade the facilities and that planning be done for pipeline and oil field expansion. So far that has not taken place.

Generally speaking, the airports branch of the Department of Transport has done a pretty good job. Our main complaints are not against the Department as such, but rather against the Air Transport Committee of the CTC. There could be improvements in the licensing of certain operations and in the scheduling of service.

With respect to rail service, I already mentioned the Pine Point railway which has proven to be quite successful. I have heard the Hon. Member for Yukon (Mr. Nielsen) speak about the White Pass and Yukon railway many times in this House. He has said that if it is to be an effective means of transportation of products in and out of Yukon, it must be upgraded. There should be a standard-gauge track and the rolling stock which was originally brought into the country in the early 1900s should be replaced.

The railway into Churchill, Manitoba, which is the natural route into the heartland of western Canada, must be upgraded. It should be reballasted and the railbed should be improved. Perhaps we could use the new geotextiles to stabilize it. We must replace existing rail with heavier rail so that modern rolling stock instead of old boxcars can be used. It is a natural route for the transportation of grain, potash, coal and other commodities out of the Canadian heartland.

• (1620)

I want to make a few remarks with respect to water transportation. The Port of Churchill immediately comes to mind. Port facilities at that location must be expanded. I understand it is the intention of the Hon. Member for Churchill (Mr. Murphy) to go into this matter in detail, so I will skip over it now although it is very important.

New port construction techniques in Arctic areas have been developed. I could cite as an example the construction which went on in connection with the Polaris mines. We should now start looking at the area of the Beaufort coast. There is need for a proper port facility there. In the not too distant future there will be need for a major oil and gas port in the Beaufort Sea, for which we should definitely start planning now. Despite some progress in the private sector—and I am thinking of Kigoriak, for instance—Canada lags in development of commercial icebreakers—and that is probably the bright spot—military ones such as naval icebreakers and vessels for the Canadian Coast Guard.

If ever the United States and the U.S.S.R. were to engage in a naval battle in Canadian Arctic waters when they are ice-covered, they have the correct naval equipment with ice-breaking capabilities, but we would only be able to sit on the iceflows and keep score. This is all we would be able to do.

I look forward to the time when the Northwest Passage will be open for the peaceful commerce of all nations. I would like to see the Northwest Passage through Lancaster Sound, Prince of Wales Strait, and across the northern part of Yukon and Alaska, operated in a manner not dissimilar to the Seaway. Obviously it would be expensive to keep the shipping lanes open and to provide the necessary navigational aids. Denmark, Canada, the United States and potential user nations such as Japan, should get together to come up with a joint system of management of navigation in the Northwest Passage. There is a need for better charts and navigational facilities to complement the Canadian Hydrographic service on the work being done in Arctic waters and a hope they would go from strength to strength.

The Mackenzie River system, according to officers of Northern Transportation Company Limited, needs to have spent on it somewhere in the order of $75 million to upgrade it into a major, proper waterway. In years of shallow water, if conditions get any worse, we will have to put wheels on the barges and push them down the river bed. This $75 million does not have to be spent all at once. There are a few major bottlenecks on which we could concentrate to make the waterway one that could be relied on. Then we could load barges to their full capacities instead of only putting on half-loads. We have to look to potential threats to navigation on the Mackenzie River system such as the proposed Liard Dam in British Columbia.

Now I should like to make a few comments with respect to roads. The worst record of the Government is with respect to roads. In the 1950s and 1960s there were ambitious programs under Conservative Governments. We worked on the Mackenzie Highway and on the Dempster Highway; we upgraded the

Alaska Highway. Since that time disintegration and decline have set in. It would appear that the Department of Indian Affairs and Northern Development concentrates on social engineering, telling people what to think and what to do, rather than on civil engineering. They have the roads branch over there in the figurative basement of the Department. I do not know whether the people in charge of roads ever get to speak to the Minister or the Deputy Minister. In the office of the roads branch they have a graph showing the amount of money, in real dollars or in constant dollars, spent on roads over the last 20 years or so. I can assure the House that it declines year by year. Road building now has no emphasis within that Department.

With the completion of the Liard Highway linking Fort Simpson in the Territories to Fort Nelson in British Columbia, there are now no major road building programs in progress in northern Canada whatsoever. That is a terrible state of affairs. We are losing the expertise in northern road building which has been built up over the years.

I should like to indicate some examples of what could be done. We could pave the Mackenzie and Alaska Highways. I am told by members of the trucking industry that this would probably result in a cost reduction of some 10 per cent to 15 per cent. A bridge is needed over the Mackenzie River. The cost of this was originally estimated some years ago at $6 million. Today it might cost $50 million. In years to come it will cost even more, unless we get it over with once and for all. Also there needs to be a southern access link into the town of Fort Smith, connecting it with the town of Fort McMurray in northern Alberta. This will be especially important if a dam is to be built close to Fort Smith on the Slave River, as is planned by the Province of Alberta.

We must extend the Mackenzie Highway, in the first instance, as far as Norman Wells where oil field expansion and development is presently being undertaken, and then on to the Mackenzie Delta and Inuvik. The Dempster Highway, which presently stops at Inuvik, must be extended to tidewater at Tuktoyaktuk to support the oil and gas industry there. Road construction will not only assist the oil and gas industry, but also the minerals industries and agriculture, an aspect of northern commerce which has been sadly neglected by the present Government.

There are many other sectors upon which I could touch, but I do not propose to do this for lack of time. I could talk about pipelines, electricity transmission lines, vehicles designed especially to go over muskeg areas and lighter-than-air craft. I could say what work has been done in the Province of Alberta with respect to this and describe the meetings I have had with the Hon. Henry Kroeger, the Minister of Transportation for the Province of Alberta who is enthusiastic about potential developments. I could talk about necessary research and development in all aspects of northern transportation, whether it be road construction techniques, ship designs or the need for better ice tanks and research facilities.

If we want to get out of the present economic difficulties we face in Canada, I think the development of transportation in northern Canada is one of the real ways. It is the real cure for unemployment. It is not a make-work scheme or a NEED project; it is none of these things. It would put people to work doing real and sensible jobs. It would provide dividends for us in the years to come. I submit we must rekindle the flame of the Diefenbaker vision and bring all parts of Canada together, socially and economically, connected by a modern, effective, efficient, multifaceted transportation system.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I am pleased to participate in the debate on Motion No. 59, which reads as follows:

That, in the opinion of this House, the government should consider the advisability of embarking on an ambitious program of upgrading transportation systems in Northern Canada.

Had the mover of the motion changed one word in the Motion, I think the Government would be prepared to support it. All he had to do was change the word "should" to "has", and I think we could have supported it. I hope my remarks will demonstrate to the Hon. Member for Western Arctic (Mr. Nickerson) that the Government has over the last decade embarked upon ambitious programs of providing efficient, affordable and safe transportation systems in northern Canada. I had the pleasure, together with the mover of this motion, to take part in the second major Northern Transportation Conference which was held in Whitehorse, Yukon, in October, 1982.

• (1630)

Mr. Nickerson: It was the Yellow-light Conference.

Mr. Flis: At that time, over 200 interested people, from industry and Government together with private citizens, sat down for three days to discuss the issues facing northern development, transportation systems and the environment in which all those components could come together.

The first Arctic Transportation Conference hosted by the present Minister of Energy, Mines and Resources (Mr. Chrétien) and the Hon. Don Jamieson in 1970, was in response to the recognized need for co-ordinated discussion of problems encountered in the Arctic. At that Conference, some of the topics discussed were Arctic aviation facilities, re-supply, the social and economic impact of transportation, railway development, pipelines and icebreaker support, terminal facilities in the Arctic and environmental impact. Now, 12 years later, many of the same issues were discussed but with a difference. This time, emphasis was placed on planning, regulatory concerns, research and development.

The first time an Arctic Conference sponsored by the federal Government took place was in 1970 but the Government and industry already had well developed interests in the North, recognizing its potential. We were making strong first steps at that time and we have come a long way since then. I do not think it was only a Diefenbaker vision that brought us to this stage, as the Hon. Member would lead this House to believe.

Efficiency and effectiveness were very serious concerns then as they are now. In 1983 we are even more serious. Much has

happened in 13 years. Even more sophisticated approaches have been taken to develop the North, to maximize its potential, while at the same time considering the needs of the people in the Arctic and the environment and bearing in mind the costs of Arctic development.

To underline the increased emphasis on the need for discussion of Arctic air transportation issues, the Northern Air Transport Association, as you may be aware, held its fifth annual Conference in March of 1982, also in Whitehorse. Papers presented at that seminar addressed such issues as cost of risk for air carriers, management of capital and human resources and economic survival in support of the theme "Management Challenges facing North of 60 Operators in the 1980s." What we are facing also is a management challenge. How are we going to make the most of our investment in time and resources in developing the Arctic in a way that will benefit all concerned in a way that we can all survive and not just on the balance sheet?

We are making investments in the future of the North, the future of Canada. During the 1982 Conference, proposals were put forward on ways of meeting the challenge of the 1980s. Allow me, for a few minutes, to highlight some of the initiatives taken by Transport Canada to assist in developing the North since 1970 to meet what could be considered the challenge of the 1970s.

In October of 1972, responding to environmental concerns regarding potential pollution of the Arctic, the Hon. Don Jamieson announced the publication of new Arctic shipping pollution prevention regulations. These regulations were to be used in conjunction with the shipping safety control zones order, proclaimed in August of the same year, under which the waters of the Canadian Arctic were divided into safety control zones, classified according to the degree of ice hazards present. As the Hon. Member is aware, shipping is controlled by limiting the zones in which the vessel may operate based on prevailing ice conditions and the capabilities of the ship.

In 1975, the operational base for the annual re-supply service to the Keewatin communities on the west side of Hudson Bay was transferred from Montreal to Churchill. This decision would provide increased federal Government purchasing in the western provinces and an expanded role for Churchill as a gateway for northern shipping. In November of the same year, plans were announced to build the 28,000 ton bulk carrier, M.V. *Arctic*, a joint Government industry project. The ship, designed to operate in the high Arctic, was also to serve as a prototype for larger vessels to be engaged in the movement of gas and oil out of the Arctic. It was also intended to enable more accurate determination of the ice navigation regulations under the Arctic Waters Pollution Prevention Act. The M.V. *Arctic* has met these objectives. It has been a successful venture and an excellent example of industry and Government collaboration. To reinforce Transport Canada's support for developing the North, and to allay concerns regarding the application of "user pay", the Hon. Otto Lang, the then Minister, stated in October, 1976:

> The North need have no fear of assuming the full burden of transportation costs ... user pay guidelines would only apply to areas of the country with enough volume in travel and shipping to justify cost recovery.

The costs of opening up and developing the North would be shared by all. The Minister emphasized the importance the North had in Transport Canada's plans to develop an integrated transportation network for the entire country. That same year, subsidies in the amount of $743,000 were provided for the re-supply service in the Keewatin district.

As part of the Urban Transportation Assistance Program, Transport Canada contributed over $442,000 to the total purchase price of $532,379 for buses and mini buses, to be used in Whitehorse, Hay River and Frobisher Bay.

To ease the high cost of air transportation in the Arctic, in April, 1982, the Minister of Transport (Mr. Pepin) announced that the imposition of landing and other fees at small Arctic airports will be deferred again until March, 1983. More recently, as a matter of fact, in May, June and September of 1982, Transport Canada announced airport improvement and equipment purchases to the tune of almost $3 million for Eskimo Point and Hall Beach, Northwest Territories, and Whitehorse. On the subject of the Whitehorse airport, I am pleased to say everything is on schedule. Preliminary design of the air terminal building was completed in August, 1982. A request for funding approval will be submitted to Treasury Board shortly.

Fortunately, Mr. Speaker, I could continue citing Transport Canada's past contributions to the Arctic, but I will end the list here. What is of greater significance is what we are doing now, what our future plans are to meet the challenge of the 1980s. As you may be aware, one of the objectives of Transport Canada is "to foster an environment which supports the efficient development, provision and operation of all elements of the national transportation system.

Pursuit of this objective is evidenced by Transport Canada's contributions to assist in the establishment or otherwise provide for improvements of transportation facilities, including subsidies and the funding of studies by private consultants, etc.

Other very significant objectives, Mr. Speaker, concern themselves with efficiency and effectiveness and, of course, safety. We are all too well aware of the hazards to all modes of transportation in the Arctic. Transport Canada, of course, will continue to place a high priority on safety and search and rescue.

One other very important objective, which may not be so obvious but is inherent in the role of Transport Canada, is to support the achievement of the objectives of the federal Government that relate to national, regional and urban social and economic development, and to industrial, environmental and energy policies.

Transport Canada, therefore, is not only in the business of transportation. Every move we make takes into consideration all these other factors and more. For example, Mr. Speaker, plans are being developed to overcome low water levels at one location on the Mackenzie River where some dredging appears

necessary. Environment concerns for wildlife and fish habitat are being addressed by the project manager.

To continue, let me give you some other examples of what we are doing. Program responsibility and the modal expertise for Arctic development has been incorporated directly within each of the transportation administrations, with a co-ordinating function provided by headquarters.

I would like to comment on the aspect of research and development to which the Hon. Member also referred. The significance of such a program, be it within the federal Government or the private sector, cannot be overstated. Such programs as the Arctic Scientific Evaluation Program is a major undertaking to evaluate the ice-strengthened cargo vessel, M.V. *Arctic*. The vessel was designed to meet the Arctic Ice Class II specification, which indicates a moderate ice-breaking capability in accordance with the Arctic shipping pollution prevention regulations.

• (1640)

A three-part instrumentation and evaluation program has been defined to collect data on environmental forces experienced by ships during commercial operations in the Arctic and to verify the appropriateness of the shipping regulations. The total cost of funding this entire project is $1.9 million. In terms of the potential benefits as a result of better designed vessels, these dollars are, to use a very appropriate analogy, the tip of the iceberg in terms of the potential high return on investment.

I am pleased to see that approval has been received for the expenditure of $14 million for Arctic marine projects. The crucial point is that the significance of R and D is finally being recognized and the high profile it has warranted in the past is now a reality. Through research and development, transportation in the North can only improve.

One other area that I would like to expand upon is that of policy. What are Transport Canada's policies with respect to the North? It is understood that air carrier development is also affected by policies on social services, energy and other Government activities. To ensure the requisite co-ordination and planning between the public and private sector, the Joint Air Service Planning and Evaluation Review, or JASPER, was developed in 1977. Since then, it has been applied to a carrier-Government planning for four Arctic route networks.

On the marine side, the question arises as to what level of shipping services for international trade is required to meet the demand in the North.

A more important question that must be raised is, what should the Canadian position be with respect to Arctic shipping? On the one hand, if action is not taken soon Canada could be left out in the cold, so to speak, in more ways than one. On the other hand, having operating experience in northern waters may provide some Canadian carriers with advantages over those of other nations. It is felt by some that the Arctic is a special environment and therefore a greater degree of assistance for Canadian shipping may be justified.

Some have expressed the view, the mining industry, for example, that any extra costs due to shipping would render their already costly northern mining ventures even more difficult to develop. However, based on numerous consultations, it is generally felt that a stronger regime should be in place in the Canadian Arctic than in the rest of Canada, with the condition that such a policy not hamper development and that vessels be available at reasonable cost. The development of an Arctic shipping policy will be designed to ensure that northern demand for shipping services is met by Canadians to the greatest extent possible without causing an adverse effect on Canadian trade.

I have been discussing the North simply from the perspective of developments in the areas of operation and policy, highlights of transportation accomplishments and development in support of Transport Canada's strategic objectives. Unfortunately, success stories of progress do not prevail in all other areas affected by transportation.

From the viewpoint of native groups, there are still shortcomings in the way in which transportation services are provided and, indeed, in the manner in which transport might be used to solve certain social problems such as the high cost of living. Program delivery is perceived to be cumbersome and possibly more expensive than it should be. However, local input for airport planning and construction has become routine, with community co-operatives at times bidding for work. There is a sense of urgency felt by headquarters staff in the scheduling of Arctic projects, which sometimes run afoul of total Government priorities, the short shipping season and the time required to consult extensively with all parties concerned.

It is useful to be reminded of individual project problems and their slippage, but these specific problems should not be allowed to detract from this Government's commitment to northern development.

Transportation cannot be viewed in isolation. This is true especially for social problems. While it is acknowledged that freight rates are very high, and there is a temptation to provide subsidies as a quick fix, it must be remembered that this country is already struggling under many such well-intentioned past programs. Factors such as overcoming the small market size, increased storage facilities and negotiated changes for retail pricing should also be considered.

One other major factor to be considered is the chronic shortage of funds. Because of the lack of sufficient resources, it serves as a governing factor which requires some priorization of programs. There are many programs for which the need is easily justified, but the lack of adequate funds does not allow all of them to be realized.

In support of the six and five restraint program, these limits have been applied to charges levied by Transport Canada. This situation is of benefit to the users but at the same time restricts the flow of dollars into the federal coffers, thus further limiting available Government resources.

I think that we have accomplished much, and by joining forces and working together for the benefit of all concerned,

we will be able to meet the challenges of the future, which I know is what the Hon. Member who moved the motion wishes.

Mr. Rod Murphy (Churchill): Mr. Speaker, I would first like to thank the Hon. Member who moved the motion. I believe it is an ideal topic to be raised in the House of Commons since this issue has certainly been neglected in the past. I agreed with much of what the Conservative Member had to say, and I thank him especially for his kind remarks about the community at the Port of Churchill. While I am certainly grateful for his remarks, I must say that I found them to be at variance with the remarks made by the Hon. Member for Lisgar (Mr. Murta) and the Hon. Member for North Vancouver-Burnaby (Mr. Cook) who speaks for his Party with regard to port policy.

It is interesting to note that in spite of the fact that the Conservative Party supports the use of the Port of Churchill, two of its Members who frequently speak about ports and grain transportation came out against the use of the Port of Churchill.

Since I come from a northern riding, although it is not situated in the Territories themselves, I recognize the need for over-all planning in transportation policies in the North. This lack of planning and co-ordination of services is evident in my riding of Churchill almost on a daily basis. I have become very aware of the inconsistent planning for air travel in the North. The Liberal Government has commissioned a study to be conducted into the role of Churchill in providing services into the Northwest Territories. A consultant discussed this matter with me a week ago. Although the Government conducted another study last fall into transportation in northern Manitoba, which is a legitimate study, the consultant who was conducting this Churchill study told me that his terms of reference did not allow him to look at the role of Churchill in northern Manitoba. Surely if we are to have a reasonable transportation policy, we should not only consider those flights heading North but also consider all flights going in and out of a transportation centre.

This is a problem in Canada that can be seen in other areas as well. I will use my own riding as an example since I am familiar with that area. The Government recently decided to close down runways and airport services at five o'clock in the evening in a number of communities and not open them until eight o'clock the next morning. This was done in the full realization of the fact that many of the scheduled flights either came in after the closing or took off prior to the opening. We therefore had the unusual situation in which the airport would not be open when scheduled flights were arriving or departing. How can the Government claim to be planning when this is the situation? Similarly, runways in northern communities would not be cleared except during stated hours. If a flight was arriving during a snowfall, that carrier would have to pay the cost of clearing the runway.

This is not an isolated situation. In Manitoba, and in my riding alone, Flin Flon, The Pas, Lynn Lake, Leaf Rapids, Thompson, Gillam, Norway House and Churchill will all be affected by the Government's new restraint program. Throughout Canada, hundreds of communities will be affected by a restraint program which the Government never really thought out. I discussed the matter of how that would affect scheduled flights. Let me refer to another dangerous side effect of that particular decision.

• (1650)

In the North, medical evacuations are most often carried out by air. They depend upon speedy service. If a plane must fly up from Churchill, for example, or up to one of the small communities in the Territories, and if the runway is not cleared and crews must be called in to start clearing that runway at seven o'clock or eight o'clock at night, it may take two or three hours, as is often the case, and then the flight cannot leave until ten o'clock at night. The same problem could occur at another strip at the receiving end as a result of the new Government cutbacks or restraint measures. A small move to save the Government some dollars could endanger the lives of people because of the long time involved in clearing those runways.

Scheduled carriers are also concerned about the new regulations, first, because they will be charged for having a runway cleared, even though they set up their schedules under the old regime and even though it was the policy of the Liberal Government, the policy of Transport Canada, to have those runways open during times of scheduled flights.

This reversal by the Government means that air carriers, which would try to provide good service to many communities, will now be penalized. They will incur extra costs in keeping airports and runways open. That is a terrible situation and it obviously, once again, points to the lack of planning with regard to northern transportation.

One of my other concerns with regard to northern transportation concerns air safety. In Manitoba, search and rescue is carried out from Air Force bases in Edmonton. We have a time lag, which means that a search will not be started for at least two or three hours after it is known that a plane is down or missing. That is valuable time. It is important that the Government either establish more bases for search and rescue in Canada or at least provide funding for organizations like the Civil Air Search and Rescue Association so that various groups within each region of Canada could carry out an interim search until qualified Air Force personnel are on hand. That is another important area of consideration.

The Hon. Member, in speaking for the Liberal Government, discussed many things which have been going on in the last couple of years, and I agree that there has been some work done. I would congratulate the Government for its current research in relation to the rail line to Churchill. This research may be helpful in overcoming the permafrost problem which is preventing the use of hopper cars in delivering grain to the Port of Churchill. I hope that when the research is complete, the Government will spend the funds to do the actual work so that this will not have been just another study following another study with no action taking place. We are all familiar with studies conducted by Governments of all political stripes,

and we know that it is much easier to conduct a study than to carry out the necessary action.

With regard to the use of the Port of Churchill, we in the New Democratic Party are concerned over yesterday's announcement of the Crow rate changes. There are two elements of that program which could have drastic effects on the use of the Port of Churchill for grain movement. First was the announcement that all rates may not be equal for equal distance across the country. That means that the Government or the Canadian Transport Commission, depending on which is given the final authority, may allow the railways to charge different rates for grain being shipped the same distance. This is not allowed under the present Crow rate provisions. One must charge the same rate per mile or per kilometre, regardless of the route.

Our second concern is that the rail lines may be allowed to charge different rates for unit trains, which only carry grain, and that the railways could have complete freedom to determine the routes on which they offered the unit cars. If that were indeed the case, the situation could arise where the CN and CP would offer special low rates for unit trains to the Port of Thunder Bay or the Port of Vancouver, but would not offer that same rate for unit trains destined for the Port of Churchill. That would have not only the effect of killing the Port of Churchill, but also of forcing farmers from the Churchill catchment basin to truck their grain to terminals on the main line. That would hardly be energy-efficient. It could cost people who work on the railways and at the Port of Churchill their jobs, yet it would not increase the profit to farmers. There is a danger involved, and I certainly hope the Government takes that under advisement before it introduces any changes to the legislation which comes under the Crow umbrella.

The issue concerning the Port of Churchill does not receive much attention in the House of Commons although it is very important both to me and to my riding. Yet quite often the Government ignores the central role of that Port in its studies and actions, which has been a problem. In the past, I think there has been some rivalry between the Northwest Territories and the Port of Churchill, which was only natural. But I believe that if there were adequate studies and reasonable research, we would find that in many cases adequate development and use of the Port of Churchill could result in even more savings for the people of the Northwest Territories. I would hope that the Government would spend money to do adequate research, but sometimes we do not find that to be the case.

I mentioned earlier that a study of air service from Churchill to the Northwest Territories is being conducted, but it is isolated from other studies of transportation in northern Manitoba. Once again that points out my central theme. The Government is spending much money on transportation, consultants and research, but it tends to be spending it a little bit here and a little bit there. If we had what I would call a regional-based transportation policy, we could consider the entire transportation system within a region. Then we would not have pockets of research here and there which have little or absolutely no value after the research is done.

• (1700)

We have a saying in the Port of Churchill that it has been studied to death, and I am sure that is a phrase that has been used in other parts of Canada as well. I am sure that the Northwest Territories, both the eastern and western halves, feel that way as well. They feel they have been researched to death. Yet what they also believe is that there is very little in the way of Government action.

We believe, and I am sure other Members from the northern parts of the Provinces and from the Territories would agree with me, that if the Government is going to take an activist role, and I certainly support that position, it must do so based on fact and not only on political goodwill but on adequate research and adequate economic data. I think if that were the approach of the Government, then we would see Northerners much happier with Ottawa. We would see Northerners feeling that their lives are a concern of the Government, that the Government is not going to issue regulations which would shut down airports for certain hours in the middle of winter and threaten the lives of Canadians, that they will not find that the Government is spending thousands and thousands of dollars doing research and then ignoring that research. We would find that we would have a transportation policy for shipping, for air, for rail, that would help all Canadians.

Mr. Peter Ittinuar (Nunatsiaq): Mr. Speaker, because the generality of this motion by the Hon. Member for the Western Arctic (Mr. Nickerson) lends itself to one of the most informative and most boring debates I have ever heard in the House, I would like to bore the House further on certain aspects of northern transportation.

The previous speaker's comments on Churchill bring to mind a saying that we from the Northwest Territories have about Churchill and that is, it being overstudied, each family in Churchill includes a scientist and a polar bear.

I wish to bring Transport Canada's Air Administration to bear on the issue of northern transportation. First of all, the continued expansion of the air transportation industry north of the 60th parallel is inevitable. Government and industry alike must be able to forecast the demand for air services and co-operate in providing them in a timely manner.

I would also like to describe the general direction that the Air Administration is likely to follow in developing northern air facilities and systems. I will review some of the policy issues that require attention. They are the air transportation planning network, and what could be expected in the way of airports and air navigational systems in the Arctic. Little development would have taken place without the funding by the federal Government and support and co-operation of the Governments of the Yukon and the Northwest Territories and members of the Northern Air Transport Association. This spirit of mutual co-operation is continuing.

I would like to get into the background of this. How did our northern transportation system get where it is today? In 1970, the Northern Transportation Conference identified shortcomings in air facilities and services north of 60, and the former Minister of Transport, the Hon. Don Jamieson, spoke of the need for an Arctic air facilities policy. With this beginning, the federal Government approved a policy in 1974 for the provision of air transportation facilities in the Yukon and the Northwest Territories. It consisted of a five-year $60 million program. Although major hub airports received attention, the policy stressed community airports to provide adequate air transportation to isolated communities with populations of 100 or more. Some projects were delayed by difficult planning, logistics and construction circumstances and, consequently, the program was extended four more years to terminate in March 1983 with a total capital program of about $100 million. A revised or extended policy for community airports in the North is now under review by the Federal Government.

When approved, the Arctic air facilities policy will have the same objectives as the original 1974 policy, that is, to provide adequate air transportation to northern communities, and I might add that air transportation is adequate to most northern communities but still should be improved.

I would like to look at future policy concerns. There are a number of issues that must be considered. These are the vital aspects of adequacy and cost of transportation; that the aviation system of the 1980s will see route and equipment expansion of the 1970s; that competition between charter and unit toll carriers will continue but at a lower rate; and that aircraft standardization for main and local service carriers will continue. A simple, uniform policy for the North perhaps is not possible, but the search for the most appropriate combination of economic, efficient and adequate air service will continue as a challenge to Government, industry and Northern peoples in the decade ahead.

One of the over-all strategic objectives of the Air Administration is the national air transportation strategic plan. Transport Canada has developed a series of national air transportation plans covering safety, security, communications, energy, finances, human resources, air space and airports. These plans provide a framework and guideline for the national air transportation system in terms of technology, levels of service and facilities.

Within this framework, each area of Canada and each airport within that area can develop area and site master plans. An area master plan examines aviation needs and priorities for its area over a 20 year period. It also establishes individual airport roles and requirements from a regional point of view. The airport master plan guides future development of facilities and services at specific sites in the North. Aviation area master plans exist or are in the planning stages for all areas. They can be consulted at Transport Canada's regional offices. Area master plans north of 60 include the Mackenzie Valley area plan, scheduled for completion this summer, the central Arctic plan, completed in 1980, and the Eastern Arctic plan, to be updated in the mid 1980s. Airport master plans or updates also are under way for Norman Wells, Whitehorse, Yellowknife and Tuktoyaktuk. The majority of these will be completed later this year.

A master plan is the basis for decision-making for timing air navigational and airport facilities. This planning process has enabled a link-up of northern aviation requirements to national air strategic objectives.

How will northern airports develop during the coming decade? To answer this, one must examine the present set-up. There are more than 100 airports in Canada north of 60; of these 62 are public airports and are of direct concern to Transport Canada and the Territorial Governments. Private airports will likely continue to be developed, as well as one or two major facilities now being planned by the oil and gas industry.

Some of the 62 public airports are the well-known ones at Whitehorse, Yellowknife, Resolute and Frobisher capable of handling scheduled jet service. These will continue to be developed under national policies and standards and within available resources. Development needs include air terminal building modifications, runway and taxiway repairs, firehall, navigational aids, maintenance and utility facilities. Of the remaining 51 Arctic community airports, which can handle either medium turboprop or light aircraft, 31 have been completed, nine have work under way, and 11 are still in the planning and approval stages.

Development to date has cost $100 million, and operation and maintenance about $15 million. The latter includes annual contributions to the Territorial Governments which have responsibility for operation and maintenance of the majority of Arctic community airports. Benefits derived from these investments include safer, more reliable air transportation; improved aircraft acess to northern communities; improved medical evacuation; perishables more readily available to Northerners, and an over-all improvement in transportation costs and quality of life for northern communities.

Mr. Speaker, I wish to make one more comment before I stop, and that is that the area which has the greatest need for upgrading of airports in all of Canada is northern Quebec.

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

• (1710)

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Corbin): Shall all orders listed under the Private Members' Public Bills preceding Order No. 70 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Corbin): Order. Before putting the question for second reading of Bill C-270, an Act respecting Nuclear control and administration, the Chair would like to express reservations as to the procedural acceptability of this Bill which seems to infringe upon the financial initiative of the Crown as far as the power of imposing charges upon the Consolidated Revenue Fund is concerned. For instance, Clause 6 of the Bill seeks to increase the number of members of the Nuclear Control Board to be appointed by the Governor in Council, and Clause 9 provides for the appointment of substitute members on the said Board. For its part, Clause 8 makes provision for payment of a salary to members of the board.

However, having entered this caveat, the Chair will allow the debate to take place on the motion for second reading of Bill C-270. Should the debate come to an end, the Chair will have to rule on the procedural acceptability of this Bill.

* * *

NUCLEAR CONTROL AND ADMINISTRATION ACT

MEASURE TO ESTABLISH

Mr. Tom McMillan (Hillsborough) moved that Bill C-270, respecting nuclear control and administration, be read the second time and referred to the Standing Committee on Natural Resources and Public Works.

He said: Mr. Speaker, before proceeding with my planned remarks may I comment briefly on your caveat. That caveat was taken into account when my colleagues and I redrafted the Bill. In fact, it had been brought to our attention by the Table officers that the problem to which you made reference had arisen and the Bill was redrafted taking into account their advice, I understand that the Bill as it now stands meets the normal standards of parliamentary practice in that respect. While Clause 6, I think it is, does contemplate an increase in the number of members on the board, the total cost to the Treasury might not necessarily be increased, but I leave that question to your good judgment at a later point in the debate.

Sir, I am pleased to be the sponsor of the Private Members' Bill now before the House for debate. The subject, as you have pointed out, is Bill C-270, an Act respecting nuclear control and administration which received first reading on May 2, 1980. As Members who participated in the debate then will know, my Bill is virtually identical to a Private Members' Bill debated at second reading on December 17, 1982. The other Bill was sponsored by my friend and colleague, the Hon. Member for Bruce-Grey (Mr. Gurbin). His Bill was thoroughly debated on the occasion; indeed, all Parties in the House were represented in the debate. So I think it is unnecessary for me or for any other Member to address my Bill at any great length. My purpose in rising is to identify myself with the Bill now before us, to remind Members of the main provisions, and to urge all Hon. Members to allow it to go before the Standing Committee on Natural Resources by not talking it out.

In his speech on the Bill of the Hon. Member for Bruce-Grey, the Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Dingwall), whom I see in the House this afternoon, agreed that the subject of nuclear energy was of such importance that it should be discussed in greater depth on another occasion, possibly in committee. I believe the best forum for further discussion would be at the relevant standing committee where each clause could be discussed and perhaps improved upon or supplemented in the thorough fashion that only a standing committee makes possible. The fact is, Sir, a wide-ranging, in-depth investigation by Parliament of the subject of nuclear energy is long overdue. The subject has virtually been ignored by both the Parliament of Canada and the general public alike, except for keenly concerned special-interest groups such as, for example, HOPE, in my own Province of Prince Edward Island. Bill C-270 would give us an excellent opportunity, an excellent point of reference, if you will, for the kind of standing committee investigation we require.

The nuclear industry has grown at a rapid rate since the end of the Second World War when the country began to focus on the development of a nuclear reactor. Yet the country has never had a full inquiry into whether such an energy or export option is in the best interests of the country or, if so, whether we have been following the safest, most cost-effective course in embracing that option. We have developed enormous technical expertise and skill in the nuclear field, to the point where we are currently a world leader. But, as so often happens, our technical capacity has outpaced both our capacity and our resolve to address certain moral, health and environmental questions surrounding the use of nuclear power for either peaceful or defence purposes.

Let me make it crystal clear, Mr. Speaker, that I am not condemning the nuclear option on this occasion. In my opinion, now is not the occasion to address the issue at that level of debate. I am merely trying to make the point that Canada has adopted the nuclear option and pursued it vigorously, albeit in a scatterbrained way, without devoting enough thought to attendant environmental and moral issues. On a more mundane plane, we have not even set in place adequate laws and mechanisms to ensure that the nuclear option is managed with maximum benefits to the public it is intended to serve. Certainly the general public has been all but excluded from a role in the relevant decisions. Meanwhile, nuclear power has emerged as a key part of the country's over-all energy mission.

The size of the industry, the magnitude and scope of it, Mr. Speaker, is mind-boggling. There are currently 18 nuclear reactors in operation or under construction in the country, one of the most recently completed projects being Pickering II in Ontario which consists of four reactors in all. Electricity makes up 30 per cent of the total energy produced in Canada, and 10 per cent of that total is generated by nuclear power. In other words, 3 per cent of all energy is derived from nuclear sources in this country. In Ontario nuclear power stations account for a staggering 35 per cent, or 38 billion kilowatt hours, of all electrical generation in the Province. In my own

region, the Atlantic Provinces, nuclear energy has surged in importance with the completion of the LePreau Nuclear Station and with the possibility that another one would be built at LePreau before long.

At the same time, Mr. Speaker, Canada has placed a high priority upon efforts to open up overseas markets for the Candu reactor, especially in the last two years. India, Pakistan, Argentina, South Korea and Rumania have all signed contracts with Canada, although of course we have had to end further negotiations with India following the explosion of a nuclear device by that country in 1974. The irony, sir, is that we have continued to feed Argentina's appetite for a nuclear capacity, even though, at the height of its war with Britain over the Falklands, Argentina's Vice Admiral Castro Madero, head of his country's national energy commission, told the International Atomic Energy Commission in Vienna that Argentina reserved the right to develop nuclear energy for military purposes.

• (1720)

In any event, despite the fact that we have lost millions of dollars in our various overseas sales of the Candu reactor—Korea being the only case, I believe, where we actually turned a profit—the export of our nuclear technology remains a major part of what little international trade strategy the current federal Government has deemed it important enough to formulate. Indeed, total federal Government outlays on nuclear energy over the past 30 years amount to some $4 billion. And there is certainly little evidence that I can discern that any significant let-up can be expected in the foreseeable future.

The point, Mr. Speaker, in connection with Bill C-270, is this: for good or ill, the nuclear option has been embraced by Canada. Like it or not, the point of no return has probably been passed, if for no other reason than the fact that about 36,000 jobs depend on it. Given those realities, the task facing us Parliamentarians, those in this House and those in the Senate, is to ensure that our society's interests are fostered in every way possible in connection with nuclear power. In that respect, I believe we have been woefully neglectful. Bill C-270 is aimed at making up for lost time.

Permit me, Mr. Speaker, to elaborate briefly. The Atomic Energy Control Act, passed in 1946 and amended only slightly since them—I believe there was only one amendment, in 1974—is the principal legislative instrument for the regulation of Canada's nuclear energy program. Its pith and substance, as my lawyer friends would say, are to control nuclear materials and facilities in the interests of health, safety and security. That control is supposed to be achieved by a comprehensive licencing system, including both the evaluation of an application before the issuance of a permit and a subsequent follow-up inspection to ensure compliance. The Atomic Energy Control Board, as everyone in this House will know, is the agency through which the Act is applied.

The chief problem is that the 1946 Act is appallingly out of date, a fact acknowledged by almost every thoughtful Government and non-Government observer alike. In 1977, the Government of the day sought to replace the Act with a "troughly modern Milly" of a Bill, the Nuclear Control and Administration Act. Unfortunately, the Bill was allowed to die on the Order Paper, and we have seen neither hide nor hair of it since then.

Bill C-270, before us for debate today, like the sister Bill of my colleague, the Hon. Member for Bruce-Grey, Bill C-218, seeks to resuscitate the Nuclear Control and Administration Act of 1977, with certain improvements made to it. In a nutshell, my Bill would do the following things. In general, the Bill seeks to correct certain drafting flaws in the initial Act. Second, again generally, it seeks to decrease the amount of discretion vested in the relevant regulatory body by opening up the entire process to the public and by enhancing the authority of Parliament itself.

Specifically, the Bill broadens the scope of nuclear regulation by declaring all types of nuclear facilities for the general advantage of the country. Matters related to national defence would be covered by the Act unless explicitly excluded. The Minister of the Environment (Mr. Roberts) is delegated responsibility for the Act on the grounds that environmental considerations, including human health, must be deemed paramount in the nuclear field. The Bill contemplates a slightly larger regulatory board whose meetings would be public to ensure due process and whose members would include people chosen from the public at large, rather than merely from among activists in the nuclear industry itself, as is now too often the case. Provisions have been added to decrease the potential for a conflict of interest on the part of members appointed to the regulatory agency.

More precision is provided to ensure that professional, scientific, technical and other personnel are hired to ensure the health and safety of the public and the protection of the environment. But this need not involve an added burden on the Treasury because some of those people, probably all of them, could be seconded from other areas within the federal bureaucracy. The Act is given more muscle in other ways also in terms of ensuring that health and environmental factors are taken fully into account in the nuclear field; for example, by requiring applicants to submit environmental impact assessments which must, in turn, be reviewed, studied and decided on by the regulatory board. At present, such a procedure is dependent on the whim of the powers that be. Again, procedures are specified to maximize involvement by, and notice to, the public in relation to the regulatory process.

Of special concern to me, and no doubt to other Members, is the matter of nuclear waste. The topic is dealt with specifically in my Bill. More broadly, the improved mechanisms and procedures for public participation included in Bill C-270 will better ensure that health and environmental concerns will be reflected in all decisions made under the authority of the legislation.

Allow me to conclude, Mr. Speaker, with two brief points: first, currently our nuclear waste is stored in interim reservoirs, so-called swimming pools, on the site of each of the reactors

themselves. We have no nuclear waste disposal capacity at present, anywhere in the country. Although much research is under way into the disposal of nuclear wastes, the fact that the field is still virginal underscores the earlier point which I made, namely, that we have allowed the industry to grow at a faster pace than the research and development required to keep it within appropriate health and environmental boundaries.

I hope, Mr. Speaker, that Bill C-270 will help redress the imbalance of which I have spoken. Lost time cannot be recaptured with one legislative stroke, but this Bill is a beginning. I urge all Members to join me this afternoon in making that start by allowing the Bill to go before committee. After all, in this field, more so than in most others, much more than just debate is involved. We are dealing, sir, with the health and safety and the well-being of the very people whom we have been elected to represent.

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Mr. Speaker, in rising this afternoon to speak on Private Member's Bill C-270, sponsored by the Hon. Member for Hillsborough (Mr. McMillan), I would like to say that I know he is sponsoring this Bill with good intent. Unfortunately, whenever we get into a discussion such as this, quite often the factor of nuclear energy becomes automatically mixed up with nuclear power in warfare. This is very unfortunate because Canada's emphasis has been on nuclear energy for peaceful purposes, and certainly Canada's emphasis has also been on medical research through the nuclear industry. We have made great strides in that field.

• (1730)

The Hon. Member correctly mentioned the emphasis on nuclear reactors producing hydroelectric power in Provinces such as Ontario. I think that it is a good thing that we have nuclear reactors producing that amount of electricity in Ontario which is our major industrial Province. Until that happened, every white water rapids and every river in the Province was being dammed and that kind of environment was being destroyed. Everyone was trying to get electrical power by damming the rivers. The nuclear reactors producing hydroelectric energy in Ontario have used the situation and have saved the remaining white water rapids for recreational and other uses.

Although the Atomic Energy Control Board was established 36 years ago with the passage in August, 1946 of the Atomic Energy Control Act, like many administrative tribunals, its role and function in the regulatory process which it applies had evolved very significantly during this period. The changes which have taken place over the years reflect not only the vast scientific and technological developments which have occurred, but also the marked difference between contemporary society and the social milieu of the late 1940s. The basic philosophy of nuclear regulation in Canada and the underlying principles of the regulatory process have changed very little, however. Certainly the process is far more open in terms of the general public. It has also become appreciably more comprehensive and systematic in terms of the depth and extent in both the pre and post-licensing technical evaluations which are conducted from time to time and the ensuing compliance program itself. Furthermore, it applies to the whole of the nuclear fuel cycle as well as the industrial, agricultural and medical applications of radionuclides.

Nevertheless, the following fundamental principles remain unchanged: the primary responsibility for achieving high standards of nuclear safety and environmental protection in the design, construction, commissioning and operation of nuclear facilities resides with the licensee; the credibility of the nuclear regulatory process depends not only upon its technical correctness and practicability, but also upon acceptance by the public at large of its perceived effectiveness and efficiency. That is another very important factor. Even when a good job is done or is attempted by people with expertise, they are not always given full credit for the effort because this is a subject about which it is easy to create fear.

The regulatory criteria and principles should be concise, clearly stated and understandable; regulatory decision-making should be based upon stated criteria and principles, taking into account pertinent scientific and technical facts only; fairness and impartiality must characterize all regulatory decision-making. It is very important that people in the Atomic Energy Control Board or the board set up by Bill C-270, be impartial and have expertise. The regulatory process should be subject to a comprehensive periodic review and evaluation to ensure that it continues to produce the desired results at justified costs.

The jurisdiction of the AECB is, of course, established by the AEC Act, which came into effect in October, 1946. The exercise of that jurisdiction by the AECB, as expressed in regulations and licensing action, has come about in large measure through a series of precedents established as the nuclear program evolved. However, it is worthy of note that the areas of jurisdiction occupied by the AECB in terms of current practice, are significantly less than the potential jurisdictional field embraced by the AEC Act. It would be possible, given the strength and breadth of the current Act, for the AECB to make additional regulations that would explicitly cover, for example, conventional occupational health and safety in addition to the new specified radiological health and safety. It has not done this, for obvious reasons, and such careful attention to the practical necessities of nuclear regulation and control have marked its activities since 1946.

In the present situation, workers in all parts of the nuclear industry, including the medical, research and industrial uses of radioisotopes, are protected to an equal degree against radiation exposures, according to the schedule appended to the AEC Regualtions. Exposure dose limits for the general public are also provided. All Canadians, in effect, are given protection under one Act and with one authority responsible for exerting the control, and being held accountable for same.

This single authority position assures consistency across the country for all Canadians, and it represents the best source and use of expertise. Some Provinces, by their own admission, have little experience in radiological health and safety matters

at this time. It also represents the combined opinion of provincial health officials, through the now defunct Dominion Council of Health, but is still unquestioned by the Conference of Deputy Ministers of Health. And it permits a continued and centralized contact with international agencies, such as the International Commission on Radiological Protection, whose advise is part of the basis on which standards are set.

The matter of environmental protection in nuclear regulation presents significant potential for ambiguity. Nuclear facilities are within federal regulatory jurisdiction, the Atomic Energy Control Act providing the only legislative framework. The environment to be protected, however, is clearly an area of primarily provincial concern, though federal concern can never be eliminated, particularly for facilities at or near a provincial or international boundary. At both federal and provincial levels, there exist government bodies with the responsibility and the expertise for environmental protection, and it would seem to me the AECB has neither the justification nor the desire to duplicate what already exists. Indeed, the AECB currently incorporates the environmental protection standards of other jurisdictions through its licensing process. Furthermore, at the federal level, the AECB counts on Environment Canada for expertise—it can draw on experts from other Departments and the private sector—and recognizes the value and role of the environmental assessment and review process. Since there is more potential for difficulty to arise between federal and provincial bodies, a joint regulatory process has been designed to overcome such difficulties. I understand that this system has worked very well.

Reading through this Bill, one gets the impression that it was prepared a little hastily. For instance, the mention of uranium and thorium mines and mills as nuclear facilities subject to controls is missing, although there is a reference to the licensing of extraction and production. Furthermore, the new Nuclear Control Board would be empowered to make regulations respecting the development, mining and milling of uranium and thorium. Since nuclear facilities are the main regulatory focus of the Bill, this would present an awkward situation. One would have to ask how and by whom these regulations would be enforced. Would the public stand for the federal Government treating mines and mills any differently than major nuclear facilities?

• (1740)

Hasty preparation is also marked by the fact that while the employees of the new Board are only to be interested in the general public and the environment, the Bill would give the Board the power to make regulations providing for protection of persons who, because of their work or professional activity, may come into contact with or may be exposed to prescribed substances. In other words, the details of the Bill do not jibe entirely.

There are also a number of items in the Bill which collectively give cause to be concerned about intent. For instance, given the large number of members contemplated and reference to substitute members, one wonders if there is not an effort here to make it easy to infiltrate the Board with delegates of one persuasion or another. This is why I said at the outset that members of the Board must be impartial and must have the expertise to make judgments.

There are various interest groups talking about nuclear energy, but usually when we talk about nuclear interests we think of those people who are actually in the nuclear industry. I submit that those groups opposed to the nuclear research industry are also interest groups. We cannot look at this in a puritanical way by saying, "You are wrong and I am pure".

As well, the inclusion of provisos on Board member employment before and after their appointment at the very least suggests an unreasonable mistrust of the common decency of potential appointees. At worst, it could be an attempt to emasculate the Board by depriving it of necessary expertise or willing candidates.

Unfortunately the Bill is silent on the delegation of authority to issue licences. Undoubtedly this reflects a lack of understanding of the workload involved and perhaps misplaced zeal to require the Board to deliberate on every licensing action. With the number of extant or still existing AECB licences in Canada approaching 5,000, I fail to see how the Board could cope in anything other than semi-permanent session. Otherwise, the whole Canadian radioisotope business—industrial, medical, agricultural and experimental—would grind to a halt. As a matter of fact, the wording of the Bill is very much oriented toward dealing with nuclear facilities and, therefore, it would impose tremendous administrative loads on the more mundane but very numerous licensing actions dealing with prescribed substance uses.

During the past 36 years I believe the Board has consistently exhibited a dedicated commitment to serve Canadians as the guardian of safety in nuclear matters through the development and application of stringent controls. This considerable responsibility enabling decisions to be taken by the people through their elected representatives with a degree of confidence is not popularly associated with the sophisticated technology of the nuclear energy field.

The confidence we enjoy in the nuclear regulatory process as it now exist encourages me to observe that while the Bill is founded on good basic principles and good intent, there are too many unresolved questions and issues to warrant its support by the House.

In closing, I would simply like to say that people who work in the nuclear industry and have considerable expertise listen to television programs and commentators talk about the interests of the future of humanity and the safety of my children, their children and our children's children. The AECB has been involved in that over the past 36 years. Those same people who work in the nuclear industry and try to do their day-to-day work in a very constructive manner feel somewhat hurt by someone insinuating that they are not interested in their children or their children's children. People who work in the atomic energy research and nuclear field are as interested in their children's children as anyone else. I should like to erase that error in judgment and comment before taking my seat.

Also I should like to pay tribute to the tremendous research which has been done in the medical field of the nuclear industry. It has been fantastic. That fact has been overshadowed by the criticism perpetuated among the general public and is quite often overlooked. I know that the Hon. Member for Bruce-Grey (Mr. Gurbin), whose constituency and name was brought into this debate by the Hon. Member for Hillsborough, would certainly be among those to agree that a great deal of good work, particularly in the medical field, through nuclear research was done. Also I know that the Hon. Member for Hillsborough brought in the Bill with good intent and with principle. I do not question his good intent or his principles because all of us agree that while we go ahead and develop nuclear energy, there are positive things in medical research that go along with it. Yes, research into the handling of the waste side of the industry must be faced up to. A great deal of work has already gone into this area and is continuing into the research of handling the waste products of the industry. I am not negative about the future because necessity is always the mother of invention and development. I have confidence in the scientific expertise and common sense of the people in the nuclear industry today. They have done their best to produce good regulations through the AECB. I have faith that they will use good judgment. They are not going out to destroy our children's children or their children's children. Also, in closing I would like to emphasize—

The Acting Speaker (Mr. Corbin): Order. I must inform the Hon. Member that his time is exhausted.

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I was about to offer the Hon. Member for Renfrew-Nipissing-Pembroke (Mr. Hopkins) an opportunity to finish his sentence, but he indicated that he did not want to take this opportunity and that he felt he had been sentenced long enough. I would like to congratulate him for a most reassuring speech. I, too, would like to confirm that the people who work in the nuclear industry in research and various forms of it are not necessarily conspirators to poison us all forever. I think there are some well motivated people within that industry. I think the whole industry is a high tech turkey, but that does not mean the people who work in it are not well motivated.

• (1750)

I think we got into the nuclear industry for very many good reasons. Canada had the technology, the brains and the uranium. We got into this industry after World War II because it seemed like a reasonable thing to do. Ever since that time we have been throwing good money after bad and trying to recoup an investment for something that is suffering from terminal, if not moral economics. I do not share the same confidence in the nuclear regulatory agencies, whether they are in this country or any other country; the United States, Soviet Union, France, or wherever, that is held by the Hon. Member for Renfrew-Nipissing-Pembroke. Simply because I feel that citizens of this world have been systematically lied to about the dangers of even low-level radiation for the last 50 years. We have not yet achieved the competence to look at the tonnes and tonnes of nuclear waste. If the Hon. Member for Renfrew-Nipissing-Pembroke is confident, that is terrific. I do not share his view. I think that all of us, and this is the essence of democracy, should probe into what our governments tell us and not believe everything we are told whether by a Government, a regulatory agency, a Crown corporation or whatever. It is absolute naivete for any of us to be that confident in what a group of men, who may have a stake in the nuclear industry, tell us about anything. That is my view. If it sounds cynical, I am sorry. But I happen to feel that way because I think life on this planet in terms of how we dispose of nuclear waste or what we do with nuclear weapons, nuclear power, or nuclear research, is too precious to leave in the hands of a bunch of bureaucrats appointed by the Government who have no reason that I know of to make a clean breast of things.

I think others have noted that this Bill is very similar to the one put forward by the Hon. Member for Bruce-Grey (Mr. Gurbin), a colleague for whom I have the utmost respect. His views on nuclear power are not necessarily congruent with my own. My own position and the position of my Party was set forward, I thought, very well by the Hon. Member for Vancouver-Kingsway (Mr. Waddell) on December 17 at the time when the Hon. Member for Bruce-Grey debated his Private Member's Bill. The Hon. Member for Vancouver-Kingsway and, I believe the Hon. Member for Hillsborough (Mr. McMillan) also said that at this time Canadians would welcome a serious debate on this whole issue of what Canada's commitment to the nuclear industry is, whether it is nuclear weapons, nuclear power or nuclear medical research.

In any event, these sister Bills have been brought forward by the Conservatives to ensure more accountability. We can support that. We are in favour of more accountability. I think that is important. I can support, in principle, some of the proposed changes. I can support tighter regulations on the transportation of radioactive materials. When we had evidence in the Standing Committee on Transport about unsafe cargo or dangerous goods, I was surprised, appalled and even shocked to learn that sometimes when I return to Ottawa from my riding on the West Coast I am sitting blindly and naively above cannisters of nuclear material that are being transported on the same plane. That is not particularly reassuring, not that it would matter one way or the other to me if the plane went down. We still do not know about the technology of shielding or the effect of low-level radiation. We are just beginning to understand that. Witness the story about the people in the Armed Services who were involved in the clean-up of the two spills in Chalk River during or shortly after the Second World War. People like Bjorne Paulson are attempting to get some kind of pension because he suffered cancer as a result of taking part, without adequate shielding, in that clean-up at Chalk River. There are at least 20 to 50 other radiated veterans who are crying desperately for some kind of help from the Government, especially from the Department of Veterans Affairs.

I can support tighter regulation in transport. I can support reductions in the ability of the Government to hide nuclear questions behind a secret wall by way of saying, "These are for

defence reasons and people cannot know about these things." I do not accept those reasons completely. They are good and sufficient reasons, I think, in terms of international and national security. You cannot let everything hang out. But perhaps more is hidden about this whole question than needs to be. I think Hon. Members on both sides of the House who believe in more freedom of information could support me in that statement.

I like the idea that 50 per cent of the representatives on the Atomic Energy Control Board, or the Nuclear Control Board as proposed, will not be charter members of the private sector or from the governmental nuclear industry fraternity. You have to have informed people on the Board. But if you put only people who have a stake in the industry you can hardly expect to escape bias. Similarly, the College of Physicians needs a medical consumer on its board and the legal profession should welcome lay people on their respective boards. I do not see why we should not have well informed lay people on the AECB as well. Is there a problem?

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I rise on a point of order. It has to do with the length of this debate. If I may have the indulgence of the House for a moment, this is the third occasion in Private Member's business when the third Bill or motion has been terminated after about 50 minutes because of the requirements to adjourn the House at six o'clock. I would like to ask either for unanimous consent to continue until 6.10 p.m., or, even better, if the matter of the continuance of the third Member's Bill or motion be referred to a committee so that the Member can get the full hour's debate, which I am sure was the intent of the committee when it decided that on Wednesdays there would be three Bills, motions or motions for papers and that each Member should have his full hour. The last Member should not have his time abbreviated as it has been and might unfortunately happen again today.

The Acting Speaker (Mr. Corbin): I thank the Hon. Member for his comments. He raises a valid concern, one which has been expressed by other Members, if I recall correctly. However, it is the Chair's duty under the present provisional Standing Orders to adjourn the House at six o'clock. I refer Hon. Members to Standing Order 8(1) which reads:

> At 6:00 o'clock p.m. on Mondays, Tuesdays, Wednesdays and Thursdays, and at 5:00 o'clock p.m. on Fridays, the Speaker shall adjourn the House until the next sitting day.

However, as the Chair acknowledges, the Hon. Member raises a valid point. Perhaps he would want to take the initiative of bringing this matter to the attention of the Special Committee on Procedure and Organization, which is now empowered under our provisional rules to consider on its own initiative the Standing Orders and procedure in the House and its committees. It is a matter which can be taken into account by that Committee. I cannot see any other way whereby we could at this time refer that matter to the Committee. The point has been made. It is on the record and I am sure someone will take it under consideration.

Mr. Rose: Mr. Speaker, in the attempt to assist me, I think the Hon. Member for Esquimalt-Saanich (Mr. Munro) has done his best to talk out the time allotted to me. I know that was not the intention. But I would like to point out, Mr. Speaker, since you said you knew of no other way in which I might be accommodated, a time extension can be granted by unanimous consent. The Speaker does not need to see the clock.

The Acting Speaker (Mr. Corbin): Is the Hon. Member for Mission-Port Moody (Mr. Rose) now proposing that by unanimous consent we do not see the clock?

Mr. Rose: Yes, Mr. Speaker.

The Acting Speaker (Mr. Corbin): I shall now put the question to the House. Is there unanimous consent to continue the sitting beyond six o'clock?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Corbin): The Hon. Member for Mission-Port Moody does not have unanimous consent. It being six o'clock this House stands adjourned until tomorrow at eleven o'clock, pursuant to Standing Order 2(1).

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

HOUSE OF COMMONS

Thursday, February 3, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*Translation*]

OLD AGE SECURITY ACT (NO. 2)

MEASURE TO AMEND

Hon. Monique Bégin (Minister of National Health and Welfare) moved that Bill C-131, an Act to amend the Old Age Security Act (No. 2), be read the third time and do pass.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to carry the motion?

Miss Bégin: Mr. Speaker, I would like to use my allotted ten minutes to make a few brief comments on this legislation which will restrict the indexing of basic pensions of senior Canadians.

[*English*]

As Members are well aware, this Bill is only one of a number of measures designed to encourage all Canadians to lower their expectations. Although limited indexation of the basic old age pension for those who do not need the supplement will generate estimated after-tax program savings of $49 million in 1983 and 1984, the purpose of this Bill is not to save money, as I have often explained.

Members opposite, by the way, will notice that that sum of money totalling $49 million is drastically lower than the earlier estimated savings of $84 million, and I am very pleased about that. This is a clear indication that the inflation rate is being brought down in Canada. I say that because the New Democratic Party does not seem to be aware of this fact. In every speech made by NDP Members they continue to quote figures which are now seven months old. This is a very dangerous and misleading practice, and I would just ask them to be honest with Canadians, particularly senior Canadians.

As the Minister of Finance (Mr. Lalonde) said in Toronto last week, the Consumer Price Index dropped from an annual rate of 11.5 per cent in the second quarter of 1982 to 9.7 per cent in the fourth quarter, which is excellent.

Mr. Lewis: And we have two million people unemployed.

• (1110)

Miss Bégin: In other words, since the June budget, inflation has advanced at a compound annual rate of 7.2 per cent. That is the goal toward which this measure and other measures are working.

Mr. Munro (Esquimalt-Saanich): It still does not balance.

Miss Bégin: The Hon. Member opposite is very bitter. He does not seem to be in favour of seniors. He represents thousands of seniors in the City of Victoria. He should know what their best interests are.

Mr. Munro (Esquimalt-Saanich): It is not that.

Miss Bégin: Is it to let inflation erode their dollar in the long term, or is it to take the bull by the horns and make the effort to fight inflation and keep the full value of the dollar? If he would realize that, he would be in favour of this Bill, as unpleasant as it is to have to implement it.

Mr. Orlikow: Mr. Speaker, I rise on a point of order. I wonder if the Minister would permit a question?

Miss Bégin: I will finish my speech according to the new rules. The Member is then permitted a ten-minute question period. I hope Members will not interrupt me all the time. I am sure the Hon. Member knows the rules very well.

This means that 1.1 million pensioners with other incomes would receive about $29 less this year and $52 less next year. However, because of the success story of the six and five program, I have now estimated that they would lose $18 this year and only $39 next year. I want to make this clear to all Members in order that they understand at long last, and can give the proper and factual information to seniors.

Mr. Munro (Esquimalt-Saanich): Now tell us about the new estimates of the Hon. Minister of Employment and Immigration (Mr. Axworthy).

Mr. Orlikow: The figures are wrong.

Miss Bégin: This is a much smaller loss than projected because we are winning this fight against inflation.

Mr. Munro (Esquimalt-Saanich): That has nothing to do with it.

Miss Bégin: It has to do with all Canadians who have believed in six and five and fought inflation. That is what the Member does not seem to understand.

The Hon. Member for Burnaby (Mr. Robinson) said that seniors were losing something like $300. I would like to make it clear that that is total misinformation. I want to repeat that all senior citizens who have no or little income apart from their basic pension will not be affected by this Bill. I also want to say to those seniors who will be affected by this Bill in small amounts that we will not be collecting back any money on the January cheque which was fully indexed. We will not collect back any money.

Hon. Members opposite have attempted to make Canadians believe that these measures are dismantling the improvements that have been made through the decades to the pension system. That is not true. These charges are false. What is worse, they serve only to create unwarranted anxiety among the elderly.

We know the political game played in this Chamber by every Member in the two Opposition Parties, who always accuse us of being terrible villains. That is the game played in the House. But, when those Members go outside and, instead of quoting figures of $18 in total loss for this year and $39 for next year, they quote figures like $300, they are not damaging us, since we were elected by a majority and we will pass this Bill. They are damaging Mrs. X and Mr. Y, who are at home watching on TV and do not know the real figures. They suddenly become nervous about losing $300. That figure is false. This Bill does not do that at all.

I would like to reply to Members who think that we are doing terrible things to the pension system. I say to those Hon. Members and all Canadians that I am very proud that we have kept the social programs the way they are. Last week, we all watched television when President Reagan delivered a State of the Union message in which he outlined a four-part plan to increase growth and reduce deficits. Who is going to pay the bill? He cited what he termed the need to reduce, and I quote, "the dangerous growth rate in government spending". Where did he find the money? He called for a six-month freeze in the cost of living adjustment—that means zero growth—for government-related pension programs. He spoke of cutting back on food stamps and other such social programs. In addition, he proposed asking the elderly to pay more for medicare.

• (1115)

The United States is not alone in doing that to social programs. In West Germany, Chancellor Helmut Kohl has proposed to delay statutory cost of living increases in old age pensions due in January until July, at which time pensioners will also be required to pay health insurance contributions.

I could go on and on giving examples of other measures that have taken place. In France, for example, people will have to pay for medicare.

An Hon. Member: We are in Canada.

Miss Bégin: Yes, we are in Canada. Hon. Members opposite are not telling the truth to the people, and that is why I have to remind them, and the people, of what other countries have decided on their social programs. Mr. Speaker, members opposite say to the Canadian people that we are dismantling the social programs. I am proving the contrary to them with facts—they never like to hear facts—and with quotations on things that can be verified about what is happening elsewhere.

We are not dismantling the program in Canada; we are making sure that seniors get the full value of their dollar in their pension. We are doing that by a national campaign of 6 and 5 per cent, which is working. That is why Hon. Members opposite are so furious and the proof of that is in many of their speeches. They ask, "If it is such a success, why do it?" Well, Mr. Speaker, if we do not do it, it will stop being a success. Members do not seem to realize the psychological dimension of the economic cycle.

In short, Mr. Speaker, I want to say that social welfare spending is under attack in most countries of the western world. But this country has respected its basic commitments and pensioners will not be subjected to the sorts of draconian measures that the elderly in many other countries are now facing. Bill C-131 safeguards the principles of both universality and indexation.

Despite the laughter from the Opposition, Mr. Speaker, I should like to finish my remarks by inviting all Hon. Members to support the bill. The faster we reduce inflation, the sooner all Canadians, especially pensioners, those on fixed incomes, will benefit.

Mr. Orlikow: Madam Speaker, I should like to ask a question of the Minister. She says that this program is working and is not going to hurt pensioners. Using her own figures, the fact is that the cost of living is still increasing by well over 9 per cent while the capping of indexing means that old age pensioners will get an increase of only 6 per cent. If the figures mean anything, that means that the old age pensioners' real income will be reduced by 3 per cent. How can the minister say that they are not suffering?

Let me ask one other question, Mr. Speaker. The Minister also says that we have not cut back on our social security programs, but we see more and more doctors opting out of medicare and hospitalization plans and we see more and more Provinces putting deterrent fees on hospitalization. How can the Minister then say that we are not cutting back on social security?

Miss Bégin: Mr. Speaker, I am going to repeat emphatically that in Canada the social programs are well maintained and that, through medicare, Canadians have the best health system in the western world—I can say in all the world. I believe that. It is not often that Canadians can say that we are the best, but in this case we have the best. We are not cutting down on payments because all Provinces and the feds are putting more money into medicare this year than last year, and so on and so forth for every coming year. The Hon. Member is really oversimplifying a more complicated problem. It does not have anything to do with cuts.

• (1120)

Second, the seniors will not suffer as a result of the cut. I have never said anything like that. When you take money away from people, especially when it is $18 this year and $39 next year, it is a small sacrifice. I have always acknowledged it. I do not know what the Hon. Member is referring to. In the last seven months the rate of inflation compounded has dropped to 7.2 per cent. We are only giving 6 per cent. There is a little something missing. I have acknowledged that. I thank seniors for their sacrifice.

[*Translation*]

Mr. Hawkes: Mr. Speaker, I have a question for the Minister. On December 14 last year, the Minister told the Standing Committee on Health, Welfare and Social Affairs, and I quote:

> The net savings for 1983 are $32 million and for 1984 $52 million, and this shows that people will not suffer because otherwise we would have had considerable savings.

[*English*]

At the beginning of the Minister's remarks, she leaped at the Opposition and said that we had been using a figure of $84 million, that we were lying to the nation and implied that Members were lying. These are her words of six weeks ago that the Opposition has been using. How does she explain that? Can she answer another question? I would like to know—

The Acting Speaker (Mr. Blaker): Order, please. The Chair does not want to make a ruling out of my comment at this moment. I notice that the previous Member bicycled two questions together. I know, too, that the intention of the Committee was that questions should be short and sharp. I will gladly recognize the Hon. Member for his supplementary. The House may be better served by not bringing in two, three or four questions in one operation.

[*Translation*]

Miss Bégin: I shall try to answer the Hon. Member very briefly so as to give as many Members as possible a chance to ask questions. The reason for the disparity between the figures quoted by the Hon. Member is that inflation is going down from month to month. When I appeared before the Committee in the first half of December, I gave the figures for that period. Now, almost two months later, I am giving the revised figures which are available to all Members from the Department of Finance and which demonstrate the success of our program. As a result, senior citizens with other sources of income will lose only $18 in 1983 and $39 in 1984 on their indexing.

[*English*]

Mr. Hawkes: Mr. Speaker, the Minister's attack on the Opposition dishonours her office, as the figures came from her six weeks ago. To accuse us of using seven-month old figures is just not right, when the health and welfare of senior citizens is at stake. I would like to know from the Minister's own lips whether in Cabinet, as these decisions were made, she fought for the senior citizens and the retention of their indexing and lost. Did she fight for them or did she volunteer the senior citizens and their income as the front-line troops in the fight against inflation? The Minister of National Defence (Mr. Lamontagne) got a bigger budget. In all her major portfolios, the Minister of National Health and Welfare took a cut on behalf of the poorer people of this nation, including the pensioners. Did she fight and lose, or did she volunteer these people to make the sacrifice?

[*Translation*]

Miss Bégin: Mr. Speaker, first of all, I would like to make it clear to the Hon. Member that when I was talking about seven-month-old figures and figures that had not been checked, I was specifically referring to the New Democratic Party which has not been checking its figures in this area. Therefore, the Hon. Member should not feel that he is under attack. Furthermore, the Hon. Member knows perfectly well that I am not going to answer his question because proceedings of Cabinet meetings cannot be disclosed.

[*English*]

The Hon. Member is playing a game. It is for Canadians to judge whether I usually do well as their privileged voice in Cabinet. What else can I say? I do not have a clue where the media gets this information. However, the media usually says that I am a winner on my programs. What else can I say? My interest is to have the best for seniors. Fighting inflation is the best for seniors.

• (1125)

Mr. Hawkes: Is the Minister implying that she is a winner in this case because Cabinet wanted to cut even more?

Miss Bégin: The Hon. Member will not succeed in making me say what happens in Cabinet, that is forbidden. I took an oath of office and I will respect it. Our purpose is to do the best for Canadians and seniors, and we are doing it.

Mr. McKinnon: Mr. Speaker, there are several anomalies which this Bill is bringing about, and they are of some concern to me. We covered my concern about people on private pensions combined with old age pensions who will suffer, the other day. I expect the Minister will be willing to tell us whether they are going to have a rather automatic adjustment to the size of their Guaranteed Income Supplement to bring them up to the standard level which they would be getting if they had no private pension and were getting the Guaranteed Income Supplement, plus the Old Age Security.

I would like to ask the Minister about the Canada Pension Plan. A person is deprived of the Guaranteed Income Supplement if they get a pension under the Canada Pension Plan which puts them over the figure of around $503 or $504 in total. If the Canada Pension Plan puts them over that line and they cannot get the GIS, it means that their old age pension will be limited to 6 per cent. Whereas if they have a slightly smaller Canada Pension Plan pension, they will then get some GIS and they will be able to get their OAS at the rate of

inflation which, as you know, would have been an 11.5 per cent raise. How does the Minister plan to get around the position where you are better off with a smaller pension from the Canada Pension Plan than a larger one?

Miss Bégin: Mr. Speaker, the Hon. Member started out by saying there are several anomalies with this Bill and he indicated what he believes is one of them. I have explained to him privately, and I have to repeat it again today, that the so-called anomaly he has just pointed out has nothing to do with this Bill. It is deeply rooted in the whole system whereby far too many Canadians do not have a private pension, and the purpose of the Green Paper is to start putting on track a dossier with a view to seeing the situation is corrected as soon as possible. But that has nothing to do with this Bill. This Bill continues to function the way the system of public pensions functions. Therefore, the Hon. Member's thesis does not apply here. He is pointing to a problem which has always existed and which we want to correct through the Green Paper.

Mr. McKinnon: The Minister did not address the question of the Canada Pension Plan, where it would appear that a person would be better off if their Canada Pension brought them in a couple of dollars under the line where they would start to get the GIS. They will get $2 worth of GIS, and because of that $2 they will be able to get their old age pension indexed at the rate of inflation. That would make quite a considerable difference. A person would be much better off to have the smaller Canada Pension than the larger one.

Miss Bégin: I am sorry the Hon. Member does not want to accept the facts on that so-called anomaly, as well as in the other cases he referred to the other day in the House concerning people with a very small private pension. Nothing has changed with this Bill. This Bill does not affect the situation at all; it is continuing today's philosophy of Government public pensions.

The other things which are wrong in the system by which people have small CPP's, or no private pensions, or have small private pensions, are anomalies which we are addressing through the Green Paper on pensions. This Bill has nothing to do with that. I am sorry to repeat this. I am sure the Hon. Member does not want to play politics on the backs of seniors, but this Bill has nothing to do with that.

The Acting Speaker (Mr. Blaker): The Hon. Member for Calgary West (Mr. Hawkes).

Mr. Hawkes: A speech, Mr. Speaker?

The Acting Speaker (Mr. Blaker): The Chair has recognized the Hon. Member for Calgary West in debate.

Mr. Jim Hawkes (Calgary West): There are times, Mr. Speaker, in this House, when we should attempt to use the medium of television and radio to speak to the nation. There are other times when we should try to direct our attention to the Hon. Members of this House, because it is only the Hon. Members of this House who can do something about a tragic wrong which is about to be perpetrated on some Canadians. I suggest, Mr. Speaker, that this is that kind of a day.

At six o'clock this evening, Hon. Members of this House will be forced to stand and vote. The Minister is asking Hon. Members of the Liberal Party to stand in this House and impose a special lifetime tax on every Canadian who is 65 years of age and over. It is a lifetime tax which has an immediate consequence in the year 1983. It is a tax which will grow in size and consequence in every succeeding year. In this time of economic difficulty, with budget deficits running in the order of $24 billion, she is asking a particular sub-group, one which represents the poorest segment of Canadian society, to bear a tax, a minimum 3 per cent special tax which no one else would pay, which would last a lifetime and which would grow.

• (1130)

In this Chamber, at six o'clock this evening, we can put a stop to that. Before my remarks are concluded, I will move a motion which will delay debate and thus leave the current law in place. Anyone on the Liberal side who has a social conscience and supports that motion will be ensuring that this special tax is not imposed on senior citizens, those who are 65 years of age and over.

Why in the name of justice, in the name of humanity, is Party discipline about to prevail on an issue which is so ill-considered and so unnecessary? The Minister told us this morning that she estimates the savings to the federal treasury this year to be $18 million. That amounts to 15 cents per month per taxpayer. If every taxpayer in this country was willing to donate 15 cents per month, this piece of legislation would not be necessary.

There have been estimates that this Chamber costs something in the order of half a million dollars a day to operate. We will have taken the time of this Chamber for approximately six days on this piece of legislation. We will have cost the Canadian taxpayers at least $3 million to debate this Bill which is intended to save the Government $18 million and make the lives of every senior citizen who lives at or near an income level of $9,000 a year poorer. The Bill would impose a very special tax on senior citizens who make $750 a month, who must provide themselves with shelter, transportation, recreation, food and medicine. They earn $750 a month, and there are many of them, and they are being asked to absorb a special 3 per cent to 5 per cent tax this year which will be in the order of 4 per cent next year and 5 per cent the year after, because it multiplies in that fashion. I ask, where is the sanity in the Cabinet? Where is the social conscience of Members of Parliament who have been sent here by their constituents?

I have absolutely no doubt that if the Government were to ask every single Canadian taxpayer, ten million people who pay taxes, if they were willing to contribute 15 cents a month more in taxes so that the senior citizens of this country would not have to pay a special tax and the Government would not have to take money out of their pockets, 99.9 per cent of the time the answer would be, "Yes, I will pay the extra 15 cents a month".

Mr. Munro (Esquimalt-Saanich): Except for the Grits.

Mr. Hawkes: Why can we not have a Government that thinks about the trade-off? Why can we not have a Government which says that if Canadians are willing to pay 15 cents a month, it can treat our senior citizens better, with dignity, give them an opportunity to eat more nutritious meals and enable them to survive without the fear and threat which this piece of legislation represents?

The Government will tell us that it had to do this to bring down inflation. That argument is not credible. To believe that, in an economy which operates in the order of $300 billion, the sum of $18 million is a significant factor in inflation is nonsense. There is no inflationary reason for this piece of legislation. It is incredible.

Then the Government says: "But we will increase the Guaranteed Income Supplement"; and yes, it will. Every senior citizen who makes less than $750 a month will keep the income he would have received without this Bill. If one makes less than $750 a month, the Government, the Liberal Party, will not take any money away if one is over 65 years of age. However, if one makes $750 a month or $755 or $760, the Government will put a special tax on one's income.

In December we were told in committee that the tax was about 5 per cent. Today the Minister stood up and told us that it is about 3 per cent. It does not even matter if it is three-tenths of 1 per cent, the principle is wrong. People over the age of 65 are the people who created the wealth in this country. They include homesteaders who took down the trees and plowed the fields for the first time. They include miners who dug the first mines and built the first shafts. They include carpenters and plumbers who are busy and have been teaching younger people their skills. This is part of our population to which all of us who are younger owe the most. Without their contribution to this nation, we would not have an economy with the wealth to distribute.

It is simply inconceivable that Hon. Members opposite, like a bunch of sheep, will stand up later this day and impose a special tax on people over 65. It is a logic which says, "Let us identify the poorest segment of the Canadian population and make them pay a tax which no other part of the population must pay". The Government does not say to someone who is 21, 22 or 40 years of age that he or she cannot go out and work double time or work at a little part-time job to augment one's income. However, in the Government's social policy system, it says to the senior citizens: "You have Old Age Security and the Guaranteed Income Supplement. If you make more than $750 a month, we will take part of it away from you in this special fashion. If you go out and earn some more, you must tell us about it and we will take some more public money away from you."

• (1140)

If we had sat down, Mr. Speaker, to design a combination of social programs and legislation which would have a maximum negative impact on a particular part of the population, it would be this legislation. These people are less able to help themselves in an economic sense. The vast majority of them are out of the labour force and are dependent on those assets built up throughout a lifetime of participation in the labour force. As they planned their retirement, one of those assets which they counted on was the fact that they would get an Old Age Security cheque indexed so that it would grow if there was inflation. They had a commitment from the Canadian people, through the Parliament of Canada, that they could prepare their retirement plans in the belief that coming generations would keep that commitment. Therefore, Mr. Speaker, we cannot stand in this Chamber later this day and break that commitment. It is inhuman and insane, and there are other options.

The option I laid out today, Mr. Speaker, is 15 cents per month from every taxpayer and we do not have to pass this legislation. Canadians would gladly give that 15 cents, I am sure of it. I see the Minister of Energy, Mines and Resources (Mr. Chrétien) in the House. I have raised the issue of the buying out of public funds of some $650 million worth of service stations. The Government does that, and then turns around in the House of Commons and says we can afford that expenditure but we cannot give $18 million to senior citizens.

I have on my desk a report from Ultramar Canada Limited which concludes that the taxpayers of this country are spending $517 million this year just on the financing for Petro-Canada. Well, Mr. Speaker, I am going to go out in the next federal election and tell the Canadian people, in the best way I am able to and on every platform I can get, that every elected Member of the Liberal Party in this House in the year 1983 stood up and said a subsidy of $517 million to Petro-Canada and the purchase of $650 million worth of service stations is more important and a priority, and therefore we have to cut pensions. We have to impose a tax on senior citizens this year, next year and every other year of their lives. Cut out the bafflegab, cut through the legislation, and that is the nub of it. It is not right, it dishonours this Chamber and it dishonours our commitment and those people and their lifetime of commitment to this nation. And we have six more hours to decide not to do it.

If Members opposite stand in this Chamber at six o'clock tonight and vote for this Bill, then it is done; they have broken that commitment. I say to whoever is listening on the television network: "Regardless whether you are over 65 or under 65, find out who your Member of Parliament is, find out how he votes later this day, and if you do not like it, you can do something about it. You can join a political party that is different from the one that Member represents in this Chamber"—and I suspect in most cases it will be a Liberal—"and you can have power in this nation. You can work as a volunteer to make sure that any Member who does this, whose social conscience is so weak and so ill considered, never has an opportunity to sit in this Chamber again." It takes volunteers and commitment but it can be done, and if people out there in

television land are as mad as I am, then it will be a groundswell which will sweep this Government away and things will change with a new Parliament.

When we come back here we will honour the commitment. Members of this Party will first of all honour the commitment to provide a healthy economy, one that produces wealth so that we can keep our commitment to the senior citizens of this country and those who are not able to take care of themselves.

I implore, Mr. Speaker, I beg Members of the Liberal Party of Canada who sit in this Chamber to support my motion. It does not bring down the Government and cause an election; all it does is stop this legislation so senior citizens in this country will get the pension they are entitled to. It is wrong to impose a special and abusive tax on the poorest segment of the Canadian population. It is wrong, wrong, wrong.

Therefore, Mr. Speaker, I would like to move the following motion:

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor: "Bill C-131, An Act to amend the Old Age Security Act (No. 2), be not now read a third time but that it be read a third time this day six months hence."

Please, let us do what is right for the senior citizens of this nation.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): The Parliamentary Secretary to the President of the Treasury Board (Mr. Lang) rises on a question.

Mr. Lang: Mr. Speaker, the Hon. Member for Calgary West (Mr. Hawkes) has tried to make the point that the six and five legislation does not have an impact on inflation. In the past five years we in Canada have been experiencing a new phenomenon called an inflationary recession. In a recession there is no increase in total aggregate demand as some Milton Friedman disciples in the Conservative Party might suggest. Clearly there is cost-push inflation.

Mr. Munro (Esquimalt-Saanich): What is your question?

Mr. Lang: Mr. Speaker, the Conservative Opposition has been suggesting restraint and measures to bring down inflation. What would the Hon. Member suggest we do to deal with cost-push inflation and inflationary expectations?

Mr. Mazankowski: Stop buying service stations.

Mr. Hawkes: Mr. Speaker, I hear someone on our side say "stop buying service stations", and that is a great place to start. This Party voted for six and five in its broadest form. It was too little, too late, and we knew it would not work in all its ramifications, but we voted for it primarily because it cut the salaries of Members of Parliament. The NDP did not want to do that, but we did and we voted for it.

Mr. Keeper: You deserve to have a salary cut.

Mr. Hawkes: But this particular part of the six and five program involves, in the Minister's own words, a saving of $18 million through the imposition of a special tax. It is absolutely insane to believe that a saving of $18 million will have any effect on inflation.

• (1150)

I think an economist would tell the Hon. Member that when money is put in the pockets of the poorest segments of society, they do not save it, they spend it. When they spend it, they create jobs. Perhaps we should be cutting money out of the pockets of the savers and putting it in the pockets of the spenders, if we care about 1.5 million unemployed people and if we care about senior citizens and their previous contribution to the country.

Mr. Lang: Mr. Speaker, the Hon. Member failed to answer my question. Clearly he does not know how to deal with inflationary expectations. He knows that inflationary expectations are the only things at the present time in a recession which keep inflation going. He knows that the six and five program is bringing inflation down, and he does not have any other suggestions.

I will repeat my question and ask the Hon. Member what specific proposals he has to deal with inflationary expectations. It is not the $18 million that is the point, and the Hon. Member knows it; it is to reduce the income and inflationary expectations of people so that we can have economic stabilization for investment and for jobs. The saved money is being put toward job creation. What would he do to reduce inflationary expectations?

Mr. Hawkes: Mr. Speaker, one of our plans was an increase of 18 cents per gallon of gasoline, and we have now have an increase of over $1, which is inflation. I draw the Hon. Member's attention to the total economic plan presented to the Chamber in December, 1979. That economic plan was not read by Liberal Members of Parliament but it was voted against. If we look at that plan, it had several elements. It has been judged as the fairest budget to poor people in the decade of the 1970s. It was a budget to reduce the federal deficit and therefore inflation. At the same time it would have stimulated job creation and provided a stimulus by increasing jobs at the rate of 40,000 per month. That was the total economic plan. I am quite certain the Hon. Member has either not read it or never understood it. But he hurt the nation a great deal when he stood in the Chamber and voted against it. Out there in the public domain is the kind of planning and approach which my Party had and will have when we are the majority in this Chamber after the next federal election.

The Acting Speaker (Mr. Blaker): The Chair will be pleased to recognize the Hon. Member for Winnipeg-St. James (Mr. Keeper) now that he is in his seat.

Mr. Lang: Mr. Speaker, I rise on a point of order. I would not want the Hon. Member to mislead the House. It is important when one is speaking to have the factual information. I was not a Member of Parliament at that time and was not able to vote against the budget of the Hon. Member for St. John's

West (Mr. Crosbie). However, I would have been delighted to do so because it was an inflationary budget which proposed $3 million—

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

Mr. Lang: It would have done nothing to reduce inflationary expectations.

The Acting Speaker (Mr. Blaker): Order, please. The Hon. Member for Winnipeg-St. James.

Mr. Keeper: Mr. Speaker, I am wondering why and how the Hon. Member for Calgary West (Mr. Hawkes) could rise in the House today and object to the application of the six and five policy to senior citizens and their pensions, when at the time the policy was originally introduced in the House in the form of legislation he and his Party supported it. Did he not realize the implications of that legislation? I know he said that he voted for the six and five legislation because he wanted to vote to lower the salaries of Members of Parliament. If he wanted to do so, I wonder why in the first place he and his Party voted to increase the salaries of Members of Parliament?

Mr. Hawkes: Mr. Speaker, I will tell the Hon. Member why I voted to increase the salaries of Members of Parliament and what I say in my riding, which is: "If you are happy with the politicians and the jobs they are doing, you are paying them enough; if you are not happy, it may be because there is a problem".

The Hon. Member raised an interesting point. I guess it brings into focus one of my contradictions with the New Democratic Party. It is a habit in my Party to read legislation. On the day that we were faced with six and five, we knew and understood that they could not do a thing about pensions, about Family Allowances or about superannuation without bringing forward separate pieces of legislation. Also we knew that we could vote, fight and filibuster. NDP Members stand up and platitudinously say that they do not like it, but the Canadian public should look at the record in committee and in this Chamber. Where are NDP motions which filibuster, delay, try to change or try to make the world better? We see no procedural motions. They do not cause votes to occur. They do not filibuster particularly well. They say one thing but they behave in another fashion.

I am proud of our record of voting for parts of the six and five, including the cutting of the salaries of Members of Parliament, to provide a symbol. Also I am proud of our record of fighting parts of the six and five, one of which is before us today. I urge every Member to fight it. That is the way we approach the real world with real problems—not with great big glorious phrases, but with real solutions.

Mr. Keeper: Mr. Speaker, I would like to know from the Hon. Member for Calgary West why, when the Conservative Party has demonstrated its capacity in the House by virtue of the numbers of Members of Parliament and stopped the legislation which affected the oil industry, it cannot stop legislation which will affect senior citizens from one coast to the other.

Mr. Hawkes: Mr. Speaker, again I will return to the same principle. They should have read the legislation on which the bells rang. The fight was not about the content of the Bills. The fight was about democracy and their previous support for an autocratic Government which treats the Chamber as useless. That bunch on the other side of the Chamber has illegally cut the payments to families in the country without the approval of Parliament, without the approval of the Hon. Member or I or any other Member. They moved arbitrarily. They were prepared to put Parliament in the ashcan with that omnibus Bill. We fought in this Chamber for democracy. If the Hon. Member read the entire omnibus Bill, he would understand it. It is about time it was read, and it is about time he understood it.

Mr. Parker: Mr. Speaker, I have a short question for the Hon. Member for Calgary West (Mr. Hawkes). He indicated a principle here. If he believes in that principle, did his Party not understand another principle, the principle of free collective bargaining? Many of the workers affected by Bill C-124 were underpaid. Some of them were single women on very low salaries. He talked about the wages of Members of Parliament, but does he not realize that in Kootenay East-Revelstoke the wages of many railroad workers and workers in the labour class are far below the wages of others, and that by supporting that Bill his Party broke contracts with working women with children who depend upon their salaries? The concept of free collective bargaining was lost by the cutting back of contracts which were signed, sealed and delivered by Government and by companies to their workers.

Mr. Hawkes: Mr. Speaker, we are certainly getting far afield, but I would be happy to answer the Hon. Member. The Canadian public and Canadian unions should look at our record in committee, at the motions we moved to restore collective bargaining, and at the success we have had. It was not what we wanted, but the Bill was changed to restore more rights, not because of the efforts of the NDP and certainly not because of the efforts of the Hon. Members across the Chamber.

This Party deals with a real world in real ways. We created real change, not as much as we wanted and not as much as we would like. But we created change; the NDP talk about it.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, once again I rise to oppose strongly Bill C-131 because of its impact on senior citizens across the land and also because of the principle it represents; that is the erosion of universal social programs in Canada. This is something which we believe is a basic right of all Canadians.

This is the third time many of my colleagues and I have risen to speak against the Bill. We feel very strongly that no protest can be too great. Although perhaps we in the NDP are few in number, we feel so strongly about this matter that we want to keep the opposition to this Bill going for as long as

possible. We appeal to our colleagues on the right to continue this protest. We regret that they did not have the same kind of sympathy for workers, as my colleague just said, in relation to opposing Bill C-124.

• (1200)

I spoke on December 2 about the impact of Bill C-131 on older women. This is of particular concern to me and to my colleagues. The New Democratic Party has been involved in a major task force concerning older women. We have travelled to every Province, to the Yukon and to the Territories. The same story has been told to us over and over again. Older women in Canada not only had very low wages if they worked, but by far the majority of them who now are pensioners received no wages at all because they were home makers. They were the ones who worked hard raising families. They had no pay and now they have no benefits. The Minister of National Health and Welfare (Miss Bégin) knows this only too well. I have heard her express her concern for this group of Canadians. This Bill is completely contradictory to any concern the Minister once had for older women in particular.

I spoke on December 21 about the impact of this Bill on ordinary people. At that time I tried to get as many figures as I could from British Columbia where the cost of living has been excessively high. I took a look at my own riding of Vancouver East. There are many retired people from immigrant families and working class families whose wages were low. There are very many people who have been poor most of their lives; many of them were on welfare and again a great many of these are women.

Today I would like to summarize our concerns once more and appeal to the Government in the last stage to throw out this Bill. I want to appeal to the Liberals in the name of justice. We do not want to treat this matter as our friends to the right are treating it. They are treating it as a humanitarian concern, that we should be good to our old folks. That is patronizing and condescending. This is a matter of basic justice for Canadians.

Pensioners who have worked all their lives should not have to bear the brunt of restraint. They did not cause this country's inflation. Most of them will recognize that the Liberal Government that is bringing this in also is responsible for doing very little to control inflation in Canada. Pensioners are the victims of inflation. They are the ones who go to the grocery store and see the prices rising every month. They cannot buy meat very often for their diets. They are finding it hard to find enough money for fresh vegetables. If they live in rental accommodation, their rents are excessively high. If they are lucky enough to be in senior citizens' residences—and heaven knows, there are not enough of them—they still have to consider escalating costs of telephone, utilities and transportation. Very few of them have money to get out and just be a part of society. Those who have their own homes have been faced with high increases in taxes. There is no extra money in senior citizens' budgets these days except those of the very wealthy.

I appeal to the Government, not only from the basic justice point of view, which the Government owes to elderly Canadians, but also on the basis of need. I am not just talking about those Canadians with the lowest income who qualify for the Guaranteed Income Supplement; they are far below the poverty level and, of course, the cost of living hits them the hardest. I am talking also about the middle group, some 100,000 Canadian pensioners whose total income for a year is little more than $6,000. They are not eligible for the Guaranteed Income Supplement, but now they are faced with having the cost of living index capped at half what it should be. It is that group which this Bill will affect the most. Surely any Member who knows his or her constituents must have talked to senior citizens. Surely Members have gone to the supermarkets and have watched how the seniors have to scrimp and save, how bare their baskets are as they go through the cash registry with very little. Surely most Members of Parliament know there is a great need for pensioners to have full indexing.

I want to repeat what I said the last time I spoke to the House on this Bill about the Bill's impact on women. This bill is unfair to elderly women who make up over 50 per cent of our old age pensioners. By far the greatest proportion of elderly women live below the poverty level. We have lots of statistics to prove this point. They are poor, and because they are poor, they usually are alone and isolated in rooms, in apartments and sometimes even in their own family home. Few people go to see them and they have no money to get out and be a part of society. They suffer discrimination not only because they are old but also because they are women. Most of them do not have the Canada Pension Plan, nor do they have coverage from private pensions. Those who are married live longer than their husbands. Many of them, if not most of them over the age of 65, are alone and have only one old age pension with which to pay all the costs of living. It is much easier for two people to stretch the pension cheque.

We believe this Bill is particularly unfair to older women. Most older women are in this marginal group, not poor enough in Government terms, to have GIS, but, God knows, in reality they are poor, and they do not have enough income to cover their cost of living.

What are we doing if this Bill passes, which it will because of the Liberal majority? We are telling the older pensioners, most of whom are women, that they do not deserve full indexing, even though it had been promised them in past legislation.

I appeal to the Government to reconsider this Bill in its last stages. It dishonours elderly people: we have heard other Members say that. We are so proud of the older people who have given so much to Canada. We all know families—our own families, friends' families, and so on—who have had members go through two wars and have lost members of their family. All of them have suffered the struggles of life during the depression. They gave up full indexing during the depression. They did not have enough to live on in those days. They cut their costs and they made over old clothes. They struggled

to raise families. They should not have to be faced with this situation now they are in their later years.

As we have all said, our senior citizens are the people who have contributed their labour to Canada. They own a share of the resources of this country. They raised families. They contributed leadership. They deserve a full pension with full indexing.

I would like to remind the Government that we oppose this Bill because it does not make financial sense. It takes away close to $400 from senior citizens because their pensions are being reduced, but it will do nothing to create jobs. I think the net saving is about $84 million, a very minimal amount of money when you consider how other expenditures are being allocated in our federal budget, Mr. Speaker. Dome alone was given $500 million. There are many other expenditures which could have been cut that would have created much less hardship for the people who are the victims of inflation and who are now being made the victims of the Government's restraint program.

• (1210)

Finally, we oppose this Bill because we strongly believe, as do many of the groups who presented briefs to the Committee on Health, Welfare and Social Affairs, that the Bill represents a means of eroding the universality of social programs. In this case, it is old age pensions. We believe this to be the case no matter how strongly the Minister denies it. This is a regressive measure.

We know that the Liberal Cabinet, the Minister of Finance in particular, tried very hard last summer to do away with universal old age pensions and Family Allowances. I would remind those Hon. Members opposite that it was Liberals across the country who protested very strongly against the erosion of universality.

We believe that fully indexed pensions are a right. If indexing is removed, the universal concept of old age pensions is removed. It represents the erosion of a basic social program and right which this Party fought so very hard to introduce. We will fight just as hard to oppose a reduction in indexation. Pensions must be indexed to the real cost of living.

The Conservatives have been very hypocritical if one recalls what they said about reductions to workers' wages. If they feel strongly about this Bill, let them relinquish part of their wages to back up one of their arguments for Bill C-124, for example.

We believe that this Bill represents bad politics. As I have said, Liberal supporters across the country have gone on record as saying that they want universality and fully protected pensions and Family Allowances. We disagree with this Bill in principle, but may I remind Liberal Members that pensioners are voters. We are not opposing this Bill simply to be pragmatic and solicit votes, but let the pragmatic Liberals remember that many voters are pensioners. We will do our best to remind those pensioners in two years, or when the next election comes about, that it was the Liberals who cut back old age pensions. Undoubtedly, the Government will offer something to the pensioners to gain their vote shortly before the election but the pensioners will remember and will be reminded that they cannot be used as symbols in a restraint program or flattered with pre-election goodies.

In the time I have remaining I would like to refer to briefs that were presented by a number of organizations to the Committee on Health, Welfare and Social Affairs during its debate on this Bill. Time only permits a brief excerpt from these presentations but it is important to put them on the record. I would urge those who are concerned about this Bill not just to take the word of the NDP but also to consider the views of many credible organizations that have experience in social policies. These groups include pensioners' organizations who are certainly experts on the question of pensions and the needs of the elderly in Canada, as well as groups that represent Canadian women.

I would first like to refer to a brief from the National Council on Welfare dated July, 1982:

> Many elderly men and women who live at or just above the poverty line will be hurt by the Government's restraint program. A single pensioner with a total income of as low as $9,200—more than $500 below the poverty line for large urban centres—will sacrifice about $55, just the same as someone living on affluent income.

In other words, those who earn high incomes will receive the same cut in indexing as those with marginal incomes. The brief went on to say that over 100,000 poor and near poor elderly Canadians will suffer.

On December 9, the National Action Committee on the Status of Women said that they—

> —condemned the federal Government for limiting the cost of living indexation of Family Allowances and old age pensions. The two Liberal ceilings on indexation Bills do not improve the system but simply try to take advantage of the vulnerability of women and old people. Those most affected by Bill C-131 are the near poor elderly whose income is just a little too high to entitle them to the Guaranteed Income Supplement.

The Canadian Advisory Council on the Status of Women said on December 13:

> Women are facing a reduction of 3 per cent to 5 per cent in the real value of Family Allowance and pensions. It is difficult to understand how indexing pensions below the level of need meets the objectives of the green paper on pension reform, which states that elderly Canadians should be guaranteed a minimum level of income. The recent Report of the Auditor General suggests that there may be other means of reducing Government spending.

We know what those means are. They would certainly be a higher restraint priority in the opinion of our Party.

On December 14 the Canadian Labour Council said:

> Bill C-131 is extremely unjust because it is a tax that falls solely on people over 65, most of whom are people of modest means. Nothing is being said about tax exemptions for the elderly which actually provide benefits that increase with the taxable income—

The National Pensioners and Senior Citizens Federation felt that there should be full indexing and pensions above the poverty line.

The Canadian Council on Retirees strongly object to restraint programs which force pensioners to give up part of their pension increase and strongly oppose the attack on universality.

All of these organizations and many more have said that this Bill is poor, unjust and denies the promises that were made to senior citizens in pension policies that were adopted by the Liberal Government and the House of Commons. Those policies provided that there must be full indexing. This Bill is in conflict with those policies. Senior citizens in Canada today suffer the most from the high cost of living.

Bill C-131 is particularly hard on women pensioners who are very poor. Many of them have lived on one pension for many years and are trying to stretch their earnings to meet the cost of living.

This Bill erodes the whole concept of universality. I would urge the Minister to reflect upon her statements during the last days of debate on this Bill and to try to live up to her reputation, which I am afraid she is losing, of being concerned about elderly Canadians and women. Of course, we will continue to oppose Bill C-131 as long as we can, for all the reasons I have mentioned.

Mr. Douglas Roche (Edmonton South): Mr. Speaker, I heard the Hon. Member for Vancouver East (Mrs. Mitchell) say that the Conservatives were fighting this Bill on some kind of compassionate grounds, as if we had to be nice to the old folks—I believe those were her words. I want to tell the Hon. Member that I am participating in this debate, as so many of my colleagues are, out of a sense of outrage over the injustice that is being perpetrated against senior citizens, not out of any misplaced sense of compassion or something left over from Sunday morning.

I say that the Government is playing with a type of economic yo-yo, using the senior citizens of our country. When the Liberals spin the wheel and want a little bit of political popularity coming into the election, they will promise senior citizens something; but when they spin the wheel again and ask where they can find a few bucks—in this case, a few lousy bucks, given the outrageous expenses of the federal Government and the $23 billion deficit—their first targets are senior citizens, who are vulnerable and defenceless except for the people in the House who stand and fight this type of outrageous legislation from the viewpoint of injustice, not simply compassion.

• (1220)

I want the Hon. Member for Vancouver East to hear me on this matter. I feel just as strongly about the outrage over the problems facing women, especially those over the age of 65. I have gone door-to-door through Edmonton South, supposedly one of the better areas of Canada, but where all kinds of senior citizens, particularly women, are living just inside the margin of poverty. That is just an absolute outrage and a scandal. It is also a scandal that the Minister of National Health and Welfare (Miss Bégin), with whom we are trying to communicate in this debate, does not even take the courtesy to listen to what is being said.

I wonder what is the real purpose of Parliament, the purpose of debate and the purpose of the new rules. It was really amazing to me that when the Hon. Member for Calgary West (Mr. Hawkes) proposed an amendment that this Bill be hoisted for six months, setting out his very serious argument, it was as though it was sort of pro forma. We are trying to communicate to the people of Canada that this Party deeply cares about senior citizens, and we want this injustice which is being perpetrated against them to be given six months' study. What is unreasonable about that?

I fully support the Hon. Member in his challenge to see, at six o'clock tonight, how many Hon. Members opposite feel that an injustice is being perpetrated on our senior citizens, who are being asked to carry an unfair burden in the fight against inflation.

I want to deal with some of the arguments put forward by the Minister. I believe she has not really challenged our fundamental objections to Bill C-131. I even wonder how much heart she has herself in carrying forward the Government's intention of pushing this Bill through by the unholy use of closure once again. It is not good enough that the Liberals will not accept more time for study; they cut off debate in the House of Commons when Hon. Members are trying to speak for those of our citizens who need us the most. It is an absolute outrage. They are breaking a commitment to the senior citizens of this country. The Government has not justified the real hardship—

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

Mr. Roche: —which Bill C-131 will create for many senior citizens.

The Acting Speaker (Mr. Blaker): Order, please. The Hon. Member for Kootenay East-Revelstoke (Mr. Parker) rises on a point of order.

Mr. Parker: I would like to make a point of clarifying the fact that we do support the amendment; the Hon. Member has indicated that we do not.

The Acting Speaker (Mr. Blaker): I am sure the Hon. Member realizes that that is not a point of order.

Mr. Roche: I am certainly pleased that the NDP will support this amendment. I wish on other occasions, when there were votes of critical importance to the future of this country, that the NDP had taken such an attitude of support for solid principles of legislation. I have certain memorable votes of the NDP in mind when I make that comment.

The problem which this Bill poses for the principle of universality and social security has not yet been addressed. When weighed against the fundamental concerns now being presented by myself and my Party, one finds that the Government has only offered, once again, the hollow plea of six and five and has even been unable to give evidence that there will be substantive savings in Government expenditure should the Bill pass.

My most important objection to Bill C-131 is that it breaks an undertaking given to citizens of Canada, in this case the

segment of the population which is the most vulnerable. It is certainly not a matter of violating a written agreement, as was the case with Public Service pensions in Bill C-133. In this case it is a question of reneging on a social contract. The Minister of National Health and Welfare herself made this point when she opened the debate on the Bill. At that time she said:

> There is a social contract, as it were, that guarantees a basic pension for everyone.

I also cited the Minister in my remarks two days ago. She said that the Government "had no intention of changing the rules of the game", and that it would "maintain indexing of the Old Age Security pension". As late as November 4, the Minister claimed:

> All social programs, that means in particular pensions and benefits for children, will remain as they are.

Why? The Minister then reassured:

> People are in the middle of an economic crisis and they need stability.

Breaking a trust and taking money from people's pockets certainly does not promote this stability to which the Minister paid lip service. On this theme, I wish to quote the Prime Minister (Mr. Trudeau). Speaking last April at the National Pension Conference, he stated:

> Put simply, people must be protected in their retirement years. The Canadian Government has pledged that they will be better protected in the future than they are now. Pensions which are not protected against inflation naturally tend to dwindle over the years. People who thought they had purchased protection for the rest of their lives find they face more serious financial problems the older they become.

I ask Your Honour, in view of this Bill, which is hurtling through its final hours in the House, how are the senior citizens of this country to have faith in the Prime Minister's word?

What is doubly galling is the fact that in so breaking its obligations to the elderly of this country, the Government would somehow like us to believe that its actions are not arbitrary, not unilateral. Again citing the Minister of National Health and Welfare, her Government is "asking 1.1 million pensioners to help lead the way in the fight against inflation". She asserted that she was "very conscious of the sacrifice we are asking", to use the Minister's words.

It is preposterous to suggest that pensioners have, in any way, shape or form, been "asked", for Bill C-131 dictates to the elderly that Old Age Security is no longer inflation-proof. As if that were not bad enough, the Government rams closure through the House in order to get the Bill passed. It is fortunate that the Government agreed to spare the poorest of pensioners this decrease in indexation by making up the loss in Old Age Security benefits through the annual Guaranteed Income Supplement, which continues, thankfully, to rise with the cost of living. However, by placing greater emphasis on the income-tested GIS, this measure threatens the cardinal principle of universality. To a greater extent, the elderly will be burdened with the welfare stigma associated with GIS, playing down the universality of OAS or a Government pension as a right. This manoeuvre, moreover, would seem to increase the administrative complexity of the entire pension question.

My next major point concerns the hardship which Bill C-131 would create for the 1.1 million pensioners who are not covered by the Guaranteed Income Supplement. Estimates are that this Bill will cost them approximately $290 each over 1983 and 1984, or about $12 a month. According to the National Council on Welfare, about 100,000 pensioners are classified as poor or near poor among these 1.1 million, those single recipients of Old Age Security with incomes between $9,000 and $10,000 annually who do not qualify for the Guaranteed Income Supplement; or, similarly, couples with incomes of $15,000 or $16,000 who are not receiving the GIS.

The Government is fighting inflation on the backs of those who can least afford it. It is singling out the elderly in an effort to extricate itself from the problems caused by its own economic mismanagement. The Bill cuts back on the Government's moral obligation to aid senior citizens. They have left the work force; unlike working people, they are thus unable to recoup their losses and bargain with their employers to offset inflation.

• (1230)

By assaulting those pensioners who border on the poverty line but, because of supplementary incomes, do not qualify for the Guaranteed Income Supplement, the Government is effectively punishing those who were able or wise enough to practise the virtues of thrift and planning. That is not to denigrate senior citizens who are compelled to rely exclusively on OAS and GIS; rather, I am arguing for some consideration toward those who, through their own devices, are now being penalized for living just above the poverty line.

There is a further inequity in Bill C-131, as there is in Bills C-132 and C-133. Single pensioners with incomes of $9,000 lose $290 in the next two years, but a family with two children on an income of $27,000 will lose less than $50 over the course of the much vaunted six and five program. A single elderly widow who has to live on $9,000 a year thus sacrifices six times as much as family with an income of $27,000 annually. This is not to say that the Government should squeeze the latter any more than it is already doing, but it should get its priorities in order. Bill C-131 perpetrates that sense of injustice.

Much has been made by the Government of the allegedly temporary nature of this Draconian measure. But if and when indexing is reintroduced in 1985, the computation for OAS will be on a lower base than it would have been had full indexing been adhered to over these two years. Therefore, pensioners are to suffer a permanent reduction in the amount of OAS benefit. Unlike the public servants who were nailed under Bill C-133, these senior citizens cannot return to the bargaining table to make up that amount. In short, Mr. Speaker, the gamesmanship of six and five simply cannot justify the economic hardship that Bill C-131 will wreak among the elderly.

I want to mention again the door-to-door canvassing of my constituency which I undertook last September. Pensioner after pensioner expressed fear of continually rising prices, and said how even a cutback of $12 monthly would make a significant difference in coping with the grim realities of day-to-day life. Rents, food and the cost of everything that pensioners buy, go up. I do not think it is right for a Government that spends $100 million on advertising its own Departments to expect pensioners to bear the burden of the ever-rising deficit. Fully 62.5 per cent of my constituents who responded to a questionnaire believed that benefits to the elderly should be increased rather than decreased. The very people this Bill is now victimizing are the survivors of the great depression and two world wars; surely it is time that their struggle ended.

Another point which I wish to make is that this unjust and immoral measure will effectively bring few returns to the Government, for all the fuss it is making. Estimates from the Department of National Health and Welfare show that capping OAS will save about $31 million in 1983. Mr. Speaker, what is that against a projected budget deficit of $23 billion for this year? Let us look at other areas where we can cut Government waste; for instance, the Government will spend three times more on advertising its programs this year than it will save by putting the burden of inflation on the backs of the elderly of this country.

In addition, Bill C-131 really reflects a lack of confidence on the part of the Government in its own six and five program. If inflation truly does drop to the targets of 6 and 5 per cent, then this Bill will be totally unnecessary as OAS benefits will be indexed to these levels in any event. But if inflation is really substantial, then Bill C-131 is a monstrosity, for it will take income away from senior citizens right when they need it most. If the Government is so optimistic that it has the answers to the problem of inflation, then why does it want a Bill to do what its six and five program is touted to do?

Finally, Mr. Speaker, I am appalled at the Government's use of closure and what I expect to be its automatic rejection of the amendment offered by the Hon. Member for Calgary West. The Bill breaks trust, it creates hardship and it is an ad hoc response to a fundamental issue facing our society. We should have spent the time we have given to this debate discussing instead a program that the Government could bring forth to deal with the "greying" of Canada. Surely it is evident that in future a greater proportion of our population will be over the age of 65. This will present a great social problem and a challenge, as it will be necessary to change many aspects of our society. We must not only deal with the elderly but we must draw on their experience for the benefit of the whole of society, not treat them as cast-offs waiting to draw their last breath.

I shall present a motion on a comprehensive program for aging under Private Members' Motions when the new session of Parliament begins—if that ever comes about. This session seems to be going on interminably and is doing damage to Canada.

I want to address the crucial question of a comprehensive program for aging because I believe we are going to have to pay some very serious attention to ways of increasing the number of residences for senior citizens. We must also make more home support available to senior citizens. They want nothing more than to be able to stay in the homes they have had for years and have probably paid for. They may not need a great amount of money to live on but do need some support in the years left to them.

I should also like to see more support for cultural activities for senior citizens, and I should like them to have the opportunity to engage in voluntary and community work. There is an enrichment of society there upon which all of us can draw. It is wrong to think that because someone is over 65 they cannot make a contribution to society.

I could talk for a long time about the number of famous people in history such as Schweitzer, Churchill, Pope John XXIII and any number of composers and artists who made great contributions in their fields and to humanity after they reached the age of 65. There will be an opportunity for more of that in the future because of the greying of our society. We do not want just to tolerate senior citizens or treat them as whipping boys. We must treat senior citizens as an integral part of society, recognizing in this new technological age that they can make greater contributions to our society if only we treat them decently and provide them with the basic level of support and services that they need.

• (1240)

The Acting Speaker (Mr. Blaker): Does the Hon. Member for Simcoe South (Mr. Stewart) stand to be recognized for debate or for questioning?

Mr. Stewart: For debate, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The Chair will recognize the Hon. Member for debate.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, I am pleased to stand and oppose Bill C-131, an Act to amend the Old Age Security Act. Once again, with obvious predictability, this Government has chosen to invoke closure with respect to a debate over an issue which is in strong dispute. Repeatedly, and with good reason, this Government has been described as arrogant. The word "arrogant" as we all know, means overbearing, presumptuous and haughty. The arrogance of this Government is reflected in almost every move it makes, every pronouncement it utters and every attitude it conveys. Now, its disdain for our senior citizens is shown by allowing only 17 hours of debate on this most important Bill and only four sessions to hear witnesses.

Nowhere and under no circumstances does this arrogance assume more dangerous proportions than when it seems to achieve a dismissal of the established democratic rights of this House, and by natural extension the rights of Canadians, whom we all represent, particularly, of course, our senior

citizens. This Bill abrogates a responsibility to those seniors who have an unwritten contract, as the Minister herself stated. The only factor in the whole pension scheme, in my view, which bears scrutiny is the universality aspect relating to the top echelon of the income scale.

What are the savings in this Bill? Perhaps some $30 million. I would like to take a minute to examine some of the waste of this Government and put it in perspective with regard to what it is willing to do to the seniors in the name of saving. How much did we waste in Haiti to pay left-wing dictatorships and their lackeys? Some $25 million. How much did we waste on the Unity Office? Perhaps $50 million. Then there was the advertising of the Constitution; loans to left-wing nations. Michael Manley got a $90-million loan, $10 million of it forgivable. Will we ever recover it? What about loans to left-wing nations at no interest or very little interest over terms of 20 to 50 years in the amount of hundreds of millions of dollars?

On the metric office, it spent perhaps $25 million. We have losing Crown corporations, dozens of them. According to the Auditor General's Report, most of them are absolutely and totally unaudited, operating on their own under the cloak of Government. Canadair alone owes this Government $1.5 billion. What is the tab for enforced bilingualism? It is $441 million. Their answer is to penalize the senior citizens of this great Canada of ours.

To invoke closure of debate on this Bill is to say to Members of this House and to their constituents that the Government has no interest in or regard for the opinions and needs of others. By invoking closure the Government is saying to us, to all Canadians, that what we want and what we feel is necessary in our lives is of no importance whatsoever.

By invoking closure the Government is saying: "We will decide what is best for you. We will make these important decisions for you. We are not interested in what you think, even if we waste millions of dollars on programs which are distasteful"—ones which my constituents do not want. By invoking closure, the Government is once again replacing democracy with dictatorship, a situation which I have spoken about in this House before and a situation which I regard with anger and distaste. I submit my outrage is justified, as is that of many Canadians who support that position.

Prior to this particular invocation of closure, there have been 14 times during this session of Parliament when this Government limited debate on issues before this House. As my colleague just mentioned, thank Heaven when it is over. On 12 occasions the Government has imposed time allocation, which we are now under, which is just a fancy word for closure; and on two others it resorted to outright closure in its true meaning. These were 14 actual instances when the Government was successful in imposing its dictatorial will.

There were other times when the Government attempted to invoke closure and was blocked, most recently when the Minister of Agriculture (Mr. Whelan) sought to whisk his controversial and disastrous Canagrex Bill through the House. The Hon. Member to my right presented a petition on behalf of his constituents only yesterday decrying this injustice. What will Canagrex do? It will give the Government the power to buy and sell all agricultural products in Canada. The word for that, which I learned in my reading of Marx, is communization. It will cost more millions with another Crown corporation in place.

By invoking closure, the Government quite clearly reveals its lack of regard and respect for the Members of this House and, I repeat, for the people we represent, particularly our seniors. I might add briefly that this disrespect and disregard is further amplified by the Government's use of Orders in Council. This Government, much to its dismay, must present certain items of legislation to Parliament for examination, scrutiny and debate. That is our role on this side of the House, for the time being.

This Government, much to its dismay again, obviously finds the process of scrutiny distasteful. To have its destructive policies and its shallow reasoning subject to public scrutiny is an obvious irritant to this Government. It is much more simple and less embarrassing for this Government to pass Orders in Council whenever possible. How simple and, as I stated at the beginning, how arrogant! This arrogance is supported by fact. Since this Government was returned to office in 1980, it has passed a total of 11,345 Orders in Council, some 4,062 in 1982 alone.

What has been created by this by-passing of Parliament? A total loss of credibility, a total loss of confidence, people not knowing whether they can trust their banks or trust companies; and now contracts with senior citizens are broken. What it amounts to is a pox on the house of our senior citizens, particularly older women, many of whom have been on the low-wage scale all their lives or have received no wages whatsoever. We all know what the Minister of State for Mines (Mrs. Erola) thinks of the spousal allowance and women volunteers. As my colleague who spoke before me mentioned, women have a great role to play in the voluntary sector of the country, particularly senior citizens.

Let us look at this Order in Council nonsense. There is VIA Rail, the beginning of the end of passenger rail service in this country. How many senior citizens wrote to me about the cancellation of the commuter train in the riding of Simcoe South? Literally dozens. It was their only mode of transportation to and from the city of Toronto.

The emergency planning order, arbitrary and far-reaching powers for a Government in a nebulous or manufactured emergency, included provisions, if anyone in this country could believe it, for the creation of civilian internment camps. I hope that right-wing senior citizens are not the first on the list.

There has been an increase in the cost of our postal service, another item that is very inflationary. It causes the seniors undue hardship. There has been no regard for a corresponding improvement in the postal service. There has been the imposition of mandatory metric weights and measures, costly and controversial to say the least. I am proud to join 36 other Members on this side of the House in the opening of a service station to give people that freedom of choice. The issue is not metric; the issue is freedom of choice. The issue is no Orders in Council.

Orders in Council also provided for the pension benefits of Senator Pitfield and a handsome salary for the former Deputy Minister of Finance, Ian Stewart—I wish he spelled his name differently—while he looks for a new job.

What about the $200,000 to Ed Clark to languish on the Riviera while he becomes bilingual? He is one of the authors of the National Energy Program which is so disastrous to this country. What did he write his thesis on? If we are not talking about left-wing, then why was it on the Government of Tanzania? He is one of the people who is putting national energy programs in place for free enterprise Canadians.

Then there was the $70,000 to Mrs. Susan Warner in the Barrie office of Health and Welfare for language training in Toronto. Certainly that is required! They would not get one telephone call in French in a month. Waste, waste. Spend, spend. And now at whose expense? At the expense of our seniors who, the Minister admits, have a social contract with her Government. Most particularly it is at the expense of pensioners, who cannot recover lost income. They are in a fixed position, but they have to pay increases in costs for food, clothing and accommodation.

• (1250)

When this Government is ashamed of something it does, it does it secretly without reference to Parliament or to the people particularly, the over one million pensioners. When the Government has to go public, it uses every means available to limit and minimize debate and scrutiny. I am sure, Mr. Speaker, if it was at all possible, that this Government would have passed an Order in Council to limit senior citizens' pensions this year and next, and who knows when, if they could get away with it.

The ridiculous part of it is that none of this would have been necessary if pension funds in Canada had been put into a separate account, had been actuarially sound, had the Government backed them, and had free enterprise been allowed to invest in them. We would have had so much money in the pension accounts in Canada that we would not have had to lie to the people, to let them think there was a separate account, to let them think that they were forever safe from an encroachment on their pension. Bill C-133 also would not have been necessary in that case either. This act of Government is something it should be ashamed of and undoubtedly is the reason why, because it has to go public, it has now invoked closure on debate. I might add there are many more reasons why it would not have been necessary.

Why 14 years ago was this Government not looking at the economic crisis which was coming up? Why was it that Germany and Japan foresaw what was going to happen and really did something about it in their economic planning, in their research and development programs? Canada is now ranked 24th of 24 by the OECD in terms of economic growth, and I quote:

> The OECD estimates that in 1982 the countries listed below economically grew at a faster rate than Canada.

The OECD goes on to list the countries. So we cannot blame it on the anchovies of Peru, or the penguins of the Antarctic, or the foxes of somewhere else, or on Mr. Reagan, because the countries listed are countries such as Belgium, Finland, Greece, Iceland, Luxembourg, The Netherlands, Norway, Portugal, Spain, Turkey. We are behind those countries. We are 24th out of 24 and I do not think you can blame that on world inflation.

Of the OECD's top seven countries, Canada ranks second in the unemployment rate, second only to the United Kingdom by half a percentage point. We all know what happened to the United Kingdom the minute it embraced socialism: it has gone downhill ever since. We are falling into the same trap because of the Government across the way, which believes it is much easier to start any kind of uphill fight on the backs of our pensioners. Canada is the only OECD country of the top ten in which industrial productivity has decreased. Who are we going to blame that on?

An Hon. Member: Do you know why?

Mr. Stewart: I know why—because of 14 years of totally inept Government planning. If we were putting the money in R and D, everyone knows what it would do; even one-half of 1 per cent would provide some 400,000 jobs. Everyone knows the success of the Mitels of this world. But what do we do? We throw money at all kinds of make-work projects which will do nothing but further increase inflation and, for heaven sakes, we put it on the backs of the pensioners!

Perhaps it might be appropriate at this time to underscore and identify more clearly the nature of the shame involved, as the Hon. Member just said. The Minister of National Health and Welfare when speaking to the House on the Bill before us said she was doing the senior citizens a favour by arbitrarily enlisting them in the Government's sloppy battle against inflation. Some favour! It is like saying to someone who has just been the victim of a pickpocket: "Well, now at least your pants won't bag"; or telling the victim of a purse snatcher that a weight has been taken off her shoulder. Such reasoning defies logic. Such reasoning defies credibility when we are only saving $31 million, with a deficit like we have. Yet such reasoning is absolutely and totally typical of this Government. To offer such shameful reasoning to a particularly important segment of our society, believe me, Mr. Speaker, is without precedent.

The importance of our senior citizens, our deep regard for what they have done and continue to do, is perhaps the basic reason I find this Bill so shameful. Senior citizens are not old age people; they are Canadians over a certain age who have a lot more to contribute. I do not think we should forget the quotation; "Honour thy father and thy mother, that their days may be long". That is something this Government should take a long, hard look at, especially now when they are taxing somebody extra for being over 65. Canada did not spring full blown from the forehead of the Prime Minister (Mr. Trudeau), much as he would like to take credit for that creation, too. How do you suppose our senior citizens feel now

about the Charter of Human Rights? How much confidence do they have now in the people across the way?

Canada grew, developed and prospered over the past 116 years solely through the efforts of its citizens. Many of those citizens who hewed, harrowed, hallowed and clawed their way through the depression years know what the real cost and sacrifice is of being a Canadian. They have never complained, so why should we hit them first? Canadian citizens in every walk of life work hard and with diligence to create a better environment for themselves and for future generations. Those contributions were made in the home, in the marketplace and on many occasions on the field of battle, and I know we are all proud of the distinction with which they served in preserving the right of freedom which we stand in this House and champion.

Each new generation, understanding and appreciating these efforts, applied themselves with equal enthusiasm and sense of purpose, but this is being eroded by this Bill. The growth of our nation and our advancement as a society has been the result of all that hard work and diligence. Our acknowledgement, gratitude and respect for such services from our seniors should be without question. There should be no doubt of our ability to assume the continuing task without asking those who have given so much to give yet more, or to be hurt in any way. Yet through this Bill, the Government is doing just that, except with respect to the top scale of those receiving the old age pension. This year and next, and knowing this Government likely in the years to follow, the very pension we offer our senior citizens could well be reduced again by the simple means of an Order in Council, or by bringing some measure in and attaching closure to it.

The Minister of National Health and Welfare has said that it would only be a 50-cent reduction. Fifty cents more for the Government to waste with its profligate spending. Fifty cents to give away to anyone, but not to our senior citizens, one of our most important commodities. Fifty cents! Is that not marvellous? The Minister is telling us that this stupid act of disrespect is for 50 cents. For shame!

Mr. Ogle: Mr. Speaker, I would like to ask my friend, the Hon. Member for Simcoe South (Mr. Stewart), a question about part of his speech. He began by illustrating other areas in which Canada has lost money, and one of the places he mentioned was a project with respect to the left-wing Government of Haiti. The Government of Haiti, I believe, is considered by most Governments in the world as being probably the most right-wing Government there is under President Duvalier. I would just like to know now how far the Hon. Member feels he is right of the left-wing Government of Duvalier.

• (1300)

Mr. Stewart: Mr. Speaker, I thank my good friend and colleague for the question. I would like to apologize; that was a slip of the tongue. Of course, it is a totally ultra right-wing Government, and that is as totally bad as a left-wing Government. I apologize.

An Hon. Member: Fascism and communism.

The Acting Speaker (Mr. Blaker): The Hon. Member for Scarborough Centre (Mr. Kelly) on a question.

Mr. Kelly: Mr. Speaker, I am rising to participate in the debate rather than to ask a question.

The Acting Speaker (Mr. Blaker): I think the first thing is perhaps we ought to look at the clock. With that in mind, there are Hon. Members who wish to rise on questions and answers, so I would expect and hope to see them at two o'clock.

It being one o'clock, I do now leave the Chair until two o'clock.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

EXTERNAL AFFAIRS

EFFECTS OF BIG PINE MILITARY EXERCISE

Mr. Maurice Dupras (Labelle): Madam Speaker, since the first of February, American and Honduran forces have been holding large-scale joint military manoeuvres in Honduras, less than 20 kilometers from the Nicaraguan border. This military exercise, called Big Pine, is the largest one ever organized in Honduras by the U.S. army. About 1,600 American soldiers are participating with some 5,000 members of the Honduran forces. These manoeuvres are being held at a time when relations between the U.S. and Nicaraguan governments are particularly tense, and their aim is to intimidate and destabilize the Sandinist regime.

It is my feeling that at a time when the Canadian Government is engaged in reviewing its relations with Latin American countries, it should make known its disapproval of manoeuvres which constitute dangerous provocation and may bring about a tragic clash of military forces in this part of our hemisphere. I would therefore ask the Secretary of State for External Affairs (Mr. MacEachen) to give public expression to our indignation in a communication to the Pentagon.

S.O. 21

[*English*]

EXTERNAL AFFAIRS

CANADIAN ROLE IN CONFERENCE ON SECURITY AND CO-OPERATION

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, recent demonstrations by Canadians show three citizen concerns—the build-up of arms and instruments of mass destruction, unemployment, and support for the world's oppressed. In view of these anxieties, why does the effective role played by Canada in the Conference on Security and Co-operation in Europe receive so little attention by Canada's media when that Conference holds possibility of progress in all three of these areas—in easing international tensions through dialogue and negotiation of confidence-building measures, in producing new employment by reducing barriers to trade, and in progress in human rights leading to freedom from oppression for such people as Anatoly Shcharansky, whose hunger strike has so possessed the souls of Canadians? Despite the apparent lack of progress in two years of the Conference, one believes that world opinion will bear heavily on those responsible behind the Iron Curtain.

I urge an interest by parliamentarians and the press in keeping before Canadians the significant possibilities which exist for our good through the Conference on Security and Co-operation in Europe at which Canada will undertake a major responsibility when it reconvenes in Madrid next Monday, February 7.

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[*Translation*]

TRANSPORT

EFFECT OF NEW POLICY ON WESTERN FEED GRAINS—ANXIETIES OF QUEBEC FARMERS

Mr. Rolland Dion (Portneuf): Madam Speaker, on Tuesday the Canadian Government announced a new western grain transportation policy. It seems that the announcement has raised a number of questions among Quebec farmers regarding the survival of the agro-food industry in that province. I would like to take this opportunity to recall that the policy statement includes a number of measures aimed at ensuring that there will be no adverse effects for agriculture in Quebec. First of all, there will be a four- and not a seven-year plan; the Livestock Feed Board of Canada is to set up a mechanism to monitor the effects of this transportation policy; and a task force will be set up to determine a fair and non-discriminatory payment system for Eastern Canada. There is also the assurance that the price of grain in Eastern Canada will not be affected by the new policy; that Quebec's diversity of supply will be maintained; that any additional payments to western producers will require the passage of legislation; and that a study will be carried out by the railways in Eastern Canada to explore ways of improving transportation for agricultural products from Eastern Canada.

Therefore, claims that the Government of Canada will be spending $3 billion on developing agriculture in the West are just not true. I may remind the House that the purpose of this policy is not to improve agriculture but to improve the transportation of agricultural products in Western Canada.

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[*English*]

PORTS

CALL FOR INCREASED UTILIZATION OF PORT OF CHURCHILL

Mr. Doug Neil (Moose Jaw): Madam Speaker, at the present time several Ministers of the Crown are in various parts of Canada holding news conferences and meetings, publicizing planned changes in the Crow rate and the expenditure of several billions of dollars to modernize the railway transport system.

The Port of Churchill is an integral part of our transportation system, yet the Government has totally ignored it in its proposals. The Port has never been used to capacity and has a potential which has never been exploited. With the new proposed freight rate structure, the cost savings of using Churchill will be much more substantial than they are now. Increased capacity and utilization would greatly assist in movement of the projected 30 million plus tonnes of export grain, and relieve some of the bottlenecks in the system. As well, it would mean lower costs for goods imported to western Canada from Europe.

While I realize there are certain problems because of permafrost and ice, I suggest that these problems are not insurmountable. Techniques involved in constructing the Alaska Gas Pipeline, and reinforced hulls developed for Arctic shipping, should be considered.

If the Government is serious about modernizing our transportation system and developing industry in the West, I would suggest that it spend some of its funds now for Churchill.

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RAILWAYS

SUGGESTED INCREASE IN GOVERNMENT EQUITY

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, the New Democratic Party supports the development, modernization and expansion of railways for the benefit of all Canadians. The New Democratic Party recognizes the direct effect on the economy which such expenditure will have through jobs in the steel industry and railroad communities across Canada.

Western grain producers will appreciate the possible effects that such upgrading of railways will have on the movement of grain. This upgrading process is long overdue and has been neglected by the railways and the Government. In fact the movement has been the other way—to downgrade and abandon rather than to improve.

The New Democratic Party welcomes this change in Government policy and hopes that the Government has enough business sense to ensure that the Canadian people will gain equity in the railways for the tax dollars spent.

The New Democratic Party does not agree with the removal of millions of dollars of income from western grain farmers by changing the freight rate, the Crow rate, which farmers have to pay. For every dollar that a farmer earns, there is a multiplier effect of $6 or $7 across the country. A billion dollars, which farmers will have to spend on freight, will amount to $7 billion being diverted from the machinery industry, the fertilizer industry, the petro industry, the chemical industry, the food processing industry, and the retailing industry.

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[*Translation*]

RAILWAYS

CROWSNEST PASS RATE CHANGES—ADVANTAGES FOR QUEBEC

Mr. André Maltais (Manicouagan): Madam Speaker, I would like to congratulate the Government on revising the Crow rate, in view of the considerable changes this will bring about in the transportation field. The people of the North Shore are especially pleased, because the mining industry can be expected to take advantage of these changes to build new railways and renovate existing railway lines. Grain handling facilities in the Ports of Quebec City, Montreal, Baie Comeau, Port Cartier, Chicoutimi, and probably Sept-Îles as well, will also benefit. In the debate on the changes in the Crow rate, it would perhaps be useful to point out to the people of Quebec that substantial benefits in the field of grain processing and transportation will accrue to the entire province.

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[*English*]

VETERANS AFFAIRS

REQUEST THAT MINISTER PROVIDE PROGRESS REPORTS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, the Minister of Veterans Affairs (Mr. Campbell) has been questioned and pressed to make statements and give progress reports regarding matters dealing with veterans, yet he chooses to remain silent. The Minister says little, and does less, as though all were well and rosy within the Department. He has been asked about the length of time taken in processing veterans' pension applications, the aging veterans programs, Indian war veterans, Hong Kong veterans, War Veterans Allowance, compensation for prisoners of war, the implementation of recommendations by the United Veterans' Association and Committees, such as the Woods Committee and the Senate Committee on Health, Welfare and Science report entitled, "They Served, We Care". Still the minister does not inform us of the action he plans to take.

Just recently two of my colleagues questioned the Minister regarding ongoing problems veterans have been facing for years, yet we hear evasive answers, and no accomplishments are made. The Minister is contacted both in and outside the House and in Committee, in an attempt to have him reveal the developments in progress to better the conditions for veterans, but to no avail. These matters have been raised in the Senate, and still nothing is done.

The patience of my colleagues, of myself and, most important, of the veterans of Canada, is wearing thin. We want to know what the Minister is doing. We want to hear the plans he has made, the action he is taking, and we want the Minister to provide progress reports on his so-called investigations through motions in the House.

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ABORTION

LEGISLATION SOUGHT TO DEFEND UNBORN CHILDREN

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, it is a serious matter of concern that Dr. Henry Morgantaler is attempting to open abortion clinics in Toronto and Winnipeg. While the Attorney General for Manitoba has turned down a request from Morgantaler for immunity from prosecution, and the Attorney General for Ontario has threatened prosecution if Section 251 of the Criminal Code is not complied with, it must be remembered that Morgantaler blatantly violated and continues to violate this Section of the Code in Quebec. The Attorney General of that Province has determined—and I think wrongly so—that, based upon the previous Morgantaler experience in Quebec, it is unlikely that a conviction could be achieved under present federal legislation.

• (1410)

Since the Charter of Rights and Freedoms provides the framework within which we, as Parliamentarians, can legislate on matters concerning abortion, and since amendments to the legislation are desperately needed if we intend to curtail the number of innocent unborn Canadians who die each year as a result of abortion, we must act now to ameliorate this deteriorating situation. Our unborn children are a very precious resource to this country.

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AGRICULTURE

NECESSITY FOR GOVERNMENT TO PROVIDE ASSISTANCE

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, the farming industry in Canada, especially the red meat producers' section, has been experiencing some very difficult financial times. In 1982 some 410 producers were forced into bankruptcy, a number that is growing. Despite the recent lower interest rates, this has not eased the pressure on those concerned. To assist them better, the reactivation of the 1935 Farmers'

Creditors Arrangement Act would be a move in the right direction. This would allow a farmer facing bankruptcy to make a proposal to his creditors to save his farm by adopting an alternate refinancing plan approved by a court.

For those farmers and others in dire straits, the use of agri-bonds through the Farm Credit Corporation should be approved. This would make available low interest loans over an extended period of time.

Agriculture is the most important industry in Canada today because more than 40 per cent of all direct and indirect jobs can be attributed to agriculture. It is my belief that everything possible must be done to maintain a viable and healthy agricultural industry, and to encourage and to motivate our producers. Therefore, I believe it is incumbent on the federal Government to play an even more active role to assist this very important industry by making it one of its top priorities. Hopefully this will be reflected in the new budget expected in a few weeks' time.

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POLLUTION

DEMAND THAT GOVERNMENT DISCOURAGE USE OF LEADED GASOLINE

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, research has shown that lead pollution of the air we breath is a very serious matter. This poison could retard the brain development of thousands of Canadian children. Over the last few years we have been losing the war against this pollutant due to the attractiveness of low price leaded gasoline over unleaded gas.

The incredible increase in the price spread between leaded and unleaded gas is forcing budget-conscious consumers to substitute polluting leaded fuel even in vehicles built for the unleaded variety. In Ottawa, for example, the price spread has almost tripled in the last three years.

Today we learned that General Motors of Canada plans to reintroduce lead tolerant car to the marketplace in response to consumer demand and, according to Martin Rivers of Environment Canada, such a move would mean lead emission levels will "shoot right out the window."

I have brought this problem to the attention of the House and of the Government two or three times before. The Government knows that the increasing cost of unleaded gas is a result of tax policies and unacceptably high markups by oil companies so the companies can simultaneously increase profits and protect their investment in antiquated leaded gas refinery systems. The Government also knows that our lead emission standards are inferior to those in the U.S.

On behalf of the people of Canada I demand, that the Government stop enticing Canadians to defile our environment and use its taxation and regulatory powers to discourage a resurgence of leaded fuel use.

FOOD AND DRUGS

FOOD NUTRITION LABELLING—SUPPORT FOR GOVERNMENT PROPOSALS

Miss Aideen Nicholson (Trinity): Madam Speaker, I am pleased to see that the Government is taking steps, through proposed changes in labelling, to provide consumers with increased amounts of useful information on the nutritional value of foods sold in Canada.

The advantages of a uniform and standardized system of nutrition labelling are clear: consumers, particularly those with food allergies or needing to monitor their intake of substances, such as sodium or sugar, will be able to make better informed choices as to the best food value for their dollar. Manufacturers who wish to promote the nutritional value of a product will be required to substantiate such claims by providing relevant information on the label.

The Government is allowing a 12-month period for discussion of these proposals and has invited the co-operation and participation of industry and of consumers. Some manufacturers will be test marketing the new system later this year, which will allow some experience with it.

The proposals for nutrition labelling have great potential to benefit consumers and industry. I hope that Canadians will use this opportunity to become acquainted with the proposals and their implications, and to make their views known.

ORAL QUESTION PERIOD

[*English*]

MINES AND MINING

COUNTRY'S INTERNATIONAL COMPETITIVE POSITION

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is for the Minister of State for Mines. She will know that industry spokesmen have stated that 50 per cent of Canada's mining work force is unemployed as a result of shutdowns and projected further shutdowns in the nickel, molybdenum, iron ore, coal and asbestos industries, with another 1,900 people to be laid off this Saturday from the Balmer mine in British Columbia. These 70,000 workers represent a payroll loss of some $2 billion annually. This all results, according to industry spokesmen, because of a loss of competitive position on world markets. What specific steps has the Minister of State for Mines taken to restore Canada to its traditional position as a world leader in mineral production?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I think, as the Hon. Member has indicated several times, that he considers himself to be a champion of the mineral industry. If he is indeed, then he should be rejoicing because the mineral industry, particularly the coal sector, has been crying for years for changes to the Crow rate.

Mr. Lewis: Did you hear the question?

Mrs. Erola: This should be a great moment of joy for the critic because he knows how important this is to the mineral industry in Canada over the long term. More specifically I would like to tell him that the price of nickel rose to $1.81 today, and that should be some cause for rejoicing as well.

Locally I would like to tell him that in the Province of Ontario, through Section 38, 110 projects have been created for people in the mining industry. As a matter of fact a number of others are under consideration right now. We are waiting for approval for programs in British Columbia and Ontario. This Government is doing a great deal for those unemployed miners.

Mr. Siddon: Madam Speaker, recourse to the Crow rate and make-work projects has little to do with Canada's declining competitive position internationally. These sorts of make-work projects outlined by the Minister amount to little more than trying to fight a forest fire with one leaky hose.

REASONS FOR DECLINE IN MINERAL PRODUCTION

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, will the Minister of State for Mines not admit that the taxation of northern benefits, the delay in federal aid to Yukon mines, and the many measures in the MacEachen budget which discouraged investment in mining exploration and development, are at the heart of Canada's current decline in mineral production? Why does the Government persist in implementing these negative measures which are destroying Canada's mining industry, and jobs for tens of thousands of Canadians?

Hon. Judy Erola (Minister of State (Mines)): No, I will not admit that, Madam Speaker. The Hon. Member for Richmond-South Delta is as aware as I am that the current difficulties of the mining industry in Canada are due to international markets, no more, no less.

REQUEST FOR ESTABLISHMENT OF TASK FORCE ON PRODUCTIVITY

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, that being the case I would like to address my final supplementary to the Prime Minister.

It is known that Canada's declining international position in terms of mineral sales has to do with our lack of productivity. This decline is costing our resource industries and Canadians billions of dollars in lost income, and with it hundreds of thousands of jobs. Most experts agree that our declining industrial productivity is at the heart of this problem. Will the Prime Minister agree to establish immediately a task force on productivity improvement, with representation from business, labour, and government, so that new and permanent jobs can be found for the two million Canadians who are presently looking for work?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will discuss that representation with the Minister responsible for mines.

* * *

INDUSTRY

EFFECT OF TAX MEASURES ON MANUFACTURING

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, in the absence of the Minister of Industry, Trade and Commerce, I will direct my question to the Minister of Finance. In the third quarter of 1982 Canadian manufacturers were operating at their lowest level of capacity utilization since records were first kept in 1961. Two hundred and fourteen thousands jobs were lost in the manufacturing sector in Canada, of which 112,000 were in one Province, Ontario. This has occurred at a time when industry needs all the encouragement it can get. It needs increased cash flow to survive, and it needs to retool. Will the Minister revoke those provisions of the disastrous budget which discriminate against the manufacturing sector? For example, will he revoke the half year convention on capital cost allowance which, if maintained, will increase cash flow problems and further discourage capital investment, all of which adds up to jobs, jobs and more jobs being lost which are desperately needed in Canada today.

• (1420)

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have had an opportunity to discuss all these issues with business in a series of consultations which I had throughout the country during the last few weeks. The sum of these consultations has been that the best way to provide for creating more jobs in Canada and to put our economy on the way to recovery is to give Canadian business a level of stability and certainty with respect to taxation. This, of course, means that the income tax measures now before the House must be passed as soon as possible. In fact, this legislation follows consultations and meetings held by a Parliamentary committee, which, after examining the legislation, proposed a number of amendments that have been accepted and are now part of the Bill.

As far as the business and particularly the manufacturing sector is concerned, the best thing this Parliament could do would be to pass, as soon as possible, the income tax legislation now being considered by Parliament.

[*English*]

Mr. McDermid: I get a great charge when the Minister talks about confidence in the country and passing a tax Bill which is disastrous and was brought in by his colleague sitting to the right of the Prime Minister. It was an absolute disaster. Now he wants us to pass it quickly to give stability to the Canadian economy. That is nonsense, and everyone knows it.

Some Hon. Members: Hear, hear!

Oral Questions

THE ECONOMY

ROLE OF PRIVATE SECTOR

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, will the Minister make a commitment today to the people of Canada that he will get off the socialist binge that the Government has been on for the last 14 years—

Some Hon. Members: Oh, oh!

Mr. McDermid: —and bring in policies and a budget that will restore faith in the private sector so we can get the economy rolling again? Will he make that commitment to the people of Canada today?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am surprised that the Hon. Member was not laughing when he was asking the question.

Mr. Broadbent: We were.

Mr. Lalonde: I cannot believe that he took it seriously. I want to remind him that the Income Tax measure that is before Parliament is the result of extensive consultations with all elements in our society. It is the result of extensive hearings that were held by a special parliamentary committee which made a number of recommendations that have been included in the Bill at the present time.

It is obvious that no income tax measure will please everyone. There is always the problem that some people would like more of, and some less. That is unavoidable.

In effect, the Bill that is before Parliament at the present time is one that will be very beneficial over-all to the Canadian economy. In addition, it is one that will introduce the certainty that is required in the economy at the present time, and by the industrial sector in particular. This is a conclusion, as I have said, that I have seen endorsed overwhelmingly in the series of consultations that I have had across the country.

I am sorry that my hon. friend seems more interested in concentrating on his fixations rather than consulting with the people in the business community.

Mr. McDermid: We have been doing it for years.

Mr. Lalonde: He should talk to the small-business people. They will tell him to get going on the Bill that is before Parliament.

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AUTOMOTIVE INDUSTRY

CHRYSLER CORPORATION—OBSERVANCE OF LOAN AGREEMENT TERMS

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Two years ago, when the Chrysler Corporation was in great difficulty, it went to the American Government for assistance. The American Government refused assistance until the Canadian Government put up some $200 million. The other day the President of the United States was in St. Louis, Missouri, at a Chrysler plant, and was complimenting them on their recovery. However, in July a spring plant in Windsor is due to shut down. Guess where the jobs will be shifted? To St. Louis, Missouri! It is clear that Canadians took the financial risk but the Americans have the jobs.

Is the Minister prepared to stand in the House and guarantee Canadians that the terms of the loan agreement reached with Chrysler on behalf of Canadian workers will be lived up to and that we will not lose a single job?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as I have said in answer to several questions posed in the House and by the media, the Government of Canada has fully lived up to its obligations under the agreement, and Chrysler has not. The Chrysler Corporation cannot expect the Government of Canada to continue to fulfil its obligations unless the company is prepared to find some alternative projects that will make up for the jobs lost in the diesel project, and for the job lost in the spring operation.

Mr. Broadbent: The Minister knows that he still has not given a specific answer.

REQUEST FOR DEFINITIVE STATEMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, considering that Canadian workers in this sector, particularly in the Chrysler Corporation, are more productive than the Americans, considering that the Americans owe us for 1980-81 legally in excess of $240 million in duty remissions, and considering that Chrysler signed a legal agreement to preserve those jobs in Windsor, will the Minister say to the House definitively that he will insist that all of the terms of that agreement will be lived up to?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the Hon. Member knows enough about negotiations to know that it takes two sides, and we presently are in the middle of our negotiations with the Chrysler Corporation. I think it is incumbent upon me, if we want to have successful negotiations on behalf of the employees, of the UAW, and Chrysler Canada, to say that now is not the appropriate time to make specific commitments because we are trying to negotiate alternative projects to replace the two that have been cancelled.

MINISTER'S STATEMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Minister has said, in his quaint macho way, that he intended to talk hardball with the Americans. Since then Canadians have put up more than $200 million in loans, we have lost $240 million in revenue that Chrysler owes us for 1980-81, and we

have lost the spring plant and the diesel plant. Can the Minister tell us one thing he has obtained for Canadian auto workers?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I do not have enough time in Question Period to list all of those benefits that the Hon. Member suggested.

Some Hon. Members: Oh, oh!

Mr. Lumley: However, I want to remind him of something I told one of his colleagues the other day. For all the criticism from the Hon. Member's Party about what we have done for the Chrysler Corporation, there are only some 240 workers of Chrysler Canada who are unemployed and there are over 43,000 Chrysler workers in the United States who are unemployed.

Mr. Broadbent: That is rubbish, and you know it.

* * *

[*Translation*]

TEXTILES

PRESUMED FAILURE OF NEGOTIATIONS IN ORIENT—GOVERNMENT POSITION

Mr. Gérald Laniel (Beauharnois-Salaberry): Madam Speaker, my question is directed to the Minister of State (International Trade). Canadian negotiators have just come back from the Orient, where they were to renegotiate our bilateral agreements with four of our traditional textile suppliers, namely, Korea, China, Taiwan and Hong Kong, and considering their failure to do so, could the Minister inform the House of the measures he intends to take as a result of that failure, with a view to protecting Canadian textile manufacturers so they will not have to bear the brunt of the slump in the Canadian textile market during these difficult times? Furthermore, could the Minister inform the House whether he intends to use Clause 19 of the GATT Agreement to remedy a situation that is damaging to our textile industry?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I wish to thank the Hon. Member for his very important question. Following consultations with industry representatives, the Government decided that some form of assistance would be necessary. As soon as I receive a report on this matter, I intend to consult with my Cabinet colleagues on the options open to the Government.

[*English*]

AGRICULTURE

ADMINISTRATION OF AGRICULTURAL DEVELOPMENT INITIATIVES PROGRAM

Mr. Doug Neil (Moose Jaw): Madam Speaker, my question is directed to the Minister of Agriculture. He is probably aware of the material that was sent in the Crow rate package on "Black Tuesday". One item is called "agricultural development initiative". It talks about $130 million to carry out a variety of functions. If all of these programs are implemented the $130 will not go very far. Is the Minister's Department administering this program and, if so, is the $130 million in addition to his agri-food budget or is it partly agri-food budget?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the program that the Hon. Member mentions is one that we call the agricultural development initiatives program. It is a program that my officials and I have been very much involved in from its beginning. It is in line with the agri-food strategy, no doubt. It is a beneficial program.

• (1430)

My colleague, the Minister of Industry, Trade and Commerce, announced a $75 million program, and he will be setting aside $20 million or more toward the food processing and meat packing sector in that area. That makes it even larger than the Hon. Member has been suggesting. Call it from whatever sector one wants to call it from, but we know that it is needed.

The Hon. Member is a strong promoter of research. The program also provides for a large research centre to be built in western Canada. It is necessary that that program be directly connected with the soil salinization problem and also with the water and soil conservation problems that we have, especially in western Canada. We have lost over two million hectares of land as a result of salinization. We are losing 100,000 hectares of land a year by salinization. Therefore I am sure the Hon. Member welcomes that fund which will go into the research centre, amounting to approximately $20 million. Yes, we are very much involved in the program.

Mr. Neil: The Minister is quite correct that I am very interested in research. I wish the Minister himself were interested and would deliver $9 million of farmers' money to the research foundation so that it could carry out research.

Some Hon. Members: Hear, hear!

SOIL AND WATER CONSERVATION PROGRAM

Mr. Doug Neil (Moose Jaw): The second item following the $130 million item is $20 million for soil and water conservation, on which the Minister touched. Is this a program with which the prairie farm rehabilitation people will be dealing?

For many years, starting in the 1930s, they concerned themselves with soil and water conservation. Will they be revitalized to do this job, or will the Minister set up another little department in his organization?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, it will be a program, as usual, with 100 per cent co-operation, but it will be under the jurisdiction of the Minister of Agriculture. I want to say that, when I spoke of the $9 million program for research, we said we would provide that money under the PFAA. The Hon. Member knows the rules and laws. He made a lot of noise about the so-called transfer. There has not been any transfer of scientists from western Canada to eastern Canada. He has not mentioned the fact that over a period of time I actually transferred 70 researchers from eastern Canada to western Canada. He has not congratulated me for doing that. He has not said that there are still 1,440 researchers working hard every day in western Canada. He recognizes, and we recognize, the fact that research is our most important product, and this program will be far greater than anything of which he ever dreamed.

Madam Speaker: The Hon. Member for Peterborough.

Mr. Domm: Madam Speaker, I have been advised that the Minister of Consumer and Corporate Affairs will be arriving shortly. I would like to defer my question until that time.

Madam Speaker: The Hon. Member simply need not rise, and I will not recognize him.

The Hon. Member for Esquimalt-Saanich.

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EXTERNAL AFFAIRS

FUTURE OF INTERNATIONAL MONETARY FUND AND WORLD BANK

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is directed to the Secretary of State for External Affairs. He will be aware of the proposals made by the Right Hon. Prime Minister of New Zealand with regard to changes in the rules of the IMF and the World Bank. I was wondering whether the Minister could tell us anything about his response to the invitations issued, I believe, by the Prime Minister of New Zealand to a conference on this matter.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I am not aware that the Prime Minister of New Zealand has made specific proposals with respect to changes in the rules of the IMF. I think that at one time the Prime Minister of New Zealand, at a Commonwealth Finance Ministers Conference, did call for a new Bretton Woods Agreement. At that time those of us who attended the Conference were of the view that one ought to understand rather clearly what type of new institution might be necessary rather than, in a sense, abandoning institutions which were presently in place. However, in the absence of more specific proposals, the conversation did not advance beyond the point I have mentioned, except that it was agreed at the Ministers' meeting that the notions which had been put forward by the Prime Minister of New Zealand ought to be studied further in the expectation that better understanding might be attained at the next meeting of Commonwealth Ministers.

NECESSITY FOR INTERNATIONAL CONFERENCE

Mr. Donald W. Munro (Esquimalt-Saanich): Given the fact, Madam Speaker, that there is an indebtedness of over $700 billion vis-à-vis developed and developing countries, and the proposal of the Right Hon. Prime Minister of New Zealand was designed to ameliorate the repayment schedule of this indebtedness by stretching it out, or changing the terms, and also facilitating contacts between the Bank, the Fund and the borrowers themselves, the loaners, will the Secretary of State look more carefully into his Department to find out what further progress has been made? It is my understanding that an international conference ought to be called, and the New Zealand Prime Minister is very anxious that it be called to discuss this very urgent matter. By the end of the year there will be real trouble.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, as the Hon. Member knows, there has already been real trouble. For example, in the case of Mexico—

Mr. Munro (Esquimalt-Saanich): Mexico, sure.

Mr. MacEachen: —there had to be a co-ordinated effort by the Bank for International Settlements, by the International Monetary Fund, and by individual nations in order to extend additional credits and to reschedule the debt obligations of Mexico. That same pattern has been followed—

Mr. Munro (Esquimalt-Saanich): With $700 billion?

Mr. MacEachen: —with respect to several other countries. I believe the Hon. Member is directing himself to a very relevant question as to how we deal in a global sense with the very large debts which have accumulated and concerning whether it will be possible to deal with new cases on the ad hoc basis which has prevailed up to the present time. In that respect the Prime Minister of New Zealand has made some proposals, for example, at the recent conference at Davos which I attended, with respect to methods of consolidating and dealing with that overhanging debt.

Therefore, what I can say is that, while it is not possible to say that these proposals have been developed to the point or have been brought forward in international fora to the point where decisions can be made, there is no doubt but that the Prime Minister of New Zealand is putting his finger on a problem which will require increasing attention and which is receiving increasing attention. It is not my intention, for a moment, to downplay what the Hon. Member is talking about.

Mr. Munro (Esquimalt-Saanich): Helping or hindering?

NUCLEAR ARMAMENTS

INFORMATION ON WEAPONS TESTING PLANS

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is also directed to the Secretary of State for External Affairs. The Minister will know that the Government's continuing secretive behaviour surrounding the weapons testing framework agreement with the United States is becoming more and more unacceptable to Canadians. It is only too bad that the Conservatives have not seen fit to criticize this secrecy.

Today we learned, from the Pentagon as usual, that Canada will be asked to test "stealth" Cruise missiles. That is even more destabilizing, making verification almost impossible.

Why must we in Canada continue to learn of weapons testing plans from Washington, from the Pentagon, rather than from our own Government? While the Minister is on his feet perhaps he could tell us when he will table in the House the still secret framework agreement, or is that still a secret?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): I believe, Madam Speaker, that the secrecy exists in the Hon. Member's imagination.

Miss Jewett: Tell that to the Canadian public.

Mr. MacEachen: Her information is also quite imaginative, because there has never been any proposal from the Government of the United States to test what she describes as a "stealth" Cruise missile. That has never been made, and I doubt if it will be made. Perhaps the Hon. Member is able to define what a "stealth" Cruise missile is. The Hon. Member seems to pick up every unsupported speculation appearing in the press and founds a question upon it in order to create unnecessary alarm. There will be no secrecy about the framework agreement.

Miss MacDonald: Table it.

Mr. MacEachen: It will be tabled in the House of Commons very shortly, and the Hon. Member will have full opportunity to consider it and to ask questions. I will be able to prove that her allegation of secrecy is totally confused and unfounded, as is the defence and foreign policy of the Hon. Member and her party.

• (1440)

Miss Jewett: Madam Speaker, the minister apparently forgets that it was in total secrecy that they negotiated the testing of the Cruise missile. That information was leaked by an investigative reporter on March 10 last year. That is how we found out about it in this House. It was not the Government that told us, but a reporter who learned it from the Pentagon who told us. Therefore we do not believe anything the minister now tells us about squaring it off with the Canadian people.

Some Hon. Members: Oh, oh!

Miss Jewett: I do not believe him—

Madam Speaker: Order. Order, please. I will gladly give the Hon. Member the floor, but for a question.

REQUEST THAT WEAPONS TESTING FRAMEWORK AGREEMENT BE TABLED

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I should like to ask the Minister whether the framework agreement—the great secret agreement—is going to be tabled tomorrow in the House of Commons. Is that why Ambassador Gotlieb is here today? While that poor, long suffering ambassador for disarmament is here today, will the document be tabled in the House tomorrow, and will the minister make a statement on motions about it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, in her second, rather unguided intervention, the Hon. Member has demonstrated clearly the validity of my first answer. She has said that there has been a negotiation in secrecy between Canada and the United States on the testing of a Cruise missile. There has never been any such negotiation, so it has never been leaked because it has never taken place. Such a negotiation can only take place after the framework agreement is signed. Then there will be a negotiation between the Department of Defence in the United States and our Department of National Defence about whatever weapons systems are being discussed. That is when the negotiation will take place on any specific weapons testing system, including the Cruise.

The Hon. Member had better get her facts straight for her next unguided intervention in the House.

Some Hon. Members: Hear, hear!

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AGRICULTURE

MINISTER'S POSITION ON PRIVATE MEMBER'S BILL

Hon. Bill Jarvis (Perth): Madam Speaker, I have a question for the Minister of Agriculture which arises from what I presume the Minister knows is the financial stress being experienced by many farmers in the country. I presume the Minister is also well aware of the provisions of a Private Members' Bill No. C-653 standing in the name of the Hon. Member for Lambton-Middlesex, to amend the Farmers Creditors' Arrangements Act. First of all, does the Minister favour the intention of this Private Members' Bill and, second, does he favour its provisions?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, if the Hon. Member wants to read *Hansard* he will see that that question was asked before. I do not know where he has been, but my colleague, the Minister of Finance, answered that question and made public statements about it the other day. It is being considered at the present time.

Oral Questions

QUERY RESPECTING MINISTER'S INTENTIONS

Hon. Bill Jarvis (Perth): Madam Speaker, may I ask the Minister if he will support the intention of Bill C-653 and, second, the provisions of Bill C-653?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member did not say what his intentions were and he did not say what the intentions of his Party were, either. My record shows where I stand on protecting farmers against bankruptcy, right from the beginning, ever since I first came to this House. The first Private Members' Bill to amend the Bank Act was a Bill that I sponsored. Let the Hon. Member do the same thing and then he can take credit for really caring about the interests of farmers.

REQUEST FOR EARLY PASSAGE OF BILL

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a supplementary question. Will the Minister agree to the introduction of the Bill on our next Private Members' day, next Wednesday? Will the Minister undertake with the Hon. Member for Lambton-Middlesex that the Bill will be introduced? If he will do that, I can guarantee him a seconder for the Bill from this side and can guarantee passage of the Bill during that Private Members' hour.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am really amazed that the Party opposite can guarantee anything. I am utterly amazed. The Hon. Member for Lambton-Middlesex has shown foresight in introducing the Bill and has shown concern for the farmers. I had discussions with him before he introduced the Bill, and my views are pretty well known. I think the principle of the Bill is very good.

Mr. Baker (Nepean-Carleton): Madam Speaker, how can the Minister tell that to the House? The Bill was introduced on April 22, 1982, and here we are in 1983. Why does the Minister not come clean and tell the House that he has not considered it at all and is only about to consider it now.

GUARANTEE OF SUPPORT

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a further supplementary question. Will the Minister consider the Bill and bring it in next week? If he does, I can guarantee a seconder from this side of the House for the Bill. In fact I will second it.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, if I go by past experience I remember that I introduced a Bill in the House in 1981 and the Party opposite said it would support it. Its agricultural critic said they would support it. They are still debating it. They are still sandbagging it. The Bill is called Canagrex.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Whelan: How can I go by what they decide? The Hon. Member may change his mind tomorrow morning.

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THE ECONOMY

ROLE OF PRIVATE SECTOR

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my question is directed to the Minister of Finance and is supplementary to those asked by the Hon. Member for Brampton-Georgetown.

In light of the fact that Government has had to come to the aid, in a justifiable but massive way, of such economic sectors as the pulp and paper industry, the farm industry, the fishing industry, the farm implement industry, and the automobile industry to name but a few, will the Minister give an absolute guarantee to this House that he will not leave the planning and development of Canada's economic future entirely in the hands of the private sector?

Some Hon. Members: Oh, oh!

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, that has been the position of the Government for many years. It is still the position of the Government that the economic future of the country is in the hands of all the people of Canada and all their Governments. This has to be a joint partnership operation involving labour, management, and governments. I can assure my hon. friend that this is what we are working on as a basic premise of all our policies.

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TRUST COMPANIES

REQUEST FOR REFERRAL OF WHITE PAPER TO COMMITTEE

Hon. Marcel Lambert (Edmonton West): Madam Speaker, may I put a question to the Minister of State for Finance who is in charge of financial institutions. He may have heard my representations yesterday with regard to bringing forward the white paper on trust companies. Is the Minister in a position now to say whether that will be done, or is this another matter that is to be left in limbo?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, I appreciate the hon. gentleman's concern and interest in the matter of the Loan Companies Act. It is quite obviously one that the Government has been concerned with, resulting in the publication of the white paper in July last year. I must admit that this Department has been quite preoccupied in assisting and consulting with the Conservative Government of the Province of Ontario in respect of companies administered by that Government and which come under its legislation. Of course, I am referring to the role of CDIC in those matters that pertain to Crown Trust, Greymac Trust,

and Seaway Trust, all of which come under the jurisdiction of the Government of the Province of Ontario.

LEGISLATION TO INCREASE DEPOSIT INSURANCE LEVELS

Hon. Marcel Lambert (Edmonton West): Madam Speaker, since the Minister mentioned CDIC, would he now tell the House if he has consulted with the Government House Leader with regard to Bill C-142, which is supported by my colleague, the Hon. Member for Mississauga South, and myself, with a view to debating it and sending it to a special committee?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, again I should like to thank the hon. gentleman for bringing his interest and attention to bear on that Bill. This is the Bill that will effectively increase coverage with deposit taking companies from $20,000 to $60,000. Of course, Bill C-142 was introduced partly as a result of the recommendation of the Hon. Member who was one of the Members of the Finance Committee dealing with bank profits. I would like to indicate that with the support of the House, and with the agreement of the House Leaders, if Hon. Members opposite think the matter should be dealt with urgently, there is room for discussion that the matter be dealt with without debate, which would obviate the necessity and delay of going to Committee.

* * *

• (1450)

RAILWAYS

FUNDING FOR REBUILDING RAILROAD SYSTEM

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I would like to ask a question of the Prime Minister. It is related to the policy decision and the Crow rate announcement. There is no dispute anywhere in the country about the need to rebuild the railroads. I believe everyone agrees on that. The dispute centres around how the rebuilding should be funded.

Given that the farmers have been facing a particularly difficult financial squeeze for a number of years and that to impose an additional cost on the farmers today could result in only one of two things, a reduction in their cash flow or an increase to the consumer, which quite frankly is not able to occur under the structures in place, would it not make more sense to ask CP to invest a substantial sum from the very large profits it has been able to derive from its operations in Canada, together with an equal investment from the Government, the people of Canada, in building a railroad system that will satisfy the needs of the country as a whole, rather than to put the cash flow and the very existence of our farmers in jeopardy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the reality is that the Government of Canada, that is to say, the taxpayers of Canada, have been and would continue for several years to pay hundreds of millions of dollars to the railways in order that they continue operating in the West because they were transporting merchandise at rates set historically at levels which did not permit the railways to operate. Therefore, there had to be some change in order to permit the Government of Canada not to continue subsidizing the CPR and the CNR ad infinitum for one, two, or three more decades, to the tune of many, many billions of dollars. Something had to be done in order to stop that.

What was done was not, as suggested, to make the farmer pay more this year or next year. That is not the solution proposed. The solution is that the farmer continue to receive what he has been receiving historically, but in terms of increased cost in terms of inflation that he be asked to share, as every other Canadian is asked to share, in meeting these increased costs.

That is the proposal that the Government put forward. It seems not only eminently fair to me, but it seemed in principle eminently fair to Mr. Gilson who made the survey, heard all parties, and arrived at a general recommendation along those lines. It is easy for the NDP to say that the Government should pour many more hundreds of millions and billions of dollars into the railways. Somebody has to pay for it. In terms of increased cost it does not seem unreasonable that the farmer be asked to share along with other Canadians in the payment of those increased costs.

REQUEST THAT GOVERNMENT ACQUIRE EQUITY IN CANADIAN PACIFIC RAILWAY

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I do not deny the complexity of the problem, but I put to the Prime Minister that there is no one in Canada who believes that the farmers of this country can afford to absorb additional costs today. Surely he understands that the end result will be that those farmers will not have the cash to invest in the farm machinery that they require in order to maintain a viable operation. We will kill not only the farming community but the farm implement operation at the same time.

Is the Prime Minister aware that, as a percentage of its investment, CP has been putting less into railroad revitalization than it has been receiving from the railroad end of its operation in profits, as a percentage? Is it not reasonable to expect that CP should put back in proportion to what it gets from its railroad operations in Canada, and that the Government should take equity in CP for the money that is invested out of taxpayers' dollars?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member faults the solution because he says the farmer cannot afford to pay increased costs. I suppose there are many Canadians who cannot afford to pay increased costs. If we had not opened the Crow subject, as the NDP was saying we should not, and has been saying nothing else for two or three years, the end result would have been that the taxpayers of Canada would have had to improve the rail system to the tune of billions of dollars in order that the farmer would be

able to continue to move his wheat, along with other western goods.

For years, the NDP, and the NDP Government of Saskatchewan, have said, "Don't touch the Crow". They did not say what the Hon. Member is saying now. They have been saying, "Don't touch the Crow; it must not be altered in any way". That is not a solution, because the rail system was running down. There had to be a solution. Instead of opposing all moves, and instead of being reactionary from every corner, if that Party had said, "Here is a solution", they would have been able to contribute to a better solution, but they chose as always to criticize what is done and to propose no alternative until after the fact.

* * *

CANADIAN BROADCASTING CORPORATION

REDUCTION IN FARM PROGRAMMING

Hon. John Wise (Elgin): Madam Speaker, I had a question for the Minister of Agriculture, but it is not necessary for me to put that question at the moment because it was obvious from his answer a short time ago in this Question Period that he indeed does not support his colleague's Private Member's Bill.

I want to put a question to the Minister of Communications. It is with reference to the reduction and the decline in the quantity, and I want to make that very clear, in the quantity of farm and food broadcasting by the CBC. Is the Minister aware that a very capable and highly regarded commentator working with the CBC recently said:

> Things in the CBC today are in one hell of a mess . . . The tools that we need to do our job are being taken away from us.

Is the Minister aware of the situation that exists in the CBC? If so, does he want to make a comment on it?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I know full well that the agricultural programming of the CBC has always been well received and well appreciated by the farm community. I would be most pleased to bring up the whole question about the quantity of programming now available on the air. I would also like to point out to the Hon. Member that my Department, in co-operation with Manitoba Telephone system, has set up one of the first telidon videotex systems which are addressed to the farming community. This service is now available in Manitoba. That is a clear indication of the Government's intention of seeing to it that not only the current type of programming continues but that new technologies are made available and are of use to the farming community in Canada.

TRAVEL RESTRICTIONS ON TORONTO REPORTING STAFF

Hon. John Wise (Elgin): Madam Speaker, does the Minister of Communications realize that CBC management has a policy that, unless it is absolutely necessary, farm commentators working out of Toronto do not get permission to travel outside the city of Toronto limits to cover meetings? If that is not asinine, I do not know what is. Will the Minister take a personal interest in this case, look into it and, if at all possible, refer it to the appropriate standing committee for review?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I will obviously look into the matter and bring the question to the attention of CBC management. It is indicative of the desire on the part of the CBC to try to cut its costs wherever possible. I can think of another occasion in this House when another Member of the Hon. Member's party stated that he thought CBC people were travelling too much. In any event, I would be pleased to bring the Hon. Member's serious concern to the attention of the CBC.

* * *

• (1500)

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by Hon. Members on Tuesday, February 2, 1983 and finds that the petitions meet the requirements of the Standing Orders as to form.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, this being Thursday, I wonder if I might ask the Government House Leader what is the order of business for tomorrow and next week.

Mr. Pinard: Madam Speaker, I would like to congratulate the new House Leader for the Tory Party and confirm to him that the business for today will be Bill C-131, the third reading. Tomorrow will be an Opposition day, as I indicated yesterday.

[*Translation*]

As far as the business of the House for next week is concerned, on Monday we shall resume debate on second reading of Bill C-139, the income tax measures, and on Tuesday and Thursday, we shall be resuming debate on Bill C-132 which concerns family allowances.

[*English*]

PRIVILEGE

MR. WADDELL—ALLEGED MISLEADING STATEMENT OF MINISTER OF VETERANS AFFAIRS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a question of privilege. I spoke in the House on Tuesday, February 1, 1983, in the morning, on the Old Age Security Act (No. 2). The Minister of Veterans Affairs, the Hon. Member for Cardigan (Mr. Campbell), rose on a point of order after my speech and said, as reported at page 22370 of *Hansard*:

—Mr. Speaker. I know the Hon. Member would not want to mislead the House in his comments with reference to veterans, but I am sure he is aware that benefits through the Department of Veterans Affairs to veterans are not affected by the six and five program; that in fact, as of January 1, benefits increased by 11.5 per cent—

He was then cut off by the Acting Speaker (Mr. Corbin). I am informed by a flood of phone calls to my office in Vancouver, Madam Speaker, that pension cheques, indeed, are not going out in Vancouver.

Madam Speaker: Order, please. That is not a question of any privilege that I know of, and at any rate, it does not flow from the deliberations of today. Therefore, the Hon. Member would have had to send me a notice of his question of privilege before Question Period, and I have not received any notice.

Mr. Waddell: Madam Speaker, I did send a notice. I am alleging that the Minister intentionally misled the House and that is a question of privilege. However, I do not see the Minister here today and I am prepared to deal with the matter tomorrow.

Madam Speaker: I have checked with the Table. Any notice of a question of privilege has to be sent to my office and it has to contain a brief statement on what the nature of the question of privilege might be. Therefore, if the Hon. Member wants to follow the rules, I will be delighted to consider his question of privilege. But he must do it under the rules.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. DOMM—IMPOSITION OF METRIC SYSTEM

Mr. Bill Domm (Peterborough): Madam Speaker, I wish to present a petition to the House signed by constituents of Hastings-Frontenac-Lennox and Addington, Leeds-Grenville, Prince Edward-Hastings, Lenark-Renfrew-Carleton, and Kingston and the Islands. It contains 9,814 signatures. This petition is submitted to the House, for the attention of the Minister of Consumer and Corporate Affairs (Mr. Ouellet), by people wishing to express their concern about the mandatory imposition of metric. Canadians should be free to use the imperial system of measurement in their business, trade and speech. That should be recognized as an inalienable right not subject to Government interference.

* * *

POINT OF ORDER

MR. DEANS—BILLS AWAITING INTRODUCTION RESIDING ON ORDER PAPER

Madam Speaker: Introduction of Bills.

Mr. Ian Deans (Hamilton Mountain): I rise on a point of order, Madam Speaker, I wonder if it might be possible for the Chair to consider the method by which notices of intent to introduce Bills need not appear on the Notice Paper on a regular basis. There are notices on the Notice Paper which have been there for the last two years. If Hon. Members want to introduce a Bill, they should do so; but I do not see any reason why Bills should continue to stand on the Notice Paper indefinitely.

Madam Speaker: I think that matter can be considered perhaps by the Committee which is now reviewing the methods of procedure of the House. I am open to any suggestion which might be made by the House.

Mr. Les Benjamin (Regina West): Madam Speaker, I rise on the same point of order. I, among many other Hon. Members, think it is ridiculous that Madam Speaker must get up every day and read off these names of Hon. Members. They either want to move a Bill or they do not want to move a Bill. It seems to me they must want to get their names in *Hansard* every day. I believe that if they have a Bill to move, they should darn well move it; or Madam Speaker should be able to say that all these Bills stand, and that is the end of it.

Madam Speaker: I thank the Hon. Member for his suggestion. I am sure it will be picked up by the House Leaders and they will let me know what their wishes are.

* * *

PUBLIC ACCOUNTS

AUTHORIZATION FOR COMMITTEE MEMBERS TO TRAVEL TO UNITED KINGDOM

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, consultations have taken place between all parties of the House and I believe the House will readily give its consent to the following motion, which I will now move:

That five Members of the House, namely Messrs Clarke (Vancouver Quadra), Desmarais, Hovdebo, Kelly and Wright, be empowered to travel outside of Canada to the United Kingdom, for a period not exceeding eight days, to visit the Select Committee of Public Accounts and the Comptroller and Auditor General of the United Kingdom, and to report, upon return, to the Standing Committee on Public Accounts in relation to its permanent Order of Reference

and the subject "Improving Accountability" contained in the Auditor General of Canada's Report to the House of Commons for the fiscal year ended March 31, 1981; and

That the necessary staff of the Committee accompany the Members.

Madam Speaker: Is there unanimous consent for the introduction of such motion? Does the House agree to the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,530 and 4,576.

[*Text*]

MR. ANDRÉ DÉOM

Question No. 4,530—**Mr. MacKay:**

1. Did the Government issue a letter of dismissal of the Assistant Deputy Minister of Labour, Mr. André Déom, and, if so, was it withdrawn?

2. What were the terms of settlement between Mr. Déom and the Government, in cash and other considerations?

Hon. Herb Gray (President of Treasury Board): 1. The Secretary of the Treasury Board wrote to Mr. Déom, conveying the decision of the Treasury Board to dismiss Mr. Déom. At the direction of the Board, that letter was subsequently withdrawn when Mr. Déom resigned from the Public Service.

2. It has not been the practice of the Treasury Board to reveal details of separation settlements. It is the policy of the Treasury Board, however, that separation payments may not exceed two years' salary, with the precise amounts varying according to the circumstances of the separation, the age of the individual, length of service, and likely difficulty in securing re-employment. Each case is considered by the Treasury Board.

DND DEPENDENTS' SCHOOLS IN EUROPE

Question No. 4,576—**Mr. Nickerson:**

1. With reference to Department of National Defence dependents' schools in Europe, for the last school year for which figures are available (a) how many teaching positions in each subject area or speciality were to be filled (b) how many applications were received and how many teachers were appointed from each Province and Territory?

2. In the past ten years, was only one teacher from the Northwest Territories hired to teach in DND schools in Europe?

3. Does the Department have a policy of excluding teachers from the Northwest Territories from teaching in their schools in Europe?

Hon. J. Gilles Lamontagne (Minister of National Defence): 1. (a) Sixty-six positions were to be filled in the following grades or specialities:

Primary and/or Elementary Levels

Junior kindergarten	8
Senior kindergarten	3
Grade one	2
Grade two	2
Grade three	2
Grade four	1
Grade five	4
Grade seven	1
Grade eight	6
French second language	4
Librarian	2
Remedial and special education	4
Physical education	3
Principal	1
Total	43

Secondary Level

Art	2	Library	1
Commercial and business education	2	Mathematics	3
English	1	Music (instrumental)	1
Geography	1	Physical education	3
Guidance	1	Special education	1
Home economics (or) family studies	1	Science (physics, chemistry, biology)	3
History	1	Principal	1
Industrial Arts	1	Total	23

(b) Selection and appointments for 1982 are as follows:

	Nominations	Selections
N.W.T.	16	0
Yukon T.	9	0
B.C.	304	9
Alta.	192	4
Sask.	134	4
Man.	78	2
Ont.	814	31
Que.	332	13
N.B.	33	1
N.S.	57	1
P.E.I.	3	0
Nfld.	38	1
Total	2010	66

2. Yes.

3. No.

[*English*]

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

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

OLD AGE SECURITY ACT (NO. 2)

MEASURE TO AMEND

The House resumed consideration of the motion of Miss Bégin that Bill C-131, an Act to amend the Old Age Security Act (No. 2), be read the third time and do pass; and the motion of Mr. Hawkes (p. 24460).

Mr. Blaikie: Madam Speaker, I have a question for the Hon. Member who had just finished his remarks prior to our seeing the clock at one o'clock; I believe it was the Hon. Member for Simcoe South (Mr. Stewart). In the Hon. Member's speech, he referred favourably to the economies of Germany and Japan and did what a number of his colleagues are in the habit of doing, that is, holding up Germany and Japan as countries which Canada ought to imitate. In the same speech, the Hon. Member also waxed on uncritically about the virtues of free enterprise and non-intervention of the Government in the economy.

My question is in the way of a comment to the Hon. Member. When is the Hon. Member, and others like him, going to show some theoretical consistency? When are they going to grow up and admit that the economies which they hold up as worthy of imitation are economies in which there is a long standing tradition of Government intervention in the economy, Government planning of the economy, the very kinds of things which, when they are attempted in this country, the Hon. Member gets up and denounces as the horrors of socialism? When is he going to show some kind of consistency? If he is not going to do that, would he spare us these speeches which make absolutely no sense at all?

• (1510)

Mr. Stewart: Mr. Speaker, we have heard these diatribes from the socialists to our left before. What I am talking about is the fact that those economies have invested money in the proper areas, not wasted it as do the Government on North-South dialogue and diatribe. Those economies have produced the money by the free enterprise system, not by state control which every one of the NDP advocate. Why don't they stand up some time in the House of Commons and say: "We advocate state control"?

They talk about nationalization of the CPR. Anyone who makes a profit, which makes the world go round, they are against. This country was built on free enterprise. Show me something in North America that was ever accomplished under socialism or the things they espouse and I will tell them that they are wrong.

Mr. Blaikie: Mr. Speaker, the Hon. Member's answer is exactly what I was talking about. The CPR was built with Government money, under the direction of the Conservative Government of that day, and anyone who believes that the CPR was founded through the virtues of free enterprise would not pass a grade five current affairs exam. It is embarrassing to hear that kind of garbage coming from someone who has been elected to the House of Commons.

The Hon. Member says the Governments of Japan and Germany have invested more wisely than the Government across the way, and I agree. One of the reasons that investment in those countries has been more wise than here is that the Government has taken a larger role in deciding where investment should be made. That is the kind of direction from the Government we would like to see. We make no bones about that. No apologies. We would like to see investment in this country controlled in the public interest instead of leaving them purely in the hands of the private sector.

The Acting Speaker (Mr. Blaker): Order, please. Earlier today the Hon. Member for Simcoe South (Mr. Stewart) made his remarks with respect to the subject of Bill C-131, and I thought his remarks at that time were relevant to that Bill, including some of the comments on the economy generally. The difficulty under the new Permanent and Provisional Standing Orders is that the Chair is obligated to attempt to maintain relevance as between the questions and answers in these ten-minute periods.

I want to point out to the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) and the Hon. Member for Simcoe South that we do seem to be getting away from the point of Bill C-131. However, these are new rules and I do not want my comments to be considered as a ruling on relevance. It is clear that the comments between the two Hon. Members are relevant to one another; it is not clear to the Chair that they are relevant to Bill C-131.

Mr. Blaikie: Mr. Speaker, your comments are well taken. I noticed the irrelevance of the speech of the Hon. Member but I felt that some of the things he said should not go unchallenged despite being irrelevant.

Mr. Taylor: Mr. Speaker, I rise on a point of order. The Hon. Member spent three minutes making a speech instead of asking a question. Then he gets up and talks about irrelevancy. He does not know the meaning of the word.

Mr. Stewart: Mr. Speaker, if I could get to the relevance of this situation, nothing happens unless there is—

The Acting Speaker (Mr. Blaker): Order, please. The Chair has no choice but to recognize a point of order, and there is at least one Member rising on a point of order. The Hon. Member for Winnipeg-Birds Hill on a point of order.

Mr. Blaikie: Mr. Speaker, I wish the Hon. Member for Bow River (Mr. Taylor) would read the new Standing Orders. It says Hon. Members are entitled to comment or ask a question. In commenting on what the Hon. Member for Simcoe South had to say, I was simply following the Standing Orders, and I commend the reading of those same Standing Orders to the Hon. Member for Bow River.

Mr. Taylor: Mr. Speaker, I wish the Member from bird's eye would pay attention to what is going on in the House.

Mr. Blaikie: I am.

Mr. Taylor: Let him talk about the things we are talking about and forget the socialism.

Mr. McKinnon: Mr. Speaker, we have a very important Bill in front of the House concerning old age pensions. I wonder if you could not see any further points of order and let us get on with that Bill.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): There is no way that the Chair can refuse to see an Hon. Member on a point of order. That is not an option open to the Chair, unless, of course, the House wishes to provide a very clear-cut order to the Chair in that regard. Perhaps Hon. Members will recognize the remarks made by the Hon. Member for Victoria (Mr. McKinnon) and let us proceed with the ten-minute question and answer period.

Mr. Stewart: Mr. Speaker, as to the relevancy of what I had to say, nothing happens until you make a profit. Canada is now 24th out of 24 on the list of OECD countries.

Mr. Blaikie: That is not a point of order.

Mr. Stewart: Our gross national product is going down. I am not talking on a point of order, I am answering the question. Brighten up.

The whole point of this is that this country must start making money again to keep the existing social programs in place, which we on this side of the House want to do. We do not want them destroyed by the terrible policies of the Government across the way. We want the pensions to be paid and to be based on actuarially sound policies. There is no reason why we should be arguing about this had the money not been shoved into general revenue and wasted. Every Canadian could be assured of the pensions which were put in place for them. It works on the profit system, nothing else, and pretty soon NDP members will be wearing three-piece suits and trying to tell us they understand.

Mr. Blaikie: The Hon. Member keeps speaking about money which was put into general revenue. Does he realize that the Bill is about Old Age Security payments, the universal part of the pension, that there are no contributions to it, and that what he is saying makes absolutely no sense at all in the context of the pensions we are debating at this time? Does he realize that?

Mr. Stewart: I understand that; it is the fellows opposite who do not understand that. You can only have what you can afford and you can only afford what is made by profits in the free enterprise system of this country, which was built by our forefathers. They do not understand that. I would like to ask them how it works in Poland. Tell me about Poland, Russia and Afghanistan. Explain the rest of it to me.

Mr. Nystrom: There is Ronnie Reagan.

The Acting Speaker (Mr. Blaker): It would appear that Hon. Members do not want to continue the ten-minute question and answer period, but that is the intervention I am looking for now. In the absence of that we will proceed with the debate. The Hon. Member for Malpeque (Mr. Gass).

Mr. Mel Gass (Malpeque): Mr. Speaker, I appreciate the opportunity to speak on this Bill this afternoon. I believe Bill C-131 is the topic we are supposed to be on; the short debate we had previously was enjoyable, but it did not make too much sense to me. There were some points on the extreme left that were raised but they were not relevant to the Bill we are debating.

This Bill, Mr. Speaker, limits the increase to the old age pension plan to a maximum of 6 per cent in 1983 and 5 per cent in 1984. Old Age Security now sits at $246.62 a month and should increase to $271.61 on January 1, 1984, but will only increase to $261.74. That is a difference of $118.50 a year. This legislation is directed at the 1.2 million senior citizens who do not qualify for full or partial Guaranteed Income Supplement. Assuming that inflation stays at its current rate of 10 per cent, each one of those 1.2 million senior citizens will lose $290 in the next two years, or just over $70 next year and a further $220 in 1984.

Some of these people are single, elderly people with incomes just over $8,900 per year. That is the cut-off point for those who receive the full Guaranteed Income Supplement. Those receiving more than $8,900 a year, whose incomes are just in excess of that figure, are the ones this legislation hits hardest. If they live in urban centres such as Quebec City, Montreal or Toronto they already live below the poverty line.

• (1520)

The married elderly with incomes just over $15,000 per year will suffer a loss in income over the next two years of $580. We are talking about 50,000 elderly people—25,000 single and 25,000 seniors living as married couples with incomes between $15,000 and $16,000—who will be hardest hit by the Government's six and five legislation. It appears that the sum of money the Government hopes to save from these 50,000 senior citizens will hardly make a difference to this Government, which is the biggest spender of all times. But this $15 million or $20 million does make a difference to the 50,000 senior citizens. The $12 per month that it represents can make a big difference.

The number in Canada of those 65 years and over has risen to more than 600,000 in the last ten years alone. That age group is growing at an annual rate of 3 per cent. This means that without any increase in real benefits the economy will have to grow 3 per cent each year to provide the necessary revenue to support the pensions of these people. Also it means that the larger the population reaching age 65 with little or no

Canada Pension Plan or private savings, the greater the public burden will be since these people will have to be supported by the Guaranteed Income Supplement.

The population from infancy to age 17, on whose behalf Family Allowances and the Child Tax Credit are paid, is declining. There are about 850,000 fewer people in that age group today than there were ten years ago. This means that Family Allowances and the Child Tax Credit will be less of a burden on the public over the next few years than in the past. Also it means that an increased portion of the population is of working age and is contributing to the economy. Therefore, we could adequately support those who will be retiring within the next two decades if we were to use this period wisely.

The Bill attempts to bail out the Government from its own economic and fiscal mismanagement and place the burden on the backs of the elderly. Most Canadians are willing to share the burden of reducing inflation. Most Canadians are able to reduce their lifestyles to their incomes. Old age pensioners are being told that they will have to cut their already small pensions to conform to the six and five policy of restraint. Although the six and five program is a small step in the right direction, it should have considered the exemption of Old Age Security recipients, as many senior citizens have a hard enough time without having to cope with decreases in their pensions.

A 10 per cent inflation rate in the country, coupled with a 6 per cent decrease in pensions, will have a devastating effect upon seniors who are now only able to cover the costs of the bare essentials of life. Restraint should not be imposed upon those citizens who can least afford it. It is not fair to ride out the recession on the backs of our senior citizens by seeking restraint from those who can ill afford it. Approximately 20 per cent or 600,000 of our elderly live in poverty. We also know that senior citizens are forming an ever-increasing segment of our population. This is why we must take a serious look at all our pension needs to ensure that at the time of retirement one is able to live out one's declining years without worrying about having enough funds on which to live.

Pensions should be looked at as deferred income upon which we will draw once we leave the workplace. Also we must make sure that all pensions are not drained of funds by over-extending loans to the Provinces. There should be sufficient funds to ensure the presence of actual money, not just paper figures.

Because of the lifespan of people today, we must study the impact this will have on the national economy. Approximately 2,000 years ago the average life expectancy was only 22 years; 75 years ago in Canada the life expectancy for males was 48 years and for females 51 years. The average life expectancy today for males is 74 and for females between 76 and 78 years. Today's 65-year-old man or woman probably has greater vigour, stamina and health than the 50-year old of the 1900s.

There is no question that the lifespan of man will continue to increase. We may be forced to review retirement practices in industry. We may find it desirable to lean toward the direction of voluntary retirement, depending upon the health of each worker. The human values of forced retirement at age 65 cannot be overlooked. Suddenly, at 65, a person who has spent most of his or her life in the labour force is no longer allowed to contribute. He or she is suddenly cut off from his or her working companions, and just because he or she turns 65 is supposed to stop functioning. How can we justify this kind of treatment when today these very same people have been the most active senior citizens in the history of the country? A person who is forced to retire at the magical age of 65 is faced with more than a loss of income, and in many cases must learn to deal with emotional problems which are every bit as serious as economic ones.

When we consider the hardships which seniors experienced and lived through, such as two world wars and a devastating depression in the 1930s, we must re-examine the methods by which we express our thanks and gratitude. Senior citizens have already paid the price; we should not, by cutting back on their pensions, ask them to pay more.

People who are now aged 65 were born in 1917. They experienced a few good years after the First World War, and then came the depression. People who have not lived throught the Great Depression will never know what it was like, and our seniors who lived through it still suffer because of malnutrition and lack of basic essentials. They did what they could to make the best of the situation.

Then came World War II. All through these years Canadians co-operated. Many young men and women gave up the best years of their lives to do their part in the Canadian war effort. After the war they watched as the country underwent many changes, and still they co-operated. Today we are calling upon these people once more. We continue to burden them with the problems of the Canadian economy. We should realize that these people have already done their part many times over and that they should at least have the right to live as they see fit.

Today in Canada we need a drastic change of attitude. Not only do we have to realize what elderly people have accomplished, but we must also realize that we should not put our elderly people on the shelf. Many seniors are able to work and want to work, but modern methods of business and industry deny them the opportunity to do so. Older Canadian citizens have a treasury of skills and experience which can be used throughout our community. There are approximately 400,000 people in Canada receiving pensions, most of whom are women who fall below the poverty line. The approach of the Government in Bill C-131 does not deal with the problems facing us. The Canada Pension Plan will need contributions of around 9 per cent of earnings in the future instead of the present 3.6 per cent to maintain the present level of benefits. At the present time the Canada Pension Plan looks as if it will be bankrupt by the year 2020. It is discouraging Canadians from investing for their old age or retirement.

The high level of taxation and erratic interest rates are eating up the savings of senior citizens and are part of the economic mess which the Government created. The Government must try to correct the present economic situation, but not by the means proposed in Bill C-131. It will mean great

hardship for senior citizens and will reduce the savings of those who planned for their retirement.

Bill C-131 will attack those least able to absorb the six and five program and the group least able to influence changes on its behalf. The group is being asked to shoulder a burden which will have greater impact upon it than upon any other segment of Canadian society. The Government seems almost two-faced about its moral responsibilities and the narrow political motivations of its regional caucus. Statistics Canada indicate that the poverty line for single individuals living in metropolitan areas is $8,922, or $10 more than the Guaranteed Income Supplement. While it may be true that the GIS will be indexed to compensate for the limited indexation of the Old Age Security pension, the loss of any amount at all will be very difficult for the single pensioner whose income is about $9,000 or $10,000 per year, or the married couple with combined earnings of slightly over $15,000 per year.

The Minister of National Health and Welfare (Miss Bégin) said:

> We are asking 1.1 million old age pensioners to help lead the way to fight inflation.

• (1530)

By this, the Minister is actually asking some 300,000 seniors, whose only form of support is the Old Age Security pension, if they will volunteer to be in the front line of restraint. These are the people who survived the hungry thirties, served the country in wartime and built up our industries in the post-war era. I can safely say that if the Minister was actually to ask senior citizens at random if they support limited indexing, she would get quite different results than the ones expected by the Government in the House of Commons.

It is important that Canadian people, in general, take a look at how we treat our senior citizens. This is important because it says something about the way we look at human dignity and the value of people. In many cultures older citizens are the ones who receive the greatest respect. They are the ones the rest of society looks after in a very special way. The senior citizens, the wisdom of the community, are held together and looked after and cared for by the whole community. For centuries the Chinese have respected the wisdom of the old, and this is true in their culture even today.

I represent the riding of Malpeque, Prince Edward Island. P.E.I. has a unique situation. There are probably proportionately more elderly people there than in many of the other Provinces of Canada. In the riding of Malpeque alone we have 3,325 senior citizens out of a total population of 32,628, according to the 1981 census. When I speak on this Bill, therefore, I speak as the representative of many people who will be affected by the cutback in their pension and the fact that their pension will not keep up with the cost of living.

These people, having lived in the Maritime region in Canada, know only too well the sacrifices that have to be made as a result of rising costs. A great portion of these people have spent their lives doing physical labour, working the land or fishing. Some of these people had to move to other parts of Canada in order to find job opportunities. But as many Maritimers do, they returned home a few years later wishing to spend their remaining years in the peacefulness of their own Province with a sense of security and belonging. Now this Government plans to take away this small sense of security. The worry of finances has always been a problem for these people, and the six and five program continues to create hardships for them, even in their old age. These people do not live in metropolitan centres but in a high-cost region. Yet the Government insists on taking from the poor and defenceless.

Our Canadian seniors did not have unemployment insurance as a safety measure when they were out of work. They could not depend on social assistance and welfare to help them when they were unemployed. Anyone who speaks to senior citizens can read the hardship in their eyes as they tell of their experiences with poverty. I cannot imagine any government attacking the people who built this country and made it what it is today so that we all can prosper. We are saying to them, "You have to sacrifice some more. You have not sacrificed enough". Yet these elderly people have had their lives shortened because of the privation they had suffered and the struggles they had when they were young.

I feel that Bill C-131, if passed, would further demonstrate this Government's lack of concern for the Canadian people and demonstrate how unjustly it treats our citizens. This Government is attacking the weak who cannot stand up to its wrath.

Hon. Bryce Mackasey (Lincoln): Mr. Speaker, I will be brief but I felt compelled to speak to the House primarily because of the anxiety, concern and fear of many of my constituents and friends who fall in the category of senior citizens. Talking to them, reading their letters, wining and dining with them, if you like, I have found that maybe 90 per cent of their concerns are based on misconceptions of the legislation before us. This, I think, reflects on me, on other Hon. Members of the House and particularly on our Party, since it is our legislation. We are not consciously reminding our senior citizens about the intent of the Bill and what it is designed to do. It is designed not to destroy old age pensions but, on the contrary, to protect the basic principle of what has to be considered, I think, as one of the most enlightened, progressive pension plans of any country in the industrialized world. It should be because, as the Hon. Member for Malpeque (Mr. Gass) pointed out to us, our senior citizens in many, many instances, have been deprived of the possibility of earning a meaningful income with which to provide for themselves as a result of the depression, the war and recessions. As a general rule, it is safe to say that many of our senior citizens reach the age of 65 with very little in the way of investment income. I think it is imperative that this Party, in fact, all Parties in the House, remain as determined as ever to see that the basic principle of old age pensions stays intact.

Essentially, that is precisely what this Bill intends to do. I must confess my bias toward the present Minister of National Health and Welfare (Miss Bégin) who has shown great dedication to the problems of senior citizens and, to women, reflecting not only her natural compassion but her years with

the Commission on the Status of Women and her particular interest in social policy and social reform both in and out of the House. I was surprised at how many senior citizens fail to appreciate the fact that those senior citizens receiving the GIS are not in any way affected by this legislation. I think it might be useful to review for the senior citizens who may be listening and for all of us who are approaching that age, that all Canadians, by virtue of the fact that they are Canadians, regardless of their status in life, whether rich or poor, are entitled to a basic old age pension. We have never sullied that pension in recent years with the concept of a means test. We have said that all Canadians because of their contributions, so eloquently described by the Hon. Member for Malpeque, are entitled to a basic old age pension. We can, however, argue whether that old age pension is sufficient or insufficient. Periodically it has been improved. In respecting the new 20-minute rule, I will not trace the history of pensions, which were once applicable at age 70 and one day, we hope will be applicable at age 60. Regardless, the fundamental basis of our policy is that each and every Canadian is entitled to a pension, and there is nothing in this Bill which destroys that principle.

Years ago we recognized that in order to protect the sanctity of pensions, they had to be viable and economic, not threatened by the economic problems of our good friend, the United States, or the target of every right-wing person in the country. We recognized that there are many Canadians, who, for one reason or another, cannot live on a basic old age pension. They were in the work force probably before the Canada Pension Plan reached its maturity. Not through a means test but on the basis of income tax paid, we provided what is known as an income supplement, in other words, an addition to the basic plan. What the Minister has been able to do here by way of a compromise in the light of the problems we have at the moment is to suggest, in fact to guarantee, that any senior citizen obliged to request or obtain the GIS will continue to have that GIS and the basic old age pension fully indexed. That has not been explained sufficiently in the House. Because of the partisan nature of the House, speakers have glossed over this fundamental principle. As a result of glossing over this fundamental principle, they have created unfounded fears among many of our senior citizens who fail to understand the Bill, as many of us fail to understand the complicated measures.

• (1540)

I can reassure those people who receive the GIS that they will continue to receive it. It will continue to be fully indexed, as will their basic old age pensions.

Who is being asked to make some kind of sacrifice through a curtailment of some benefit through this Bill? It is those Canadians who are fortunate enough not to need the GIS. They are Canadians from all walks of life who, through good planning or good fortune, have other income over and above their old age pension. These Canadians are hardly envious of those receiving the GIS. They are glad they do not need it because it means more for other Canadians. We are simply asking those people to recognize the dilemma that this Government faced last year. Inflation was rampant in this country. It threatened to run away, and the Government was forced to take action. The Government weighed the various alternatives at its disposal, from wage and price control to total disregard for inflation.

It is no secret that every economist in the world has a different view about how to control inflation. Even leading Nobel prize winners in the field of economics have opposing views on the question.

In its wisdom the Government suggested that we could not continue to shelter all Canadians fully by virtue of indexing. We were selective because of our Constitution as to who would make a sacrifice at a time when restraint was needed. They were Members of Parliament, Senators, public servants, members of Crown corporations and some senior citizens who had indicated in their tax returns that while they welcomed the old age pension, they did not need the GIS.

I often ask myself what would have happened to our pension plan if inflation continued to spiral to 20 per cent. What would have been the Government's position? I suppose it would have had to face the reality that the basic old age pension was insufficient. I hope the House would have insisted that the Government increase that old age pension. One would have to wonder how long Canadians who marry their private pensions to their old age pensions would have been able to survive. Certainly, people on fixed incomes suffer more than any other Canadian in times of inflation.

The thrust of the Government's plan was to bring down inflation and to allocate the sacrifice that was necessary in such a way as to enable us to maintain the sanctity of our concept of old age pension, in this case.

I do not wish to give an inflammatory, partisan speech because this subject is too important to drag into that type of environment. Fortunately, inflation has come down dramatically and continuously. When we capped the GIS and indexed salary increases, the level of inflation was at 11.2 per cent. At that time, limiting indexation represented a real sacrifice, if you like, of 4.7 per cent.

Today, as we are discussing this very Bill, the annual compounded rate of inflation since June is down to 7.2 per cent or, to round it off, if I am permitted, to 7 per cent. In reality, we are talking about a capping of 1 per cent or, to be specific, 1.2 per cent. As well, energy prices have come down throughout the world and other factors are bringing down inflation. I do not think anyone can accuse me of being a demagogue if I suggest that inflation could very well be at 6 per cent or less in this country by June. It really makes the exercise academic from that point on—

Miss MacDonald: Exactly. That is the point.

Mr. Mackasey: —as long as inflation remains below 6 per cent. I know, from talking to senior citizens in my riding, that they wonder in effect what the fuss is all about. I said that I did not want to mislead them, because there is some curtailment on the basic pension. I said, "But you would be pleased

to know that the gap between the capped pension and inflation is now 1.2 per cent". Had it been that insignificant last June, we probably would not have needed the 6.5 per cent.

Miss MacDonald: Oh, oh!

Mr. Mackasey: The Hon. Member, whom I never interrupt, laughs. I hope I am not pricking her sensitivities with clear logic. She may wish that inflation had risen to 20 per cent, but we do not. We think that it would have been disastrous for the country and for those living on fixed incomes. We believe it would have been a total disregard of the Government's responsibility to govern and bring down inflation in order to protect people on fixed incomes and to make certain that the Guaranteed Income Supplement and the concept of old age pension remain immune to attacks from those that would destroy it.

The Opposition likes to have the best of both worlds. They supported six and five. At least those Members in the corner did not support it. I suppose the temptation to address themselves to the fears of senior citizens was just too great for some Members. The fact still remains that those Canadians who must remain on a basic pension, and only the basic pension, have to make a little sacrifice.

The most difficult chore that a government is faced with in a democracy is to single out those who must pay or carry the burden of sacrifice in order to continue our democratic process. We have respected the need of those who unfortunately require the Guaranteed Income Supplement, and we will continue to index fully not only their GIS but their OAS as well. That group represents at least half of those Canadians who are collecting old age pensions.

I do not think I need to go on any further. I believe the figures with respect to the impact of indexing on the February cheques as opposed to the January cheques represent approximately 50 cents a month. If we all had our way, it would not even be that much, but as one who has prided himself on his concern for the senior citizen—I am sure all Members have this concern—we should be thankful that inflation has fallen to 7.2 per cent when capping is at 6 per cent. We should be thankful that the real impact on those who have to suffer the six and five implementation will be less. In reality, senior citizens are being asked to suffer the brunt of 1.2 per cent inflation, and not the original figure of last June which was over 11 per cent, therefore, rounded, almost 5 per cent.

• (1550)

I do not want to answer the hypothetical question, which I am sure should be asked, as to what we would have done had inflation continued at a rate of up to 15 per cent or 20 per cent. It is significant that it did not, and I am not even interested in attempting to claim that the six and five program was the main instrument in bringing it down, because then I would be partisan. My purpose in making this case today is really to respond to those senior citizens who have expressed to me, both by letter and in direct contact, their concerns, their worries and their uncertainties about what six and five means to them. It means, fortunately, very little to those few people whom it will affect.

Some Hon. Members: Hear, hear!

Mr. Hawkes: Mr. Speaker, I have three quite short questions. The Hon. Member has said in his speech that if a senior citizen has an income of $750 a month, that person will not be affected. He has also said that he is happy with the fact that the Government, in effect, intends to tax every senior citizen who makes $750 a month or more by 3 per cent of the OAS. That is a special tax which people who earn a salary of $750 a month do not have to pay. Is the Hon. Member happy with that figure of $750 a month? Is that the break point for what he considers to be sufficient income for senior citizens?

Miss MacDonald: That is the break point for universality.

Mr. Mackasey: Mr. Speaker, I have great respect for the Hon. Member and I apologize if I did not speak as clearly as I should have spoken. If he would check *Hansard,* he would find that at no time did I mention the specific figure of $750. He would have to explain where he heard that figure. What I said, in effect, was that those Canadians who do receive the GIS as well as the basic old age pension have my assurance, as I understand the Bill and the Government's position, that the GIS and basic old age pension will continue to be subject to full indexing as if the six and five program did not exist. I said that that is not true in the case of all Canadians fortunate enough not to need the GIS. I must express some puzzlement as to where the Hon. Member picked up the figure of $750. If I myself used that figure, then I apologize, but I am quite sure that I did not.

Miss MacDonald: Nine thousand dollars a year.

Mr. Hawkes: Mr. Speaker, the combination of OAS and GIS does not even amount to $9,000 a year, which is where I derived the figure of $750 a month. What the Hon. Member is essentially saying is that, by voting tonight, the Government will take income away from every senior citizen in this country, 47 per cent of whom make $750 a month or more. The Hon. Member, through his intention to vote in this direction, is acknowledging his belief that $750 a month is sufficient for a senior citizen. That is the only implication.

I suggested in my speech this morning that we could vote for the six month hoist, and we will have that opportunity later this afternoon.

We could ask the Minister of Finance (Mr. Lalonde) to ask every taxpayer to contribute 15 cents a month more, and then the Government could leave the situation unchanged with respect to senior citizens. I think that Canadians would give 15 cents a month more to the tax man so that senior citizens would not be hurt. I wonder what the Hon. Member thinks of that idea.

Mr. Mackasey: The Hon. Member should ask a question, not repeat his speech given this morning. There is a fundamental difference. I think that if we are to utilize the question

period after someone speaks, we should try to stick to asking questions. I will read the speech of the Hon. Member because I usually do. I was very careful to avoid the subject as to whether or not the combination of GIS and OAS was sufficient. I did make the point, for instance, that inflation has continued in the other direction, that the Government and the House had been faced with the reality, the problem and the obvious concern that that combination was insufficient, and it is all a matter of judgment.

Mr. Hawkes: It is insufficient.

Mr. Mackasey: I think that if the Hon. Member reads *Hansard*, he will find that I said that if inflation had continued higher, with the limited incomes of senior citizens, the solution would have been to increase the basic old age pension. I am quite sure that is what I said. I notice that the young lady whom I respect, the Hon. Member for Kingston and The Islands (Miss MacDonald), is nodding her assent. It would have been imperative to increase the basic old age pension because it would have been very obvious to all of us that we were really creating immense hardship. I simply express satisfaction and relief that inflation has come down from 11.7 per cent to 7.2 per cent, and all of us should be very grateful that this has happened.

Mr. Manly: Mr. Speaker, the Hon. Member for Lincoln rather belittles the fact that next month's cheques will only be decreased by some 50 cents. Two things must be recognized here. First, for some people a 50 cent decrease is significant. Second, it represents a slow but steady erosion of the base. That is our concern. However, I would like to ask the Minister one question. He rightly pointed to the fact that the GIS will be indexed and that people who are on the GIS will not suffer any immediate decrease in the money they receive. However, some 50 per cent of pensioners are not covered by GIS. Many of these people are just barely above the line.

Miss MacDonald: Three hundred thousand.

Mr. Manly: These people will have a reduction in the amount of money which they would have received. What is the Minister's comment?

Mr. Mackasey: Well, the "Member's" comment is simple. I am as concerned as you are. There is always a cut-off in every program. There is always that grey area and always someone who is $1 over assistance or $1 under it.

I thank the Hon. Member for calling me a Minister, but I am only an hon. backbencher.

I remember that very problem with Unemployment Insurance, when $1 or $2 meant a big difference in the tax bracket.

Mr. Manly: It is still there.

Mr. Mackasey: This is what happens in our so-called progressive tax system. I think we can all agree that one can make the case, as the Hon. Member made it, that there are people who do not quite qualify for the GIS but who could, if they had slightly less income. There must be a cut-off, I think we all agree, and that cut-off point is periodically reviewed. I am not suggesting for one moment that the basic old age pension should not in time be increased. However, as one who is as much in favour of social policy as anyone in that corner, I also understand the reality that we must be able to afford these things. It might be a condemnation of Canada that in 1983 we must take cost into consideration. However, let us compare our concern over our program with the situation in the United States. I ask Hon. Members which country is further ahead.

Mr. Gauthier: Canada.

Mr. Mackasey: Therefore, at the risk of appearing vain, arrogant and smug, which I am not, because I am as caring as the hon. gentleman, we have fashioned a good program. Those of us on this side of the House who espouse Liberal policy made sure that that basic program was not attacked by those I categorize as reactionaries, who periodically float the balloon at old age pensions, Family Allowances as something we cannot afford. I happen to believe that we must be able to afford them.

Miss MacDonald: You were talking about the Minister of Finance.

Mr. Mackasey: Therefore, if the hon. gentleman wants to tell me that there is a whole category of people who will suffer by the capping and who have a hard time living only on the old age pension because they are almost but not quite eligible for the GIS, I must agree. I would be more than pleased to discuss that matter with the Minister, as I am sure Hon. Members have intimated in their questions. In dwelling on that, I think we have unintentionally left the impression with most senior citizens that somehow something Draconian will happen to all who draw either the old age pension or the old age pension and the GIS. I am simply making the point that that is not true. It does not presume for one moment that there is not some hardship and some specialized cases which the hon. gentlemen pinpointed.

• (1600)

The Acting Speaker (Mr. Blaker): The Chair will recognize the Hon. Member for Calgary West for a question.

Mr. Hawkes: Mr. Speaker, the figures given to us this morning suggest that people over 65 will contribute $18 this year to the federal Treasury and closer to $30 next year. The alternative is that every taxpayer in the country should contribute $1.80 and that senior citizens should keep the $18. The choice to be made at six o'clock this evening is whether the special tax should be applied to senior citizens rather than to all taxpayers.

I should like to ask the Hon. Member for Lincoln (Mr. Mackasey) if he is satisfied with the Government's intention to make that tax apply for the remaining years of the lives of people now over age 65. Every senior citizen who makes $750 or more per month is being asked to make a contribution ten

times the size the contribution would be if it were spread over every taxpayer in the country. As a man with a social conscience, can the Hon. Member defend supporting the Government's intention to deal with the seniors of the country in that fashion?

Mr. Mackasey: Mr. Speaker, I have no trouble defending the Government. This Government identifies with senior citizens and has brought in the old age pension, Family Allowance, the Canada Pension Plan and UIC. I am proud to support one of the most compassionate Ministers that I have had the privilege of working with in my 20 years in the House of Commons.

If the Hon. Member has a persuasive case—and I am sure he has and that he believes in it—then I am sure there will be a huge groundswell of support for his speech and we will be inundated with thousands of letters from concerned Canadians to endorse his concept. In that case, I will be in the vanguard to help the Hon. Member sell his concept.

His argument is equally true of everything, however, and I am surprised to hear that from a Conservative. It is equally true of income tax. It is equally true of those who would equalize all incomes. Without getting into a philosophical argument with the hon. gentlemen, I would congratulate him on using the question period to advance his arguments. We will see how persuasive he is when the vote is taken.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, there are a few points that I want to make to the Hon. Member for Lincoln (Mr. Mackasey). I should like to point out some errors he made in his historical reporting. If he examines the record, he will see that unemployment insurance payments were not started by a Liberal Government but by a Conservative Government. He should get that point straight.

He also made some reference to the fact that throughout its history the Liberal Party has done so well by senior citizens. When the late Mr. Harris was Finance Minister, he brought in a $6 increase for senior citizens at a time when they were in real distress. The "six buck boys" rode across the country claiming that was all they could spare for senior citizens. The Hon. Member should recall the history of the Liberal Party in this regard. It is not something he would want to brag about.

Mr. Lang: That was 25 years ago.

Miss MacDonald: The Hon. Member for Kitchener (Mr. Lang) says that was 25 years ago. There are many people who remember the way in which the Liberal Government of that day treated senior citizens. It was the basis of the debate that overturned the Liberal Government of that day and threw it out of office.

Mr. Beatty: The Hon. Member is about to make his maiden speech.

Miss MacDonald: My colleague says that the Hon. Member for Kitchener is about to make his maiden speech, so perhaps we will hear from him on this subject.

The debate on Bill C-131, the Government's measure to limit the indexation of old age pensions, is unfortunately being brought to an abrupt and unnecessary end this afternoon by the imposition of closure. That is being done because the Minister of National Health and Welfare (Miss Bégin) believes the debate has gone on too long. On this side of the House we believe that the debate should never have started. The spirit of the Bill is mean and petty. It is particularly miserly when you take into consideration that group of senior citizens whose incomes range just above the old age pension and GIS combined—people whose annual income is in the vicinity of $9,000 and $10,000. There are some 300,000 Canadians in that bracket and it is they who will feel the greatest impact from this Bill.

As well, the Bill achieves very little in the way of savings for the Government as it tries to combat the swollen and burgeoning deficit it has created. If we look at where we stood vis-à-vis inflation last year, we see that, as a result of this Bill, the Government will realize $10 or $15 million. That is a mere pittance compared to the Government's deficit spending this year which is upwards of $30 billion. That is for this year alone. But the Government reaches out to grab that $10 million from the senior citizens of the country at the same time as it continues its profligate spending on Government advertising, travel by Ministers and public servants or on fitting out offices. It is quite content to spend money in that way as it reaches out for the widows' mite.

The Government can argue that that is the way it is going to attain its objective of restraint, but at the same time it is handing out huge sums of money to bail out corporations that have got into trouble. How can the Government justify the fact that it is prepared to see $34 million go to Maislin Corporation, or half a billion dollars to Dome Petroleum while it claims it has to take $10 million away from the senior citizens of the country? Why should hand-outs to companies like this be right and proper while a senior citizen is asked to cut back a few dollars on his or her income? Those few extra dollars might make a difference to that senior citizen faced with the rising cost of living.

The eloquent Member for Lincoln said that a number of these senior citizens will have to practise a little sacrifice. Why should they have to practise a little sacrifice while the Government does not curtail its spending in other areas? That is why we on this side of the House cannot see any logic to the measure that is being pushed through this afternoon and, Mr. Speaker, neither can any senior citizen see any logic in this measure.

If the inflation rate continues at the 10 per cent rate it stood at last year, each senior citizen in the income bracket over and above $8,900 would stand to lose up to $300 in the next couple of years. That is what they would lose. That is a $300 penalty imposed on those who really cannot afford it, those who are not unionized or organized to argue their case and who depend on people here in the House of Commons to argue it for them. That is what I mean when I say that this Bill is mean and petty

in spirit. This Bill will not achieve very much for the Government, but it will penalize people in a way that is totally uncalled for.

• (1610)

I have said what they would lose if inflation were to continue at 10 per cent as it was last year. Suppose we take the optimistic scenario that the Hon. Member for Lincoln put forward this afternoon and the Minister of National Health and Welfare put forward at different times, that inflation comes down to 6 per cent and 5 per cent the following year or near it. Suppose we were to accept that scenario. One would have to ask what would be the use of this Bill at all because it does not save the Government any money. It does not do one single thing. All this does is to create anxiety, concern and uncertainty among hundreds of thousands of senior citizens all across this country. That is what it has been doing right along. The Hon. Member for Lincoln termed those anxieties and uncertainties "misconceptions". I have to tell him they are there. They are there because of the way in which this Bill was imposed.

I find it difficult to understand why it is necessary to proceed with this Bill. If the Government is out $10 million or $15 million, it can find that in savings in other ways. If inflation comes down, it gains absolutely nothing from this Bill and does not need to put it forward in the first place. Nothing that the Miniter or her colleague has said has convinced me or other Members of this side of the House that the Bill is necessary. Neither did they convince any of the organizations which appeared before the Standing Committee on Health, Welfare and Social Affairs when this Bill was in committee for study in detail.

I just want to list some of the organizations which appeared before us: The Canadian Council on Social Development, the Public Service Alliance of Canada, the Professional Institute of the Public Service of Canada, the Economists and Sociologists and Statisticians Association and the Canadian Labour of Congress. All these organizations represented thousands of people who are staunchly opposed to the legislation.

The other day the Minister stated that there were no organizations which wanted to appear before the Committee when this Bill was being studied in detail. What she seemed unaware was that many organizations made their views about this Bill known when they appeared before the Committee on the complementary piece of legislation, Bill C-132, which is to limit the indexation of Family Allowances. I want to mention a couple of organizations which took that opportunity when they were appearing in committee on Bill C-132 to address themselves to the Bill we are debating this afternoon, Bill C-131. I mention two of them in particular because they represent the views of women. As is a known fact, the great majority of people of pensionable age, 60 per cent, are women.

The first group I want to refer to is the Canadian Advisory Council on the Status of Women. That is the advisory Council to Government on the Status of Women. I want to quote what its President, Lucie Pepin, had to say at the committee hearings when the advisory council appeared on December 12, 1982. As reported at page 52:54 of the Standing Committee on Health, Welfare and Social Affairs, she said:

—we are saying that in spite of the economic situation, which is very uncertain at this time, we would like the Government not to take any action in the area of family allowances and pensions. Not only do women make up the majority in these two groups, but, as several studies have shown, the poorest people in Canada are women. So obviously, that is what we are saying. We are asking the Government to be cautious because we do not agree with the action they wish to take. We feel that these two programs should not come under the six and five program.

That was the statement of the President of the Government's Advisory Council on the Status of Women. Did the Government listen to what was being said? It totally ignored the advice it was being given by the Advisory Council on the Status of Women. That should not surprise any of us. On many occasions previously the Advisory Council or its President has spoken out. I think particularly of its former President, Doris Anderson. We know how completely ignored the advice put forth by the Advisory Council has been by the Government on critical issue after critical issue.

One of the other groups that appeared before the Committee was the National Action Committee on the Status of Women. That is the umbrella group which represents some 230 women's organizations across this country, some three million to four million women. They, too, had strong opposition to this Bill. I want to read what they had to say at page 51:10 of the report of the Standing Committee on Health, Welfare and Social Affairs when appearing before us on December 9 last. It reads:

—we want to emphasize that the companion Bill to this one, which would limit the indexing of the Old Age Pension, makes even less sense to us. The main losers in capping the indexation will not be the wealthiest elderly, because they would have paid back a good part of their increase in taxes. As a result those who will be most affected are the near-poor elderly whose income is just a little too high to entitle them to a Guaranteed Income Supplement for the elderly poor.

We, therefore, call on all Members of Parliament—

She said all Members of Parliament, not just Opposition Members of Parliament.

—in the name of equity, as well as in the name of efficiency, to vote against both of these truly bad Bills.

That was the view of these two major organizations representing the women across this country, to vote against these two truly bad Bills. The Government has not taken that advice. I know it has not listened sympathetically to the views expressed by organizations, groups, individuals, senior citizens, Opposition Members, just about everyone has expressed opposition to this Bill, except Government Members. We are opposed to it because it is mean, petty, penalizes those who can least afford it, strikes out at women in particular and accomplishes very little except to exacerbate uncertainty, anxiety and concern among Canada's senior citizens.

I have received hundreds of letters and calls from across the country, on this issue. I talked to people in my constituency. I listened to what they had to say. I read their letters. I listened to those who came into my office.

I take calls from people who are truly upset because this Bill has created such uncertainty that they feel they do not know

where the Government will take action next or how it will next take action against them. I try to reassure them that their interests are being spoken to in the House of Commons, because a good many of us are trying to do that. But how can a person be really reassuring when the Government moves in, as it does this afternoon, with closure to put an end to debate on this Bill? How can you really reassure people that their interests are going to be protected when the Government lines up all its backbenchers and says, "Vote against it. Cut off debate. Don't let anything more be said on this issue." I hope that all senior citizen who are today represented by a Liberal Member of Parliament will take the opportunity to get in touch with that Liberal Member of Parliament and make it known very clearly how strongly they feel about the way their Member of Parliament has voted to impose this restraint on senior citizens, showing their responsibility for the difficulties which are being created by the Government.

• (1620)

It is very important, Mr. Speaker, that pensioners understand just why the Government is pushing this measure through. We all know that the economic situation in this country is in a terrible mess. Even the Government has to acknowledge that at this point. The Hon. Member for Kitchener says that it is not true that the country is in an economic mess.

Mr. Lang: I said you sounded very happy about it.

Miss MacDonald: The Hon. Member for Kitchener just has to read a few of the reports which are being put out by every international organization in the world to find out just how bad the economic mess is, and that economic mess has been brought on by the economic policies of the Liberal Government.

Mr. Schroder: Not true.

Miss MacDonald: Not true? I know that that is what the Hon. Member for Guelph (Mr. Schroder) is saying, it is not true that it has been brought on by the Liberal Government. I am sure he is going to say that it is due to the international recession. Is that right? He nods his head. He says it is all due to the international recession. Well, I would like to ask him why it is that the recent OECD report which was published in December, 1982, shows that Canada's economic growth, its industrial development, ranks 24th out of 24 industrialized countries in the world? Why is it that, given all of those other international factors these other 23 countries had to absorb like Canada, they still do far better than we do? Can the Hon. Member tell me why we are at the bottom of the heap? Why is it that at this point we rank behind Italy, Portugal, Turkey, Iceland? Why is it we are at the bottom? It is because there is no responsibility here in this country for the economic policies which have been developed. That is exactly why we are 24th out of 24 industrialized countries. It is because the policies of this Government over the last two or three years have driven us into that position. And, as a result, what does the Government do? What does it do when it sees we are in this economic mess? It looks around the country and says, "Who are the people we can make the scapegoats?" When the Government began to come to grips with this situation, as it has just begun to do, belatedly, who did it make the scapegoats for the things it has done wrong in the past? The first people it singles out are the senior citizens of this country.

That is what is wrong with this particular Bill. The Government is blaming its own failings on those who had nothing to do with it. I want to advise the Hon. Members opposite that they have their priorities totally wrong when they turn and point to the senior citizens of this country and say, "You are the ones who are responsible for the profligate spending. You are the ones who are responsible for the riotous living which has caused this economic mess." It is this Government which is responsible for the profligate spending. It is this Government which is responsible for the riotous living which has driven Canada into 24th place out of 24 industrialized countries. It is not the senior citizens of this country.

That is why, Mr. Speaker, we are so staunchly opposed to this Bill. We do not feel that the senior citizen should be asked to bear the burden of the Government's mistakes. That is why we feel, sir, that not only should this particular measure be given a six months' hoist this afternoon, but that this Bill should be lost forever.

Mr. Lang: Mr. Speaker, I listened with great interest to the rhetoric of the Hon. Member for Kingston and the Islands (Miss MacDonald). I realize it is unfortunate to have to introduce facts into the situation for the Hon. Member, but I am going to do that and I will ask her to respond to such facts. We hear from the Opposition day in and day out, "Let's have some restraints. Let's reduce the deficit. Let's bring inflation down." Day in and day out they get up, and every time the Government introduces some form of restraint, the Opposition starts putting on its social conscience, something which has never manifested itself when the opposition was in Government because it has never introduced any major social programs.

The Hon. Member for Kingston and the Islands says our economic trouble is due to profligate Government spending. Let us look at the facts, Mr. Speaker. I will quote from the "Economic Review April 1982" put out by the Department of Finance of Canada, and we can compare total Government expenditures. If we look at this we will see that total expenditures of the central Government, the national Government, the Government of Canada, as compared to its GNP, between 1969 and 1972, was 14.0 per cent. In the United Kingdom it was 19.9 per cent; in the United States it was 18.0 per cent; in France it was 17.9 per cent. Let us move up to the middle of the decade. In Canada it was 16.8 per cent; in France, 18.3 per cent; in the United Kingdom, 24.0 per cent; in the United States, 19.6 per cent. All are greater than Canada. Let us move to 1979. In Canada, 15.6 per cent; in France, 18.2 per cent; in the United Kingdom, 24.6 per cent; in the United States, 18.2 per cent.

The fact of the matter is, Mr. Speaker, the Government's spending on goods and services is not the cause of the increased deficit. The fact of the matter is we have had a

recession which has reduced revenues and increased expenditures in social programs because here in Canada, this Government has not taken an axe to the social programs as they have in the United States and in Great Britain, Conservative Governments which the Opposition has endorsed in the past.

I ask the Hon. Member for Kingston and the Islands why the Opposition continually hounds us that the deficit be brought down and, at the same time, whenever the Government introduces restraint in the transfer payments, or in any other area, the Opposition is up squawking? Put your money where your mouth is.

Miss MacDonald: Mr. Speaker, I am sorry to be laughing. It was just because of how ludicrous that performance was by the Hon. Member for Kitchener. The Hon. Member asks about Government restraint and why it should not be supported. I would state to the Hon. Member that if the Government would bring in restraint on its $70 million of Government advertising, you would see plenty of support from this side of the House. If the Government would bring in restraint—

Mr. Lang: It has been reduced from $90 million to $70 million. That is a reduction of about 25 per cent.

Miss MacDonald: The Hon. Member says it is reduced. It is not at all reduced. It has gone up this year, and the Hon. Member for Kitchener knows it.

Mr. Lang: No, it has been reduced from $90 million.

Miss MacDonald: Not only that, Mr. Speaker. Government expenditures on Ministers' travel, Government expenditures on Public Service travel, Government expenditures, as the Auditor General has pointed out, have gone up in every single area. Why is there not restraint practised in those areas? Why does restraint first have to be imposed on the senior citizens of this country?

• (1630)

Mr. Lang: Mr. Speaker, there has been restraint by the Government on its Departments—that is the major thrust of the six and five program. The Government put a six and five limit on administrative costs, public servants and Members of Parliament as an example for the country, and asked all Canadians to share in bringing about a six and five world. When we talk about singling somebody out, every time there has been a piece of six and five legislation, the Opposition focuses in on one group and forgets to mention all the others in the public and private sectors who have been asked to help. The Opposition forgets to pay a compliment to the people of Canada who have endorsed the six and five program and who understand the importance of working together to bring inflation down.

Miss MacDonald: The Hon. Member still goes back to saying that the people in the front line, the ones whom the Minister is calling on to lead the fight against inflation, have to be the senior citizens of this country. He agrees with that.

The Hon. Member has introduced a figure which I think is a very important one and perhaps he will elaborate on it. He has said for the first time that I have heard it admitted by the Government that its advertising program this year was $90 million. No one, not even the Minister, has admitted to that heretofore. So now what we would like is a breakdown of that $90 million so we can point out to the Hon. Member exactly where money can be saved so that it is not the senior citizens of this country who are made the scapegoats of the Government's program.

Mr. Lang: Mr. Speaker, I am delighted to accept any representations the Hon. Member would like to make with regard to ways in which the Government can reduce any excessive expenditures. If the Hon. Member would like a complete breakdown of the expenditures of the Government's advertising, she can put a question on the Order Paper and that will be answered.

Mr. Taylor: Yes, two years later.

Mr. Lang: The major thrust of this legislation is to reduce inflationary expectations. It is not to take away large sums of money from senior citizens. This Government and this Party are the ones who have given senior citizens income security without any assistance, in fact with opposition, from the Conservative Party of Canada. Now, the Hon. Member clearly does not understand the thrust of the legislation to reduce inflationary expectations, she has not addressed that issue at any point in her remarks.

Miss MacDonald: Mr. Speaker, the Hon. Member for Kitchener has said this Bill is not to take money away from senior citizens. May I ask him, then, why we are going through the futility of this exercise?

Mr. Lang: Mr. Speaker, what I actually said was this Bill is not to take away large sums of money from senior citizens.

Miss MacDonald: Oh, just small sums.

Mr. Lang: The Bill in fact takes a minimum amount away from senior citizens, as has been indicated by the Minister. What it does do is to put a limit of six and five on indexation in general of Government expenditures through the six and five program. In addition, the six and five applies to indexation under the Income Tax Act. So that we are dealing with the problem of revenues indexed downward and expenditures indexed upward. Anyone with common sense will realize that is a deficit producing situation.

Miss MacDonald: Well, now the Hon. Member for Kitchener has said it is not going to take large sums away, just small sums away from senior citizens. Well, if it is just going to take small sums away from senior citizens, I would suggest that total can be found elsewhere. That is the argument we have been making all along, that $10 million can be much more easily found in the $90 million expenditure he mentioned with regard to Government advertising. Surely it would be more fair, more equitable and more just to take that $10 million out

of the Government advertising program rather than to take it out of the pittance which is sent to senior citizens. That is exactly the argument.

The Hon. Member has agreed with that and I hope that when the time comes for the vote this afternoon he will stand up and oppose the legislation on that basis.

Mr. Lang: Mr. Speaker, quite clearly we are asking Canadians to contribute a small amount from each sector and in that way no one sector of society is asked to take on a greater burden, which is what the Hon. Member was trying to criticize us for before. In fact, we have asked many different groups in our society—in fact all groups in the public and private sector—to adapt to a six and five world. By doing that we are able to ask each group to contribute a small amount. This is called reducing inflationary expectations.

Now, with regard to the Government spending on advertising, I totally agree with the Hon. Member that this is an area where we can make savings, and the Government is making savings. But the Hon. Member talks about Government advertising as if it were totally wasted. Much of it is used to inform people of the important programs available to them.

Miss MacDonald: The Hon. Member for Kitchener keeps trying to justify the unjustifiable. He keeps trying to say that if we are going to save money, we should be able to save it out of the cheques which go to senior citizens. I keep suggesting to him ways in which the Government could save that money and practise its restraint elsewhere. I mentioned one area, my colleague mentioned another. A prime candidate for savings is that of the Press Council. The $20 million has not been spent, it has not even been allocated to anyone as yet, to impose some kind of censorship on the free press of this country. I know the Government is willing and wants to do that, but perhaps he will consider the $20 million as a candidate for saving rather than taking the money away from senior citizens.

Mr. Taylor: Mr. Speaker, I would like to raise a point of order in connection with the ten-minute questioning, which this time was 12 minutes. It was never intended that a person would get up and make speeches on which he could not be questioned. In this last instance, the Hon. Member for Kitchener (Mr. Lang) spoke for five and half minutes altogether and he made a speech each time. The first time it was for three and a half minutes. Now, if he is going to do that, I would like the privilege of questioning him. He should be asking questions, and if he wants to make a speech he should stand up and make it so that we can question him.

Mr. Beatty: Flora was dueling with an unarmed man.

The Acting Speaker (Mr. Blaker): The Hon. Member sought the floor on a point of order and of course the Chair must recognize that. I do not want to rule on the point of order, because this has happened twice today and I feel that if I do so I will begin to create a series of precedents as to how the ten-minute period is to be used to the satisfaction of the Members. For example, earlier today I indicated the question in my own mind as to whether it is the wish of Members that the ten-minute exchange be relevant to the Bill or simply relevant to the preceding Member's speech. In my view, and I warned Members that I did not want to make that a ruling, it is adequate if the ten-minute interchange is simply relevant to the previous speaker's speech. However, in the same manner I want to point out in this subject raised by the Hon. Member for Bow River (Mr. Taylor) that it is not necessary to conclude that only questions and answers are part of the ten-minute exchange. It is perfectly acceptable that a Member may choose to use some time for a comment of some nature. The only sense I have of the Committee's report in this regard is that, and in this sense it is clear, comments should be short and sharp.

Now, I did let the Hon. Parliamentary Secretary speak a little longer than I think I should have. On the other hand, I deliberately added to the ten-minute period an amount of time adequate for the Hon. Member for Kingston and the Islands (Miss MacDonald) to make a reply. We are all trying to work out the best way to proceed during this ten-minute period. I will avoid a ruling on the Hon. Member's point of order for the reasons I have just given. Perhaps, as the days go on, the matter will sharpen up in due course.

• (1640)

Mr. Dan Heap (Spadina): Mr. Speaker, I am pleased to have an opportunity to speak against Bill C-131 because the principle involved in it is very important. It is the same principle which is involved in Bill C-132 and Bill C-133. The principle is that the Government has chosen to cut the spending power of certain groups, not the spending power of all people, as was quite erroneously, if not misleadingly, said by the Hon. Parliamentary Secretary. There are certain important groups which the Government has refused to touch with its six and five program. In this case, in Bill C-131, it proposes to cut the spending power of about one million pensioners. Last summer the Government and the Tories basically agreed to this. The Tories would like the public to forget what they agreed to last summer, but I doubt that the public has forgotten or will forget.

The Government tries to cover itself, in the words of the Hon. Member for Lincoln (Mr. Mackasey), by talking about the programs it introduced during more prosperous years in the past. He mentioned various programs. In fact, all of them were first proposed, and one of them first introduced, by the CCF and its Leader, not by the Liberal Government. It was the CCF, as led by James Woodsworth, who first put to the conscience of Parliament and this nation the necessity of providing social security. Although the CCF did not have the constitutional opportunity to introduce things such as Unemployment Insurance, it had and used the opportunity to introduce medicare. It pioneered medicare on the continent of North America. The claim of the Hon. Member for Lincoln is as hollow as most claims made on behalf of the Government.

Furthermore, now that inflation has been brought down by the international recession caused by the policies of this

Government and its allies in the United States and Great Britain, the Hon. Member is trying to claim that this Bill will not make any difference. The Hon. Member for Lincoln suggested that it would amount to only 50 cents—why bother spending all the hours spent by the Government preparing the Bill, all the dollars spent by the Government advertising its program and all the time necessary to debate this Bill, if all that is at stake is 50 cents? It is quite an incredible statement that the Hon. Member made. I do not think anyone could take him seriously. In fact, I think he is known as a man with a great sense of humour. I am sure he was speaking with his tongue in both cheeks.

My point is that the Government has chosen to cut certain classes of society and has gone against the principles about which it bragged, in the words of the Prime Minister (Mr. Trudeau), less than five years ago when he was taking a different tack than the one he is taking today. This was also at a time of inflation, in 1977, when he said:

> In our society pensions provide a means of sharing risk so that we can retire in reasonable security and dignity without fear of the future. Protecting pensions from inflation by indexing them to increases in the cost of living should be an integral part of our pension schemes. Indexing does not give pensioners an increasingly larger claim on our economy's production—

This is in contrast to the groups the Government is now letting off scotfree. It does not give them a larger claim. He continued:

> —that is, more money to buy things they could not earlier afford. Rather indexing merely enables pensioners to maintain roughly their same standard of living. Even a modest rate of inflation destroys at a devastating rate the buying power of people on fixed incomes. Pensioners are out of the workforce and cannot bargain or strike for larger incomes.

I would add that pensioners cannot raise the price of oil, interest rates in banks, the price of housing or the price of other goods on the market in order to obtain more income. They are the ones who are defenceless. They are not the cause of inflation. In any event, the Prime Minister said:

> They are not the cause of inflation. They are its victim. We have an obligation to help protect them.

Well, that was almost five years ago. Clearly the Prime Minister has forgotten what he said then, but the people of Canada do not forget. By contrast it illustrates that the Government and the Tory Opposition, in complete agreement and totally in bed with each other on this point, will not cut the incomes of oil companies. The Government will not cut the excessive profits of banks and other lending institutions. It has refused to take any measure to restore the kind of control which was placed on banks by legislation for many decades until the 1960s. It will not even take any measure to acquire income tax from hundreds of Canadians who are earning more than $100,000 per year. These people not only are not cut, they are not taxed at all. The Government knows this well because it has reported on them. It refuses to take any action year after year to collect taxes from these people. Instead, it wishes to cut three classes of citizens. One is the pensioners. The second is the mothers of children. The third is public employees and some private employees. It is promoting the cutting of wages of all employees. We should notice that this is directed in a class sense against employees and completely excludes employers. Employers are not to be cut by six and five. Employers are invited to cut their employees by six and five and, glory be, we have all kinds of patriotic employers who are willing to cut wages. So what is new?

In Spadina there are many pensioners. Many of them have telephoned and written to me to oppose this legislation. We have pensioners in the Senator Croll Apartments, at 250 Davenport, at 91 Augusta, in the Kensington Manor, in Central Park Lodge, in the Queen/John Streets Building, in Laughlen Lodge and at The Good Shepherd. Also there are many pensioners throughout the housing area of Spadina, people living in old houses. Many of them have paid for these houses over 10 to 40 years with hard work both in earning money with which to pay their mortgages and in maintaining their houses with their own labour. Now they are often living in these houses with relatives and maintaining them with careful savings. These people manage their money very carefully because they do not have much. Thanks to the Government they will have even less in real spending power.

Spadina is mainly populated by people who work to earn a living. There are a few self-employed people in Spadina, although very few of them are wealthy. Mainly the people of Spadina are construction workers, factory workers, building cleaning workers, almost all of whom are women, and domestic workers, almost all of whom are women. I mentioned factories but I especially want to mention the garment industry in which the great majority of workers are women, and the workers in small stores, in hundreds of restaurants, many of whom work 12 and 14-hour days, six, if not seven days a week, just to earn a very modest living. These are people who are often victimized by our economy even while they are employed. These people receive much less for their work than the people who get off scotfree from paying tax. The $100,000 and $500,000 types get off scotfree from paying tax. Instead of paying tax they would rather pay a lawyer, an accountant or a lobbyist with the Liberal or the Tory Party.

• (1650)

It is for the poor people who have already suffered that this Government is providing a cut in their pensions. The Government has decided to breach its contract. This Government, which is supposed to enforce the rule of law, as all Governments are, has decided to breach its contract, not only with its own civil service pensioners, but in a political sense to breach the kind of solemn contract which the present Prime Minister made years ago and reiterated five years ago in the words that I just read a few moments ago.

I want to quote a comment made by the Canadian Labour Congress. The Canadian Labour Congress is not speaking only for its own members, some of whom have adequate private pensions, adequate compared to what the majority of people in this country have, but it is speaking for all Canadians, including the poorest. It reads as follows:

> Since 1964, OAS benefits have declined from approximately 20 per cent of average wages and salaries to approximately 14 per cent.

With average wages and salaries that could be considered to have roughly kept pace with prices—they have not, they have fallen behind—this means that old age pensions are two-thirds of what they used to be in buying power. These are the people whose buying power this Government now presumes to cut still further.

We have heard again and again and again, from the Hon. Member for Lincoln (Mr. Mackasey), other Government Members and the Parliamentary Secretary, that this is such a small cut. We have heard them say, "Do not worry about it, it is only 50 cents," or whatever they like to say. But the question is why. Apart from the time spent debating this Bill, advertising it, and the clerical book work that is needed to make a change, I am quite sure that this costs more than the 50 cents. What is the Government's purpose? The saving clearly is not worth the aggravation that it causes to the individual pensioner. Nobody likes to have their buying power cut even if it is said the cut is not very great. Why make a cut if it will not bring in any serious revenue?

The Government's first appeal is to inflation. The Government says, "We have bad times. We have to do this to stop inflation." The Government has to cut payments to mothers, employees and pensioners to stop inflation while the Government allows the banks, the oil companies and the other large multinationals to run wild with their prices. That does not make any sense. A cut of the size the Government is talking about, as was pointed out by the Hon. Member for Kingston and the Islands (Miss MacDonald), does not do anything to stop inflation. It could easily be outdistanced by far by a saving in the Government's own advertising, in which it tried to misrepresent the six and five program to the Canadian people.

Why? This is a question the Government has never answered satisfactorily to anyone in this House or outside of the House. Therefore, I will suggest two reasons why this Government has chosen to single out and attack three classes of our society: employees, mothers of children, and pensioners, in this case especially the pensioners.

First, this is a neat way of undermining the principle of universality which the Government, along with the Tories, now wishes to do away with. What the Government has done is to reduce that part of the pension, a right that not only makes people rely more on that part of the pension which is subject to a means test but, in fact, it will force more pensioners from one group into another.

The Hon. Member for Lincoln talked about the people who are just on the margin. I was too far away but I thought perhaps I could see tears in his eyes when he was talking about these people who were just one dollar over the level at which they would get GIS. He is not here now. I am sure he has gone out to get himself another handkerchief with which to wipe his eyes. But the Bill which the Hon. Member for Lincoln is supporting, presumably, the Bill his Government has put forward and the Bill put forward by the Minister whom he says he admires so much, will take some of these pensioners, not on GIS, and force them to the level at which they will have to apply for GIS. In other words, the Hon. Member will force more of the people of this country to rely on a non-universal type of pension. I think that is the intention of this Government. I think this is a small step, along with other steps this Government has taken, in such things as medicare, to destroy the very principle which the Hon. Member for Lincoln claimed to be supporting, the principle that there were certain allowances and programs that people have basically as a right. The Hon. Member for Lincoln claimed there was no change in the basic principle of a basic pension. Yet, he will be voting an hour from now to change that very thing, the principle of universality.

Since this Government will not give us a reason that makes any sense, we have to guess at it. I believe there is another reason why the Government is so eager to break its promise. On this point I will quote again from the Canadian Labour Congress which has, over the years, been a very good defender of pensioners and poor people, far beyond the ranks of its membership. This passage reads:

> It clearly breaks a promise to Canada's current elderly, namely, the promise that the OAS program will provide benefits of a given real value. But not only does Bill C-131 break a promise to the current elderly, it raises doubts as to whether the arrangements that are now in place will be maintained for future generations of elderly Canadians. The fact that the Government of Canada feels free to reduce OAS benefits for reasons of short-term fiscal expendiency has the potential to breed a great deal of cynicism about the security of all future public pension benefits.

Another passage, referring to pensions, reads:

> They should be treated as incomes to which people have earned rights—

I want to emphasize that point, Mr. Speaker. This is based on years and years of work by people who built Canada. These people have earned a right to a pension. This Government is now breaching its political promise to them. It is breaching a pledge that it made, again and again, so it could be re-elected. Writing about the pensions, this passage reads:

> They should be treated as incomes to which people have earned rights based on the type of compact among generations mentioned above.

That is the position of the labour movement of Canada. It is the position of the Party I represent, and I wish we could fight the next election and the one after that on better issues than this. I wish the Government opposite and the Tories would agree not to trample on pensioners, on mothers with children and on employees as segregated from their employers. We still have to find this other reason. The Minister of National Health and Welfare has kindly given us the slogan. What she has said repeatedly here in this House and in committee is that the reason for this aggravating and senseless imposition on pensioners, employees and mothers with children, is to mobilize them. Her great slogan is "mobilize". During World War II, I and others joined the Forces because we were mobilized to fight an enemy. Others were mobilized to work in the factories and produce the means we needed to fight the enemy. However, no type of mobilization is being carried on through this Bill. Rather, it is immobilization. Rather, it is an attack on people's morale. Rather, it is an attempt to divide and set the pensioners against the workers, to divide and paralyze the

people of this country so that they will have no spirit to resist the actions of this Government and of the Tory Party, which would like to do the same and worse.

• (1700)

The mobilization argument is the phoniest argument I have ever heard, even from the Minister of National Health and Welfare (Miss Bégin). It is as phoney as a three-dollar bill. She does not want to mobilize people. She wants to immobilize and paralyze them and set them fighting against each other so as to weaken the fibre of this country. I am sorry that the Government has chosen a tactic like this which does nothing to stop inflation and will do great harm to the Canadian people.

Mr. Hawkes: Mr. Speaker, I would like to ask the Hon. Member who just spoke for some concrete proof that the Conservative Party is against universality.

Mr. Heap: Mr. Speaker, I would ask the Hon. Member to think all the way back to the months of June and July in 1982 when he, if he was present in the House, voted for the basic principle which he now claims to oppose. The basic principle which was laid out in the Bill at that time was directed primarily against employees. In other words, it was against one class, segregated from others. The Bill which they did not oppose was also directed against a certain class of pensioners. In that respect it was undermining universality. The Hon. Member and his colleagues, with one exception, voted for it last summer.

Mr. Hawkes: The Hon. Member may have forgotten that the only immediate effect of that Bill was to cut the salaries of Members of Parliament. If he thinks that we should not have been singled out—

Mr. Deans: That is not so at all.

Mr. Hawkes: —then I do not buy his logic. We voted to cut our own salaries to provide some type of leadership to the nation.

Throughout the three series of specific Bills on six and five affecting families and pensioners, we have been consistent in each case in moving an amendment at committee and report stages to cut the effects of these Bills down to one year rather than two years. The NDP has flipped and flopped in different situations. Why have they not been consistent in trying to make these Bills half as bad, and voted with us based on that logic?

Mr. Heap: With respect to the first point raised by the Hon. Member, there was a great deal more contained in last summer's legislation than only the cuts on the salaries of Members of Parliament. As the Hon. Member well knows, it contained a great deal more, and there was no attempt by either the Government or the Opposition to segregate those issues. They were all lumped in together.

Of course, it gives the Hon. Member an excuse that may suit him and his wife, if he has one, and his brother-in-law, if he has one, and it may suit a few people to try to excuse themselves for having voted for it. However, the main thrust of that Bill, as the Hon. Parliamentary Secretary said, was to cut indexing for civil servants, in other words, to cut the indexing of employees. That whole principle at that time was supported by the Hon. Member for Calgary West.

In regard to the cosmetic and superficial amendments that have occasionally been introduced by him and his Party, we have supported those which seemed like a genuine improvement, but not when they simply attempted to hide the actual nature of the Bill.

Mr. Irwin: Mr. Speaker, I wish to speak next but at this point I would like to ask a question.

The Acting Speaker (Mr. Corbin): I will recognize the Hon. Member for Sault Ste. Marie (Mr. Irwin) for a question.

Mr. Irwin: My question is to the Hon. Member for Spadina (Mr. Heap). Perhaps I did not hear him clearly but he used a catch word, "class discrimination" or "class action". He indicated that we only moved against public employees. The Members of Parliament are the employers. Was not the same six and five provision made against the employers as it was against the employees?

Mr. Heap: Mr. Speaker, if the Hon. Member would read the legislation he will find that it is directed against employees. That is its wording. In fact, I believe all of us here are employees individually. We all individually determine our own salary, unless perhaps it is the Prime Minister. We are employees of the Government. Perhaps the Members on the far side could be considered employers.

The fact is that the philosophy of the Bill was directed primarily, if not exclusively, against employees. This is not something that was invented by anyone else. It was invented by the Government.

Mr. Irwin: I will narrow it down for the Hon. Member. Is the Government not the employer and did the Government not take the six and five cut?

Mr. Heap: No. The Government did not take a cut. The Government's individual Members took a cut, but they are not the employer. The Government is just that, the Government which continues to collect as many taxes as it can. The Government continues to raise prices far beyond six and five.

Mr. Irwin: What about your staff employees?

Mr. Heap: The Government did not even reduce the staff allowance of the Member for Sault Ste. Marie, myself or anyone else below $86,600 for this fiscal year. It did not reduce the amount of money available to us as individual employers. It only sought to reduce the amount of money that we could pay to our employees. In other words, the attack was on the employees.

Mr. Hawkes: Mr. Speaker, my question is with respect to the Hon. Member's previous answer. Because of the example he chose, is he prepared to admit in public that our record on universality for Family Allowance and pensions is clear and

consistent? Will he also admit to the House that one of the very few pieces of legislation that we were able to get through the House in the brief two months of the Clark Government was, in fact, an improvement in the pension situation for women? That was one of our first orders of business and something which we accomplished.

Mr. Heap: We know, as a matter of history, that the Conservative Party originally opposed the idea of pensions. During their brief appearance on the other side of the House a couple of years ago, they were studying the very idea of eliminating universality. That was their intention. If they had not been kicked out they would have wiped out universality.

Mr. Hawkes: The Hon. Members has just made an assertion to the House. Where is the proof that we were studying the elimination of universality?

Mr. Heap: Under their then Minister of Health, that was the direction of the Conservative Government.

Mr. Hawkes: If the Hon. Member had attended committee meetings, he would have discovered that there are three major parts to assistance to families in the family support area. One is Family Allowance, one is the income tax deduction and the other is the Child Tax Credit. He would have seen rather strenuous arguments for the need to study the Family Allowance system and the conclusion that it happens to be the fairest to the poor people in the nation and that more money should perhaps go into it and less to other parts of the system.

That is the thrust this Party had in committee. It comes about after careful analysis of a social support system which currently exists. It is not composed of rhetoric. Will the Hon. Member acknowledge that that is the thrust which I personally have carried in committee for several months?

Mr. Heap: I have attended committee meetings. I am aware that one can find a wide variety of opinions among individual Members of the Tory Party. They are the strangest collection of oddballs. I am referring to the main thrust of the Tory Party, not only over the years but even this year and last year, during which time its Members have supported the idea of imposing six and five on employees, on pensioners and on mothers.

• (1710)

Mr. Cosgrove: And themselves, universally.

Mr. Ron Irwin (Sault Ste. Marie): Mr. Speaker, it is indeed a privilege to address a few issues with respect to Bill C-131. I was pleased that the Hon. Member for Spadina (Mr. Heap) spoke directly ahead of me because it would give me a chance to defend the Official Opposition. I do not accept the fact that the Official Opposition is against universality. Periodically, one will hear Hon. Members opposite speaking against it, more to cause debate. I do not think anyone in the NDP and I do not think the overwhelming majority of the Liberal Party Members in this House are against universality. It is something which is accepted in our system, and something we want to foster if we can afford it.

The Hon. Member for Spadina was just playing a little mischief on the House when he suggested that either the Liberals or the Conservatives were against universality. I am glad that he cleared up the concept of public employees. I am pleased that he did admit that Government members did take a cut as the public employees took a cut. He suggested that our budgets increased. Our budgets increased because we have inflation. If he does not understand that, it is no wonder he puts the question in the House and does not understand why the six and five program is necessary. Either he does not understand it, or he understands it and is against it. It is either one or the other. He should clearly state which of these alternatives he is speaking for or against, and he should not come here and play games with catch words which I thought went out with 1920 socialism—

Mr. Cosgrove: Communism.

Mr. Irwin: —like communism, like class discrimination.

Mr. Keeper: He did not say communism. He said group of people.

Mr. Irwin: It is gibberish and nonsense, and I do not accept it. The Hon. Member referred to the Canadian Labour Congress and its position. The riding of Spadina does not have the same industrial mix as the riding of Sault Ste. Marie, but it has much the same multicultural mix. They are very similar. I have been through the Hon. Member's riding. As a matter of fact, I heard the Hon. Member when he was more cogent and mellow, and that was much before he got into politics. He is not that way now, probably as a result of the influence of the 30 odd other NDP Members.

Mr. Keeper: Before he got into politics? It must be a long time ago.

Mr. Irwin: Well, it was before he was elected. It was the 30 odd other NDP Members here who turned him so bitter against Liberals, per se. Perhaps if he began to know a few more of us and went to a few more committee meetings, he would understand that they think the same things he does. Concerning the Canadian Labour Congress—

Mr. Manly: My dad was a Liberal; how much more do you need to know?

Mr. Irwin: I could make a great comment, but I will not get into where the Hon. Member comes from.

Mr. Manly: I come from Winnipeg.

Mr. Irwin: Right now the Canadian Labour Congress is interested in jobs. In my riding, 20 per cent to 30 per cent of the people are unemployed. I do not know the figures but I suppose that 15 per cent to 20 per cent of the people in the Hon. Member's riding are unemployed because of its reliance on construction. The Canadian Labour Congress wants jobs.

Retired people in this country who have children and grandchildren who do not have jobs want jobs and a policy of job creation. They will accept 50 cents less a month from their pensions.

Mr. Keeper: You have got a policy of depression.

Mr. Irwin: We have a program which leads to jobs.

Mr. Keeper: But you do not.

Mr. Irwin: That is where the country and where the Canadian Labour Congress is at. I suggest that the Hon. Member check with the Canadian Labour Congress.

The test with respect to Bill C-131 is twofold. First, did the Government take an overview, and did it deal equitably and fairly with the senior citizens? It will be for the public to decide.

I think that this could be termed "the six bit debate", because that is exactly what it will cost a month, $1.50 or less a month if this Bill goes through. The Hon. Member for Kingston and The Islands (Miss MacDonald) said, "It is a pittance", and those were her exact words. She then said that senior citizens are "anxious and concerned". I ask you, Mr. Speaker, who is causing this concern? The Hon. Member for Kingston and The Islands said that when dealing with senior citizens who phone her, she tells them that the matter is being addressed. I would suggest that what she is telling them is, "Those Liberals down there do not know what they are doing and they are out to get you, but the Opposition will take care of your interests".

Mr. Keeper: She is right on.

Mr. Irwin: If she says here that it is a pittance, then she should tell them over the phone that this is a pittance Bill.

I have listened to the debate all day. One Hon. Member said that we have wasted $3 million on this debate, six days at half a million dollars a day. Another Member of the Official Opposition said that we have not debated the Bill long enough and that we should continue. I am listening and I want to learn. I have heard suggestions coming to me from the left, from the right and from the centre of the Party opposite, and I am no wiser for having been here the whole day.

Mr. Keeper: That is obvious.

Mr. Irwin: What is the overview? First, there is world inflation, world unemployment and world recession. Second, there are record deficits. We had to borrow over $20 billion this year. Why must we borrow? It is because we want to keep social programs in place, and that is the only reason. It would have been just as easy to do what was done in Peru or Chile in an attempt to balance their budgets and continue their social programs.

The third part of the overview concerns the need for leadership. I do not think the six and five program is a panacea. I do not even suggest that it is a cure-all. However, it gives the direction which the public wants, even though the Opposition does not understand it.

If we cannot control inflation and set a direction, what good are savings? In 1973, the Hon. Member for Kingston and The Islands returned from a visit to a country, Chile, where inflation was running at 1,000 per cent a year. As soon as people received their salaries, they went out and bought goods because the next day their money was virtually worthless.

If we cannot control inflation, what good is the saving? Second, what good is an industrial policy? That is only something on paper, and it will not work. I agree with the Hon. Members. The bottom line is a healthy economy, for if we do not have a healthy economy, we will not have all of the cultural benefits which the Hon. Member for Edmonton South (Mr. Roche) wants for senior citizens. We will not have pensions, unemployment insurance benefits or money. I therefore agree that we must have a healthy economy. If we cannot control inflation, we will not have a healthy economy.

Let us get rid of some of this rhetoric and set the record straight. What are we discussing? There are 2.34 million senior citizens in Canada. This Bill would affect 1.1 million and, in 1983, would mean that they would each receive 50 cents to $1.50 less a month. They will not suffer a decrease; rather, they will receive an increase. In December, 1982, a senior citizen received $249.92, and in January of this year will receive $250.62. Senior citizens will receive an increase. Do you want to know something, Mr. Speaker? They are happy. They know there is widespread unemployment. I receive calls from senior citizens along these lines: "You will cut $300 from my income next year". Where are senior citizens hearing this message? It comes from the Opposition. It is not true. They are getting an increase.

I heard several Hon. Members today, and I will name them if I must, who spoke of the immorality of what we are doing. What is our record, Mr. Speaker? Since the days of Prime Minister Mackenzie King, through the Governments of Prime Minister St. Laurent and Prime Minister Pearson right to the present Prime Minister, all Liberal Governments have brought in measures of social change such as unemployment insurance, children's benefits, pension benefits and the Guaranteed Income Supplement. Major changes, from the Constitution to the trans-Canada pipeline and the St. Lawrence Seaway were Liberal policies and were usually strenuously opposed by the Parties opposite. This country is a world trader and sells $75 billion worth of goods per year to other countries. Is it immoral to say that we have to borrow $23 billion and so will have to take $1.50 of the pension next month but will still keep the $250. If that is immorality, then I should like to know what morality is.

• (1720)

The Minister of National Health and Welfare (Miss Bégin) said that the Opposition is playing political games. She is right, Mr. Speaker, and that is why this House is slowly becoming ineffective. That is why more and more decisions are being made by bureaucrats and Ministers. That is necessary

because we cannot have rational and logical debate in this House.

At least three speakers today, including the Hon. Member for Vancouver East (Mrs. Mitchell) and the Hon. Member for Spadina, have said that fully indexed pensions are a social right. If they believe that, then they must believe that hospital care, education and any number of social services, are a right.

An Hon. Member: That is right.

Mr. Irwin: Then we come to this question. If the deficit is up, if recession is up, if the economy is down, if unemployment is up and if we have less revenue, then is it still a social right to be fully indexed?

An Hon. Member: Yes.

Mr. Irwin: If the answer had been no, then I would say that Hon. Members opposite do not fully understand Bill C-133. The key question is where we get the money. There are only three places we can get it—print it, impose more taxes, or borrow. I have not heard any of the more than 100 Members of both Parties on the other side that we should borrow more money, print more money or increase taxes.

I have heard those who represent the oil interests say that we should give more to the oil companies. I heard members of the same Party say that we should give more money to the North-South dialogue, and immediately after that heard another speaker say that we should give less to North-South. That is Party unity, Mr. Speaker. It is pushing and pulling at the same time. Those are the suggestions that were made today. The criterion is not what will work or what is best for the country but what will give the biggest headline in a member's constituency. That is not constructive debate and it does more damage to the credibility of the House of Commons than anything else we can do in the House. It shows a slow erosion that is almost irreversible.

I should like to return to the question of morality, Mr. Speaker. The test is whether things have improved in the last two or three generations. My grandparents did not have pensions or hospitalization or Unemployment Insurance. They lived on $30 per month. There were no benefits at all, no union protection and they only worked six months each year. Out of that $30 per month, $10 went for milk as they had eight or nine children whom they managed to support. But they had nothing at all. My parents had more, but they had nothing like as much as I do or as my children will have. I have legal aid, medicare and housing. They may have to go on a waiting list, to line up or wait their turn, but they are not deprived of housing. The housing program is fundamentally a Liberal program.

No Member of this House can say that things have not improved, Mr. Speaker. They must admit that there has been a giant leap in social justice in this country in only three generations. If that is immoral, then I do not know what morality is. If doing your job, trying to take reasonable resources and spread them equitably is immoral, then I will get out of politics and go back to what I did before.

Mr. Orlikow: The voters will send you back there.

Mr. Irwin: Mr. Speaker, I have been doing this since 1966 and any time the Hon. Member wants to come to my riding to talk to the voters, he is welcome. Members of his party were there last week and drew 36 people. It was their first meeting in three years.

I have much more to say but I want to end by referring to the remarks of the Hon. Member for Calgary West (Mr. Hawkes) who said that we do not care about senior citizens. I believe he said that as Liberals we should vote against this Bill. He said that we should have voted against the last budget—I was here and I heard him say that. He said we should have voted against the Constitution—I was here and heard him say that. In Section 15—and I am going to be here to remind him of this for the rest of his life—there is a clause that says that no Government shall pass legislation that discriminates because of age. Yet today the Hon. Member tells us to vote against this Bill when he himself voted against Section 15 which would have disallowed discrimination because of age. He admits that he has done contradictory things in this House as he voted for six and five at one stage and will vote against it today. He has not done contradictory things just once, Mr. Speaker, but several times.

When I stand here later today I will vote on this Bill with the full knowledge that we all want to get to heaven, but some of us would like to get there with our socks on.

Mr. Hawkes: Mr. Speaker, I warned the Government that Supreme Court judges might rule legislation illegal which we, as Members of Parliament and representatives of the people, felt to be in the best interests of Canadians. The Hon. Member has just said that he intends to stand in this Chamber at six o'clock this evening and, because someone is 65 years of age and has an income of $750 per month, he will vote to impose a special three per cent tax on them. Is the Hon. Member saying that he believes in age discrimination and that he believes strongly in the need to impose this special tax on people over the age of 65? Is that what he is saying, or is he saying that he hopes the Supreme Court of Canada will overrule his decision today and take that tax off because it is discriminatory, based on age?

• (1730)

Mr. Irwin: Mr. Speaker, the Hon. Member asked the same question in different ways to three people, myself, the Hon. Member for Lincoln (Mr. Mackasey) and the Minister of National Health and Welfare. I refer him to their answers which dealt with his questions adequately.

Mr. Hawkes: We have a Question Period daily in which I can question Ministers. I just heard a speech by the Hon. Member. I want a clear-cut answer. Is he saying the intends to vote to discriminate against senior citizens in this country simply because they are 65 years of age and not the rest of

Canadians who are younger and earn a salary, but simply those 65 years of age who exist on a public pension? Does he just want those senior citizens to be discriminated against? Is that what he is going to do?

Mr. Irwin: Mr. Speaker, obviously the Hon. Member did not listen to my speech. If I had my druthers, and if we had the money, I would give every senior citizen in this country $1,000 a month because they have earned it, but we do not have the money. Even without the money, we have still managed to increase their pension by basically borrowing the money. A country can only borrow so much; a $23 billion debt is more than that of France. That is our social commitment. That is a debt on the future which we are prepared to pay. That is what I said. We are prepared to pay it. We will pay our social bills at this time and hope that the future will take care of our debt.

The Acting Speaker (Mr. Corbin): Is the Hon. Member for Calgary North rising to put a question?

Mr. Orlikow: Mr. Speaker, I am rising for a question.

The Acting Speaker (Mr. Corbin): The Hon. Member for Calgary West.

Mr. Hawkes: Mr. Speaker, that argument implies that it is the Member's intention to tax every citizen over age 65 $1.50 a month because the Government does not have the money. I proposed earlier today that instead we tax every taxpayer an extra 15 cents. If we did that, we would have the same amount of money in the Treasury. That would give the $1.50 a month to senior citizens by taxing every taxpayer an additional 15 cents a month. Is the Member indicating that if there is an easy way to find the money, he will vote for the six-month hoist and let the Finance Minister straighten that out, or is he indicating that he believes senior citizens—

Mr. Heap: Mr. Speaker, I rise on a point of order. Is it the intention of the rule that one person should monopolize the whole ten minute question period with a series of questions?

The Acting Speaker (Mr. Corbin): Order. Of course not. It is not the intent of the provisional rules. The Chair should apologize. I was seeking to find out from the Hon. Member from Winnipeg North (Mr. Orlikow) whether he was rising to put a question. I did not recognize him by his proper constituency name. I intend to recognize him after the answer for the purpose of asking a question.

Mr. Irwin: Mr. Speaker, the Hon. Member asked the question earlier. He did not think it was adequately answered. I am prepared to answer it. I do not agree that we should have a specific levy for senior citizens for pensions because what senior citizens require is much more than just a pension. If we did what the Hon. Member said, we would have a specific levy for their houses, a levy for their hospitalization, a levy for their para-bus, a specific levy for the rebate they receive from municipal taxes and on and on.

Perhaps it was not a serious question. I accepted it as serious. I do not agree with a specific levy. We should use the general revenue, look at the total requirement of the senior citizen and act accordingly because this is a group which does not have the financing to pay for their needs over the age of 65, but they have contributed. That is the criterion for using general revenue.

Mr. Orlikow: Mr. Speaker, during the speech of the Hon. Member for Sault Ste. Marie (Mr. Irwin) he made a statement, quite correctly, that a major objective of the Canadian Labour Congress at the present time is jobs. He then seemed to imply that because the major objective was jobs, somehow the CLC approved of this legislation which limits the indexing of pensions of retired people to six and five.

I would ask the Hon. Member one question. Is he not aware that the Canadian Labour Congress has opposed this legislation? Also, I would ask him whether he has read the statement issued recently by the Roman Catholic Bishops of Canada which is very critical of exactly this kind of legislation, and a recent report of the United Church of Canada entitled "Income Security" which says that all our programs for senior citizens leave a number of single elderly people below the poverty line. They say that the elderly make up a very large proportion of the poor and near-poor group in this country. They are not happy with this legislation. Will the Hon. Member comment on that rather than accuse Opposition Members of being partisan?

Mr. Irwin: Mr. Speaker, I will answer that directly. The Canadian Labour Congress is having difficulty. The difficulty is this. The civil service sector of the CLC has more votes than the profit sector. For example, the Canadian Union of Public Employees has 257,000 members, whereas the United Steel Workers has only 203,000 members. The point is this. In the steel-working sector, they are not objecting to the six and five. They want jobs. In the public sector, which we have tried to protect, they want additional protection. That is the dichotomy that may split the Canadian Labour Congress.

The Bishops' Report is an excellent report. It is too bad there is not more debate on many of the other proposals, especially in the natural resource industry where we are using up too much of our natural resources, do not engage in enough manufacturing, and allow too much foreign investment in Canada, which makes us drawers of water and hewers of wood, the big debate on six and five. I talked to some of the Bishops personally. It is a good report that should be debated.

Mr. Orlikow: Mr. Speaker, it seems the Hon. Member is talking about the wrong Bill. His argument, which I do not agree with, would have some validity if we were debating a Bill to limit the salary increases of public servants, but we are debating a Bill which limits the indexing of retired people.

The Canadian Labour Congress does not have to worry about Public Service unions. They are talking about retired people. That is what they are talking about. Surely that is the

question on which the CLC has expressed and will express itself.

Mr. Irwin: Mr. Speaker, the CLC has taken the position that they are opposed to the six and five program. Again I reiterate "all phases". They are not going to vote in favour of one or against another. They are opposed to six and five primarily because there are too many public sector employees in the CLC. That is the problem that is splitting the CLC. If the Hon. Member is as close to the CLC as he says, he should know this because I certainly do.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, there is one thing we can be sure of, that is, that we are not going to have another ten-minute question period.

I want to make a few observations with respect to Bill C-131, to state my support for the six-month hoist motion and, of course, to indicate my opposition in total to the Bill currently before us. That will be almost all the time I have to speak about it, but nevertheless I wanted to get those two points on the record.

The question asked is who will be affected by this Bill. The answer has been placed on the record quite often, so I will not spend too much time on it. Those who will be most severely affected by the Bill are those who have made the greatest contribution to the development and the building of this country. They spent years and years building, forgetful of their own needs, just barely able to get by. They were looking forward to the time, perhaps, when they could relax a little, when society would recognize and respect the contribution they had made and would assist them in their later years. There are those who, for various reasons, have been unable to provide security for their later years, some because of a lack of skills to compete in the labour market, others who have engaged in humanitarian services at low levels of income, and those who have worked in enterprises which have not provided pension benefits. There are others, including those over the age of 65, who are going to be particularly hard pressed because of this particular measure. I refer to the single persons over age 65 who do not receive any Guaranteed Income Supplement or spouse's allowance if their total income, including the basic old age pension, exceeds $8,900, a level of income $10 below the poverty line for single persons living in metropolitan areas. These are some of the individuals who are going to be affected by the provisions of this particular Bill.

• (1740)

The Government has said this Bill is not to save money, and it is set out in the questions and answers which came with the documents regarding Bill C-131. It reads:

> The Government is asking all Canadians who have the means to lower their expectations over the next two years in order to help bring inflation down to 6 and 5 per cent. Some degree of sacrifice by all Canadians is required to bring about economic recovery in Canada.

When we consider this particular statement, Mr. Speaker, I think it points out the fact that it was meant mainly to take from those, reduce the income of those who could well afford it. But we all know very well, no matter in what area in the House we are sitting, that that does not apply to these people we have spoken of today because they have, for various reasons I have pointed out, not been able to make the savings which would enable them to invest and have returns, or in any other way provide for their later years. Therefore, the question now is, why is the Government proceeding with this particular measure? It has been emphasized today that inflation is down and it is not likely to rise for a while at least, and it may even go down below the 6 per cent or the 5 per cent, or whatever. That being the case, I believe this amendment is most appropriate, that is, to give this measure a six-month hoist in order that there might be an opportunity to gauge the effects of the downward trend of inflation, and then find out if it is really necessary, and if it is not necessary, then why in the world is the Government going to impose it on us? I make this plea because of the statements which have been made today by the Government spokesmen.

There is one more thought which I want to present, and that is the psychological factor. People who worked without any pension plan were fearful of the future. Canada Pension came in and new hope was born. Now, because of this particular measure, they are saying, "What next? What is the next Government step? Are we going to be reduced further?" So they are thrown again into insecurity, fear and uncertainty. I believe, Mr. Speaker, that we are making an eminently reasonable proposal, that this be given a six-month hoist, and if not, then we certainly intend to vote against it and we trust that it will be defeated in the interests of those who will be so adversely affected.

The Acting Speaker (Mr. Corbin): Order. Order. It being 5.45 p.m., pursuant to order made on Monday, January 31, 1983, it is my duty to interrupt the proceedings and put forth every question necessary to dispose of the third reading stage of the Bill.

The question is on the amendment of the Hon. Member for Calgary West (Mr. Hawkes.

[*Translation*]

All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Corbin): Call in the Members.

● (1750)

The House divided on the amendment (Mr. Hawkes) which was negatived on the following division:

(Division No. 286)

YEAS

Messrs.

Althouse
Andre
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Bosley
Bradley
Broadbent
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Cossitt (Mrs.)
Crosby (Halifax West)
Crouse
Deans
de Jong
Dick
Domm
Ellis
Elzinga
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Heap
Hees
Hnatyshyn
Hovdebo
Howie
Huntington
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Kushner
Lawrence
Lewis
Lewycky
MacDonald (Miss) (Kingston and the Islands)
MacDougall
Malone
Manly
Mayer
Mazankowski
McCain
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McGrath
McKenzie
McKinnon
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nystrom
Ogle
Orlikow
Paproski
Parker
Patterson
Reid (St. Catharines)
Robinson (Burnaby)
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Stewart
Taylor
Thacker
Thomson
Vankoughnet
Waddell
Wenman
Wise
Wright
Young—102.

NAYS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ouellet
Pelletier
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Rossi
Savard
Schroder
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Whelan
Yanakis—121.

[*Translation*]

Madam Speaker: I declare the amendment lost.

Amendment (Mr. Hawkes) negatived.

Madam Speaker: The question is now on the main motion. Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Madam Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Madam Speaker: If it please the House, perhaps we could dispense with the bells.

The House divided on the motion (Miss Bégin) which was agreed to on the following division:

(Division No. 287)

YEAS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
de Corneille
Demers
Deniger
Dingwall
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Duclos

Old Age Security Act (No. 2)

Messrs.

Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Massé
Masters
McCauley
McRae
Munro
(Hamilton East)
Nicholson (Miss)
Olivier
Ouellet
Pelletier
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Rossi
Savard
Schroder
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Whelan
Yanakis—117.

NAYS

Messrs.

Althouse
Andre
Baker
(Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Bosley
Bradley
Broadbent
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Corbett
Cossitt (Mrs.)
Crosby
(Halifax West)
Crouse
Deans
de Jong
Dick
Domm
Ellis
Elzinga
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Hamilton
(Qu'Appelle-Moose
Mountain)
Hamilton
(Swift Current-Maple
Creek)
Hargrave
Hawkes
Heap
Hees
Hnatyshyn
Hovdebo
Howie
Huntington
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour

Messrs.

King
Knowles
Korchinski
Kristiansen
Kushner
Lawrence
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
MacDougall
Malone
Manly
Mayer
Mazankowski
McCain
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKenzie
McKinnon
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nystrom
Ogle
Orlikow
Paproski
Parker
Patterson
Reid
(St. Catharines)
Robinson
(Burnaby)
Roche
Rose
Sargeant
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Skelly
Stewart
Taylor
Thacker
Thomson
Vankoughnet
Waddell
Wenman
Wise
Wright
Young—102.

● (1815)

[*English*]

Madam Speaker: I declare the motion carried.

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

Mr. Robinson (Burnaby): Madam Speaker, I wonder if you could possibly clarify whether it is indeed the case that the Bill could have been defeated had 29 Conservatives shown up in the House.

Some Hon. Members: Hear, hear!

An Hon. Member: And Nielsen eats Grits for breakfast?

[*Translation*]

Madam Speaker: Order, please. It being 6:20 p.m., I do now leave the chair, pursuant to Standing Order 2(1).

At 6:20 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 4, 1983

The House met at 11 a.m.

• (1105)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

EXTERNAL AFFAIRS

PLIGHT OF CANADIAN CITIZENS OF ASIAN UGANDAN ORIGIN

Mr. Dave Nickerson (Western Arctic): Madam Speaker, in the early 1970s thousands of Ugandans of Asian ancestry were expelled from Uganda by Dictator Idi Amin. Many of these people came to Canada and now consider Canada to be their home.

An outstanding question has always been the repossession of property that these people were forced to abandon in Uganda. Kampala has recently announced rules under which such repossession might take place. Apparently, under the proposed rules, ex-Asian Ugandans will have only 90 days to return to Uganda and will then have to remain there for at least five years before being able to dispose of their rightful possessions. For very obvious reasons such a procedure would be unacceptable to people who are now Canadian citizens and wish to remain in Canada. A very similar problem exists with respect to impounded superannuation and insurance funds.

Therefore, the Government of Canada ought to make appropriate representations to the Government of Uganda to ensure fair and timely treatment for Canadian citizens of Asian Ugandan origin.

* * *

[*Translation*]

RAILWAYS

CROWSNEST PASS RATE CHANGES

Mr. Gaston Gourde (Lévis): Madam Speaker, in Quebec, all agricultural organizations that were consulted agreed with the need to revise the Crow rate in order to correct railway transportation problems in the West.

First of all, and this is very important, there is now agreement that the measures to be applied in the West will not affect the supply or price of feed grain in Eastern Canada. The reason is simple. The 1974 feed grain policy, recently extended until August 1983, ensures diversity of supply for Quebec feeders. They can buy their feed grain locally or in Ontario, the U.S. or Western Canada. The Canadian Wheat Board must supply feed grain if the private market does not, and does so at a price determined by the price for U.S. corn.

On December 4, 1982, on Radio-Canada, a spokesman for the FPU said that the price in Eastern Canada is determined by the world market. People in the West would have to adjust to that level, and implementation of the Gilson report would not affect our prices.

* * *

[*English*]

THE ECONOMY

LIBERAL MEMBERS' REPLY TO STATEMENT BY CONFERENCE OF CATHOLIC BISHOPS

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, many Members of this House, as well as Canadians from coast to coast, were rather taken aback by the tone and substance of a statement released yesterday by five Liberal backbenchers in response to the recent statement on the economy by the Canadian Conference of Catholic Bishops.

It is a sad commentary to see the Government so sensitive to thoughtful criticism of its policies that it must send out a hit team, who used their membership in that same church to justify their advancing the Government's criticism of the Bishops' statement. On the other side of the coin, there are many, many Catholics across Canada who welcomed the Bishops' statement and who support both it and their right to make such a statement. It is disappointing, at a time when Canada is crying out for new directions in its economy, that the Government would react so flippantly to the serious proposals of a major force in our society.

As well, there was a rather disturbing element to yesterday's statement. That was the comparisons used by the Hon. Member for Gloucester (Mr. Breau). To bring into the debate the states of affairs that exist in such extremist regimes as Chile and El Salvador was, I submit, unconscionable. The implied threat that he made by pointing to the assassination of Archbishop Oscar Romero as an example of the results of church involvement in temporal affairs, does a grave disservice to the right of freedom of expression in this country. These five Liberals owe an apology to the Catholic Bishops of Canada, to the Catholics of Canada, and indeed to all Canadians.

Some Hon. Members: Hear, hear!

S.O. 21

• (1110)

[*Translation*]

EMPLOYMENT

NUMBER OF YOUNG UNEMPLOYED QUEBECERS

Mr. Jim Hawkes (Calgary West): Madam Speaker, when we are talking about unemployment among young people in Quebec, we are dealing with a very special problem. Unemployment among this group is now affecting 169,000 people. Last year, young people were losing jobs at a rate of almost 5,000 per month, Madam Speaker, and I believe we have reached a crisis situation in the Province of Quebec and across Canada.

[*English*]

In the last month we have lost 104,000 jobs in this country. In the past 30 days, 52,000 people have stopped looking for work. We have been losing jobs at the rate of 30,000 month in the past year.

I would remind Members of this House that the Clark Government created 40,000 new jobs per month in its brief term in office. If we had had that rate of job creation in the past year, we would have half as few unemployed in Canada at this time.

I urge the Liberals and the New Democrats to swallow their pride and their bad judgment, and to support a budget which has principles and direction which is similar to that of the Clark Government. We need employment.

* * *

EMPLOYMENT

MOHAWK COLLEGE OF HAMILTON—WORK SKILLS PROGRAM

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, Mohawk College of Hamilton, a community college, has been a leader and a pioneer in the development of educational systems which involve employers and training of students. One such program is the co-operative education technique whereby technical and business programs are integrated with industry, business and government throughout Canada. This program provides skills and experience for the student, making him or her particularly valuable as a full-time employee.

This system necessitates the co-operation of the employers to provide work experience during the education terms. This system has the merit of providing students with a modified work program on a year-round basis, and takes the pressure off trying to find a job in the summer only.

Since 1978, the Federal Government has provided Mohawk College with seed money to develop such programs, and Mohawk College has received international recognition for the excellence of the work done. However, current economic conditions are such that the employers find it financially difficult to participate in the work study program.

I would therefore like to recommend that the federal and provincial Governments help the youth of this region in preparing themselves for skilled, full-time jobs, by encouraging employers to participate in these work sharing programs, by providing either a direct subsidy or other financial assistance to employers to cover part of the student wages.

* * *

FISHERIES

CALL FOR ESTABLISHMENT OF ATLANTIC FISHERIES CROWN CORPORATION

Mr. Rod Murphy (Churchill): Madam Speaker, today we discovered that the Liberal Government is again stalling in attempting to solve the problems which are very drastic in the Atlantic fishing industry. Over a year ago the Kirby Task Force was instructed to proceed "on an emergency basis". Today we discovered that the Cabinet is again stalling and dividing itself strictly for political reasons.

The New Democratic Party criticizes and deplores the leaking of the Kirby Report instead of the issuing of that full report to the public of Canada. We call on the Government to act in order to protect the incomes and livelihoods of fishermen in Atlantic Canada.

Today we found out that one Cabinet Minister is calling for one Crown corporation to act in this area. Other Cabinet Ministers want to continue the divide and rule regime which exists at the present time. It is time that the policy of the Government, which protects the fishing corporations in Altantic Canada, stopped. It is time that the Government acted. It is time that the Government set up one crown corporation to control marketing and to help increase the income of Atlantic fishermen.

* * *

[*Translation*]

OFFICIAL LANGUAGES

ALLEGED DISCRIMINATION BY UFFI INFORMATION AND CO-ORDINATION CENTRE IN HULL, P.Q.

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I would like to bring to the attention of the House a truly bizarre situation. I am referring to a flagrant case of discrimination on the part of the Minister of Consumer and Corporate Affairs (Mr. Ouellet), at the UFFI information and cordination centre in Hull. Madam Speaker, the courses providing information on how to remove UFFI are offered in English only. My office has received complaints from a number of francophone UFFI victims who were told that the course at the centre were in English only, and that French instruction brochures could be mailed to their home adress. I find this incredible, Madam Speaker. A large number of buildings that have been affected by UFFI are located in Quebec. The UFFI

information and co-ordination centre is located in Quebec. Furthermore, one of the Ministers responsible for this Government's affairs in Quebec is also responsible for UFFI, and he is tolerating this kind of discrimination in his own province. If the Government thinks Canadians should have the right to communicate in the language of their choice, it should start by applying this policy to our Federal institutions in Quebec.

• (1115)

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

INCREASED UNEMPLOYMENT IN CONSTRUCTION INDUSTRY—REQUEST FOR MINISTERIAL ACTION

Hon. David Crombie (Rosedale): Madam Speaker, in the absence of the Minister of Employment and Immigration, which I find somewhat incredible given the unemployment statistics, I will direct my question to the Minister of Finance. He will know that Statistics Canada this morning indicated that we now have 1.6 million people officially unemployed. This is a staggering increase of 100,000 people more than last month. Also he is aware that the construction industry is the hardest hit, particularly as it affects urban areas. We now have between 25 per cent and 30 per cent unemployed in the construction industry.

Time and time again the construction industry and the Business Council on National Issues have asked the Minister for relief in order to get the construction industry back on its feet and give jobs to its workers. What does the Minister intend to do to see if he can alleviate the incredible unemployment rate in the construction industry?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the figures announced by Statistics Canada this morning show an encouraging trend—

Some Hon. Members: Oh, oh!

Mr. Lalonde: —in the sense that the adjusted rate of unemployment is down for the first time since late 1981. On the other hand, obviously no one can take satisfaction from that result when we see the total number of unemployed in the country.

As the Hon. Member realizes, every winter in Canada the number of unemployed increases. We are seeing the same phenomenon at the present time. As far as the specific question raised by the Hon. Member is concerned, I have received a brief from the Canadian Construction Association. As a matter of fact I am intending to meet with that Association in the next few days. I have also had discussions with my provincial colleagues, the Ministers of Finance, in December, and we all agreed that the area of construction, particularly housing, was an area that should have special priority, both in terms of job creation and in terms of answering serious social problems in the country.

I have also met with the Canadian Federation of Labour which made some specific proposals in this regard, in the last two weeks. Those discussions were very constructive and very helpful. I indicated that I would certainly bear in mind their representations in the preparation of my budget.

In my discussions with my provincial colleagues I also asked them to attach high importance to this issue to see what they could do in the preparation of their budgets; indeed, so that all Governments can address this very serious problem in a co-ordinated and co-operative way and we can all try to reduce the unemployment levels in the country.

UNEMPLOYMENT AMONG YOUNG PEOPLE—NECESSITY FOR TRAINING OPPORTUNITIES

Hon. David Crombie (Rosedale): Madam Speaker, again in the absence of the Minister of Employment and Immigration, I am sure the Minister of Finance is aware that the hardest hit group with respect to unemployment consists of people between the ages of 15 years and 24 years. They have an unemployment level of about 21 per cent, and it is higher in many parts of the country.

The Minister has had a request before him a number of times for an increase in training opportunities, particularly for young people, and most recently from the Business Council on National Issues and other employment agencies and trade councils. In the face of those requests and in the face of the incredible unemployment difficulties the country now faces, I would like to ask the Minister why his Government continues to refuse to increase training spaces. We are down 20,000 training spaces this year from last year. Why does the Government continue to ignore the training difficulties?

• (1120)

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, first of all, I may point out to the Hon. Member that the Minister of Employment and Immigration is not in the House today because he is in Toronto, discussing job creation programs with his Ontario counterpart, in order to put Ontarians back to work. There are other Ministers in the House who are able to answer questions, if necessary. Regarding the Hon. Member's question with respect to training, the legislation was passed with the consent of all parties in this House, and the Hon. Member was among those who voted in favour of a measure that would meet the needs of Canadians across the country. To increase the number of training spaces, in proportion to the size of the institutions concerned, we must have consultations with the provinces. We must also have as many jobs available as possible when people finish their courses.

I may also point out to the Hon. Member that about three weeks ago, the Minister of Employment and Immigration announced that $40 million were being allocated to institutions

that would be providing special courses to students seeking training with a view to entering the labour market.

[*English*]

REQUEST THAT GOVERNMENT EXPAND RECRUITING FOR ARMED FORCES

Hon. David Crombie (Rosedale): Madam Speaker, I would like to direct my final supplementary question to the Prime Minister. A specific proposal was made originally by the Hon. Member for Victoria, raised by myself in the House, and also raised by backbench Members of all Parties, concerning the opportunity for the Government to increase the recruitment program for those people who would like to get into the Canadian Armed Forces, both for training and for jobs. There are now about 25,000 applicants who are waiting. The Minister of National Defence has already agreed to the proposal. I would ask the Prime Minister why he and his Government continue to refuse to increase recruitment for the Armed Forces in the face of the fact that it is supported universally in this country.

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Government is considering various proposals aimed at further increasing its efforts with respect to direct job creation. The Hon. Member is referring to one of these proposals which would increase the number of Canadians in the armed forces. I think he should realize that there are many other proposals involving Government expenditures. There is, however, a question which the Hon. Member and which all of us on this side of the House will have to answer, regarding the optimum use of the limited funds available, and that question is: Would we rather create, let us say, 10,000 jobs with $100 million or 20,000 with the same amount?

Obviously, considering the nature and the high rate of unemployment in this country, we must try to create the maximum number of jobs with the funds available. That is what we are doing at the present time. We have asked the Departments of National Defence and Employment and Immigration, as well as all other Government departments with some responsibility for job creation, to send us their proposals so that we can see whether additional jobs can be created and what the cost would be. At the present time, assuming that we can set aside funds for this purpose, we are looking at ways of providing the most adequate and most comprehensive response, considering the money available, to the very high demand for jobs in Canada.

The Government is open to all suggestions. We must realize, however, that our funds are necessarily limited, and we can do no more than create the largest possible number of jobs with the funds available.

• (1125)

[*English*]

NEW EMPLOYMENT EXPANSION AND DEVELOPMENT PROGRAM

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I wish to direct my question to the Prime Minister, who surely must be concerned about the unemployment situation in the country. Since the Government brought in its mini-budget last October there are 210,000 more Canadians without jobs than there were at that time, and 100,000 more this month than there were last month. The Government in the last few months has raised the hopes of these people by talking about its great job-creation programs—job-creation programs which just have not materialized. In his statement, the Minister of Finance, said most hirings would occur during November, December, January, and February. Well, that just has not happened. I ask the Prime Minister where is the sense of urgency in his Government about this situation? Where are the 60,000 jobs which were promised under the NEED Program?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I may remind the Hon. Member that the funds for this program—which was announced by the Government and which originally involved $500 million—these funds have now, thanks to the co-operation of the provinces, been increased to more than $700 million, and as a result, the number of jobs to be created under this program has now risen from 60,000 to at least 80,000. Implementation of the program started as early as December in some provinces, thanks to active co-operation on their part. At the present time, new projects are being announced each week, and in fact every day, under this program.

I may also remind the Hon. Member of another comment I made in my statement on October 27 regarding the private sector which would be the engine of growth in this country. In fact, there are some very encouraging signs at this time. The latest figures for the housing and retail sectors indicate some recovery. In fact, only this morning I was reading an article which said that 40 per cent of companies that took part in a survey indicated that they intended to increase production, while 38 per cent said they had noted an increase in orders for their products. As a result of lower interest rates in the past months and Government incentives, there are also attempts to create new jobs through the private sector. It takes time for these trends to follow through, but once again, we can assume that recovery has started and that we shall be seeing job creation by the private, as well as by the public sectors.

[*English*]

DELAY IN PROCESSING PROPOSALS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I find it appalling that the Prime Minister will shrug off two million unemployed Canadians, just as he shrugged off

two million refugees from Nigeria the other day. He will not address himself to any of these issues.

I will direct my question to the Minister of Finance who thinks so much is being done for the unemployed in this country, despite the Government's abysmal record. When I urged the Minister of unemployment—"unemployment" is right—the Minister of Employment and Immigration to act quickly on the NEED Program last November, he said on November 16, " . . . we may be in a position to start processing proposals on the NEED Program before Christmas so that they will be in place by January. I think her comments about three to four months delay are not well taken." I tell the Minister it is February, and there has been a three to four-month delay in the processing of these proposals. In Kingston and the Islands there are—

Madam Speaker: Order. Order, please. The Hon. Member has to come to a question at some point. I would suggest it be now.

Miss MacDonald: Thank you, Madam Speaker. Given that only nine people in Kingston and the Islands have been employed under the NEED Program and 6,100 people there are unemployed, is that the measure of the success about which the Minister of Finance is talking?

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I think the Hon. Member's allegations are . . . I may point out that what the Minister of Employment and Immigration announced and confirmed before the House has indeed been realized. Madam Speaker, I would like to point out to the Hon. Member that up to now, 304 projects under the NEED Program have become operational and that 3,457 jobs have now been filled. In the area mentioned by the Hon. Member, depending on the projects that have been submitted, the program is being processed with the requisite speed and we shall be hiring people as soon as possible. Between now and April 1, we expect to create some 30,000 jobs, and in my opinion, according to the requests we have received, we shall certainly reach that figure.

• (1130)

[*English*]

REQUEST THAT MINISTER INTRODUCE ACTION PROGRAM

Hon. Edward Broadbent (Oshawa): Madam Speaker, I will see which back bencher replies to me. I have a question on the same serious object, that we on this side of the House do not sit back and smile about, for the Minister of Finance.

Over the past three months we have seen an increase by the thousands in unemployed men and women, with all the human and economic costs that entails. In the past three months we have not seen the announcement of a single new government program. The Minister recently said he was in favour of some stimulus. I ask him to think just for a moment of the human and economic costs.

We have seen the figures which came out today, an increase in the number of unemployed of no fewer than 100,000 Canadians. If we wait until the budget, maybe another two months, and given the present trend, that means another 200,000 will be unemployed. Will the Minister quit smiling and trying to charm his way through the situation? Will he stop having more and more meetings, and finally bring in a program of action, now?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, first of all I am surprised at the comments of the Hon. Member for Kingston and the Islands and of the Leader of the New Democratic Party. I think they should show a little more respect for the simple principle of parliamentary Government and Cabinet solidarity.

Some Hon. Members: Oh, oh!

Mr. Lalonde: There are such things as Ministers who are responsible for certain files, and the Opposition should at least learn to address their question to the right person, if they cannot do anything else.

Mr. Wilson: There are Ministers who are irresponsible, too.

Mr. Lalonde: I invite them to reflect on this over the weekend, and maybe on Monday they will direct questions to the right person. This applies particularly to the Hon. Member for Kingston and the Islands.

As far as the serious question raised by the Hon. Leader of the New Democratic Party is concerned, I find it rather amazing that he should object to the process of consultation which has been taking place with provincial Governments, the labour movement, the business community in this country, with farmers and the co-operative movement. I am amazed that the Hon. Member now finds he does not want us to consult, after having complained so often that the Government was not consulting enough. I think he should make up his mind and realize that the process we have been going through is part and parcel of recovery in this country, and that we all have to co-operate and work together, Government, labour, management, and farming community, to ensure a recovery. No Government will be able to do it alone. Certainly he should know that, and certainly he knows better. Rather than attacking my smile, he should attack—

Madam Speaker: Order, please. The Hon. Member for Oshawa.

Mr. Broadbent: Madam Speaker, I wish the Minister would get serious. No one on this side of the House objects to the consultations. We appreciate the consultations, whether with labour, business, or with the Provinces. That is important and has to be done. But we also say that the time for consultation surely is past, and now is the time for some action. That is what we are saying.

Oral Questions

COST OF UNEMPLOYMENT TO ECONOMY

Hon. Edward Broadbent (Oshawa): Madam Speaker, the human costs of unemployment are the most moving and most degrading to the people affected. I ask the Minister to consider these economic costs of the current level of unemployment. Because of the cost of welfare payments and unemployment insurance, on the one hand, and the loss of tax revenue on the other, we are losing in the Canadian economy, at the federal level alone, the following amounts in these regions of Canada: in Atlantic Canada the cost is $3.1 billion; in Quebec, $9 billion; in Ontario, $11 billion; Prairie Provinces, $4.7 billion; British Columbia, $4.5 billion, for a total of $32.3 billion. That is what it is costing the Government for people who are not working.

Considering the people of Canada want jobs, not hand-outs, will the Minister recognize the seriousness of these figures and take action now, before the budget comes in, to produce more jobs?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have been exposed for long enough to the mathematics of the Hon. Leader of the New Democratic Party to take them with a grain of salt. But one thing we are taking very seriously is the very serious state of high unemployment levels. We have taken initiatives, Madam Speaker. When the Hon. Member says no new initiatives have been taken in the last three months, he is wrong again, like on so many other issues. We have programs that were announced in June and October, which are taking effect every day.

Mr. Broadbent: In October? When?

Mr. Lalonde: Yes, sir. They were announced in October and they are taking effect now.

Mr. Broadbent: Oh, yes, and thousands more are unemployed.

Mr. Lalonde: Every day there are new projects being announced. As recently as earlier this week my colleague, the Minister of Transport, announced major initiatives—

Some Hon. Members: Oh, oh!

Mr. Lalonde: —which imply $800 million of new investment by railways this year.

Some Hon. Members: Hear, hear!

Mr. Lalonde: That was announced this week.

Mr. McDermid: You announce that every day.

Mr. Lalonde: That money is going to be spent in this country this year and will benefit Canadians in all regions in terms of orders for steel, orders for parts and equipment in the railway sector. These are jobs for Canadians which this Government has created in spite of the rhetoric of the New Democratic Party.

Mr. Hnatyshyn: You are going to bankrupt the farmer.

REQUEST THAT MINISTER RESIGN PORTFOLIO

Hon. Edward Broadbent (Oshawa): Madam Speaker, if the Minister is telling us, as seems clear, that he has no intention of announcing any new measures to create jobs between now and the budget—that is another month and a half and it means probably another 150,000 unemployed—I would like to suggest to him that he just give it up, pack it in and give it back to his predecessor who, at least, did not try to charm us to death.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I will reflect upon the very positive contribution of the Hon. Member of the New Democratic Party.

Mr. Lawrence: That is the best offer you have had in a couple of years.

* * *

CANADIAN NATIONAL RAILWAYS

EFFECT OF SERVICE CONSOLIDATION ON EMPLOYMENT IN ATLANTIC PROVINCES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Transport. No reasonable person in the country would quarrel with the familiar argument that Canadian National needs to modernize its operations continually to remain competitive and cost effective. However, given the fact that the Atlantic Provinces are reeling from the highest unemployment levels since the Great Depression, why is the Minister allowing Canadian National to accelerate its consolidation of services, with mass lay-offs, at this very time when we can least afford the harsh consequences of such brutal measures?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have already answered the question a number of times. CN cannot operate as a social agency. Like any other institution in the country, CN must be as efficient as possible in the interest of shippers. Occasionally, like any other organization, they have to rationalize, and occasionally, like any other organization, some people have to be laid off in the process. I regret that very much, but I cannot stop the world.

My hon. friend's argument has been mostly that national institutions like CN should pay their respects to provincial divisions in this country. That again cannot be done. You cannot always organize national institutions on a provincial basis. I am sorry if Prince Edward Island feels it should be the centre of a major CN operation, but CN believes that an operation concentrated in Moncton for the whole of the Maritime region will be better in terms of administration and savings.

Mr. McMillan: Madam Speaker, no one is suggesting that Prince Edward Island should be the centre of Canadian National in the country. The fact is that in the last couple of weeks Canadian National has closed or gutted heavy freight or

carload centres throughout the Atlantic region, not just in Prince Edward Island.

• (1140)

EFFECT ON ESSENTIAL SERVICES

Mr. Tom McMillan (Hillsborough): Madam Speaker, does the Minister realize that Canadian National's obsession—and it is an obsession—with consolidation at this very time is leading not only to the direct abolition of jobs within Canadian National but also to the elimination of essential services that the private sector requires in turn to create jobs? Will he at least come to the Atlantic region and look at the devastation that Canadian National is inflicting upon every single Province there?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, if my hon. friend can demonstrate to me the essential services that the CN is not fulfilling in this particular instance, I will be glad to look at the matter.

In the last year rail traffic in Canada has gone down by 15 to 20 per cent. The railways had to react to that and adjust to the fact that there has been such a reduction in traffic. If my hon. friend wants to help change the situation, then, with a few of his colleagues, he could support the initiative that we announced on Tuesday. That would see the expenditure of $16 billion in Canada in a period of ten years, would see construction in railways—

Mr. Hnatyshyn: That is a complete fraud!

Mr. Pepin: —and would see the return to work of a good number of people who, unfortunately, have been laid off recently.

* * *

NATIONAL ENERGY PROGRAM

REQUEST FOR CHANGE

Mr. Jim Hawkes (Calgary West): Madam Speaker, my question is for the Prime Minister. He will know that we still import oil and thus export jobs. Since the introduction of the National Energy Program, drilling activity is down by 32 per cent, and therefore those jobs are down by 32 per cent. There are jobs in the steel industry, making pumps and cars, and jobs in the paper industry and so on, that are dependent on drilling activity. The reason for the 32 per cent drop in jobs is the National Energy Program. It is a stupid Program that needs to be changed. Could the Prime Minister give us a commitment to change that Program at the earliest possible opportunity?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member is quoting a lot of his own personal opinions. Recently I had discussions with some people in the petroleum industry and they told me facts that are quite contrary to those that the Hon. Member puts forth. I was told that Canadian drillers who had moved to the United States were now without jobs there, and were closing their rigs and moving back to Canada where they feel the economy and energy policy are beneficial to them.

REQUEST THAT PROGRAM BE SCRAPPED

Mr. Jim Hawkes (Calgary West): Madam Speaker, to be precise, in the year prior to the imposition of the National Energy Program, 6,948 wells were drilled in western Canada. In 1982, 4,742 wells were drilled. That 32 per cent drop in drilling activity is a direct consequence of the National Energy Program.

Mr. Lalonde: What happened in the United States?

Mr. Hawkes: Madam Speaker, the Prime Minister should know that we need jobs in steel, we need jobs in the automotive industry, and we need jobs in the paper industry. If he would scrap this Program we could have those jobs. Will the Prime Minister scrap the Program?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the Hon. Member were as good in his statistics as he is at looking at our neighbouring country, which he seems to think has a better record, he would find, by reading magazines like *Fortune*, and looking at the specifics, that things are worse there. That is the essence of my answer to him now. They have no energy policy like ours and things are worse—

Mr. Hawkes: Things would be better here if—

Mr. Trudeau: Is that so?

* * *

EMPLOYMENT

JOB CREATION PROGRAMS—GOVERNMENT POLICY

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Finance who is looking more and more uncomfortable in his job, and is sounding more and more like Ronald Reagan.

Some Hon. Members: Oh, oh!

Mr. Waddell: The Minister has told us that the Government is going to create jobs. I was looking at my notes when he told us that. He told us the same thing with the Alaska tarsands project, as you will recall. He told us the same thing with the offshore oil, and he told us the same thing with the pipeline. Will the Minister be honest? Will he level with the Canadian people? Will he admit that the Government's job-creation programs are indeed short term, inadequate, a drop in the bucket, and that even those programs are not happening?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, first of all I should like to welcome my colleague to his new job as economic critic or finance critic—I am not quite sure which it is. I realize that he had to practise for about three

weeks to have this question ready to put on the record, but he did it well. I hope the next one will not take as long.

To address the Hon. Member's question seriously, I must say that in the opinion of the Government direct job creation by Government is not the total answer or even the global answer to the unemployment program that we are facing in this country. These programs can make an important, temporary contribution to relieving very serious social and human problems. These programs have to be recognized as being of a temporary nature, however, and as being only a very small element of the total solution, which is to create an environment where the total economy is going to recover and where the private sector will be the engine of growth.

This is what the Government has been trying to do by trying to lower interest rates, which have gone down by more than 30 per cent in the last few months. The Government has also been trying to create stimulus in the private sector by such initiatives as the announcement made this week with respect to the Crown, whereby the railways are going to invest $800 million this year. There are other similar measures of this type. They are approaches to try to get the total economy to grow, and particularly to get the private sector to play its full role.

In the meantime, we are doing everything we can, alone and with the provincial and municipal Governments, to create jobs directly which will attempt to alleviate the problem we are facing on a short-term basis.

Madam Speaker: The Hon. Member for Vancouver-Kingsway (Mr. Waddell), without the theatrics, which are not allowed in the House.

Mr. Waddell: Madam Speaker, I can tell the Minister that, if he does not make jokes about me, I will give my ironclad guarantee that I will not call him charming any more.

NEED PROGRAM STATISTICS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, let me put a supplementary question to the Minister. If he would do his homework he would find out, just by making some phone calls, that under the NEED program, that major job-creation program, in British Columbia 86 jobs have been provided, in Saskatchewan 101, and in Ontario 153. Our arithmetic shows that to be somewhere over 300 jobs. The Minister's office cannot even give the figures for the rest of the country.

Madam Speaker: Order, please. Please, will Hon. Members come to questions today? We have had innumerable speeches from both sides today. Questions must be more brief. The Question Period is practically over.

Mr. Waddell: You are right, Madam Speaker, I will get to my question.

Will the Minister consult his Department to find out why NEED funds are not going out and why the Program has not been taken up adequately, especially with respect to the municipalities of Metropolitan Toronto and Vancouver?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is referring to a number of specific statistics. I can assure him that I am trying to do my homework on a daily basis, and will continue to do so. The fact is that at the present time there are several thousand projects under consideration and several hundred of them have been approved. As a matter of fact, going back a couple of weeks to January 26, 265 projects had been approved across the country, and were proceeding.

I would indicate to the Hon. Member that these projects are going to be approved on a speedy basis as they come in, and that more and more jobs will be created. It is estimated that, with the co-operation of the Provinces, we will be able to create something like 80,000 jobs under the NEED Program. It is our aim to create those jobs at the earliest possible moment, but this will have to be done in a responsible way. I hope that my hon. friend recognizes that.

STUDENT SUMMER EMPLOYMENT PROSPECTS—MINISTER'S STATEMENT

Mr. Walter McLean (Waterloo): Madam Speaker, my question is also directed to the Minister of Finance. He will be aware that ten weeks from now more than 100,000 graduating students will be seeking full-time employment and that hundreds of thousands of undergraduate students will be seeking summer employment in order to continue their education.

• (1150)

Last summer youth unemployment constituted 50 per cent of total unemployment, according to the Canadian Federation of Students. In light of today's figures of 104,000 additional unemployed in January, and the absent Minister of Employment and Immigration whose comments were quoted in the press this morning, warning that young people who lack training and move from one dead-end job—

Madam Speaker: Order, please. Would the Hon. Member simply ask a question?

Mr. McLean: Madam Speaker, in light of the Minister's warning about the social unrest and the impact of it, why is the Minister of Finance ignoring the warning of his colleague? Is it proof of a split in the Liberal caucus on this critical situation?

Mr. Savard: I would not worry about that.

Mr. Baker (Nepean-Carleton): And don't you worry about us.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I do not think the Tory disease has crossed the floor yet. I do not think the Hon. Member should worry about splits in our caucus in that regard.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Lalonde: One thing I can assure the Hon. Member on which we are not split is the necessity of looking after the problems of our young people, particularly the large number of students who will be coming into the market this summer. We have already allocated $120 million for the program. I am considering adding even more funds to that program to take care of the applications that are coming in at the present time.

Mr. McDermid: Will you have it ready in time?

Mr. Lalonde: Students are making applications, and projects will be approved in the next few weeks.

Miss MacDonald: This is like the NEED Program.

Mr. Lalonde: We will try to make sure that all of the money we can make available is available in plenty of time for those projects. I can assure the Hon. Member that this is a very high priority of the Government, and we are working closely together in that regard.

Miss MacDonald: Famous last words.

Madam Speaker: The Hon. Member for Waterloo; a very short question.

CANADIAN STUDENT LOAN PROGRAM

Mr. Walter McLean (Waterloo): Madam Speaker, my supplementary is for the Minister of Finance whose assurances have not yet reached the student community in Canada, nor have the assurances of the Secretary of State who met and spoke with provincial ministers assuring them that funding is coming. Will the Minister of Finance tell the House why he is ignoring the indication of the Secretary of State that funding is needed in the matter of the Canadian Student Loan Program?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, this matter is being discussed by the Secretary of State and myself and we are looking into it at the present time. There have been consultations with the provincial ministers. I said earlier that for this summer, the Government has allocated at least $120 million to help students who will be seeking jobs. As far as the next academic year is concerned, we are also looking at the student loan programs, and I hope that as soon as I am able to bring down my budget, I shall be able to announce what steps have been taken with respect to this matter.

[*English*]

CRIMINAL CODE

LEGISLATIVE REMEDY FOR PROSTITUTION—MINISTER'S POSITION

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is for the Minister responsible for the status of women. Following the Westendorp decision, the Minister will appreciate that soliciting for the purposes of prostitution is, for all intents and purposes, legal across Canada. Does the Minister responsible for the status of women think that a legislative remedy is required from this House and, if so, what would that be?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, we are approaching a very thorny issue and one that was not resolved by the Committee to which it was referred earlier in the year and about which I am sure the Hon. Member is aware. The Minister of Justice is dealing with it at the moment.

REQUEST FOR PARLIAMENTARY ACTION

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my supplementary question is for the Minister responsible for the status of women. She will appreciate, I think, that as surely as tomorrow's sunrise the state of affairs that exists now will result in more violence to women and girls. Does she, as the Minister responsible for that subject matter, not think that something should be done in this House, in view of the finding of the court?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I am as concerned as the Hon. Member. I refer again to the work of the Committee which was unable to come to a decision. I hope that this Committee will take its work more seriously and come to a decision.

Some Hon. Members: Oh, oh!

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[*Translation*]

STATUS OF WOMEN

CRIMINAL CODE—POSSIBILITY OF REMOVING NUISANCE REGULATION PROVISIONS

Mr. Claude-André Lachance (Rosemont): Madam Speaker, I should also like to ask the Minister responsible for the status of women whether she is considering the possibility, in co-operation with the Minister of Justice, of deleting from the Criminal Code the provisions concerning soliciting, in order to remove this from federal jurisdiction and possibly allow local by-laws to regulate the matter, thus getting around the problem mentioned by the Supreme Court in the Westendorp case with respect to the Criminal Code?

[*English*]

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I refer once more to the work of the Committee. I understand the Minister of Justice is referring the matter to the Committee again. I do hope that we will be able to deal with it once and for all.

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RAILWAYS

POSSIBILITY OF HAULING GRAIN TO SOUTHERN UNITED STATES PORT

Mr. Les Benjamin (Regina West): Madam Speaker, my question is for the Minister of Transport. The Minister is aware that CN and CP own rail lines to Duluth, Minnesota. He is aware that CP has a line to Minneapolis, has negotiated running rights to Kansas City and can haul, either as a result of joint freight rates or running rights once they acquire them, to New Orleans. A few years down the road, when the Minister's so-called Crow rate is in place on grain and other commodities, it will be possible to haul goods more cheaply to New Orleans than to Thunder Bay and Montreal. Will the Minister put up any road blocks to prevent Canadian Pacific or Canadian National from doing that kind of thing?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am not too sure of the meaning of the question.

Some Hon. Members: Oh, oh!

Mr. Pepin: But the subject of the cost of transportation in different countries of the world, the subject of the degree of subsidization or support transportation gets from the Government in Canada and the Government in the United States comparatively, is one that is impossible to exhaust. I have read discussion papers on these subjects. Some talk about the degree of subsidization which the Americans have by way of the work of the Corps of Engineers or by way of gifts of grain being made abroad as aid. Others say there is more support in Canada. I really have not come to a conclusion on that subject, and I dare say that nobody should. These are very difficult comparisons to make.

EXPANSION OF OPERATIONS IN UNITED STATES

Mr. Les Benjamin (Regina West): Madam Speaker, I am talking about the welfare and the good order of ports such as Thunder Bay and Montreal, and the kind of freight charge that will be necessary under the Minister's ridiculous solution, so-called. My question has something to do with the questions asked earlier by the Hon. Member for Hillsborough.

If Canadian National can afford to buy 3,000 miles of railway line in the United States, and Canadian Pacific can negotiate running rights in the United States to move Canadian commodities as well as American commodities, what justification do the railways have for complaining about losing money hauling grain in Canada? In addition, what justification do the railways have for bankrupting communities like Nakina in Northern Ontario, causing lay-offs, while they can afford to expand operations in the United States but will not build or fix their tracks in Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I know that my friend was a reactionary on a number of subjects but I now realize he is also one when it comes to Canadian interests outside the country. It has been considered by everybody I know that the Canadian railways have been able to acquire railways in the United States that have been very advantageous to the Canadian scene, in the sense that they are occasionally in a position to use these railways to bring goods, for example, for export from Montreal. This has been considered an important advantage. The Americans up to now have considered that the fine administration of Canadian railways is making a good contribution to the rationalization of theirs.

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CRIMINAL CODE

SUPPORT FOR STRONGER PENALTIES FOR DRUNKEN DRIVERS

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I have a question for the Minister of Justice. He will know that there is strong support for his position for either stronger laws or greater sanctions against those who drink and drive. I know that he has had the support of groups like Mothers Against Drunk Drivers and other organizations of that sort. I also know that he has to consult with provincial Attorneys General. Has that consultation process been completed, and is the Minister receiving support from the Attorneys General in the Provinces in meeting this very serious situation that we have here in Canada?

• (1200)

Hon. Mark MacGuigan (Minister of Justice): Madam Speaker, I thank the Hon. Member for his support on this important issue. I am personally convinced that it is an area in which we must try to respond to the social problem. We have, indeed, begun the process of consultation. It has not yet advanced sufficiently for me to give any indication to the Hon. Member of how it will conclude.

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[*Translation*]

PETITIONS

MR. DOMM—IMPOSITION OF METRIC SYSTEM

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the three hundred and eighty-fourth report of the Clerk of Petitions stating that he has examined the petition presented by the Hon. Member for Peterborough (Mr. Domm) on Thursday,

February 3, 1983, and finds that it meets the requirements of the Standing Orders as to form.

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[*English*]

PRIVILEGE

MR. MANLY—REFERENCE TO FATHER IN DEBATE

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, I rise on a question of personal privilege. I wish to correct the impression that I ever accused my father of being a Liberal. Yesterday's *Hansard* incorrectly attributed to me that I said—

Madam Speaker: Order, please.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. MURPHY—FUNDS FOR SEARCH AND RESCUE OPERATIONS

Mr. Rod Murphy (Churchill): Madam Speaker, I wish to present a petition on behalf of many residents of northern Manitoba. They state in the petition that they recognize and support the role of the Civil Air Search and Rescue Association and request the Government to recognize the need as well for adequate funds for search and rescue in all parts of Canada.

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[*Translation*]

BUSINESS OF THE HOUSE

NOTICE OF ALLOCATION OF TIME TO CONSIDER REPORT AND THIRD READING STAGES OF BILL C-132

Miss Bégin: Madam Speaker, I wish to inform the House that there have been consultations among the representatives of the Parties and that it has not been possible to reach an agreement pursuant to Standing Order 80 or 81 with regard to the allocation of time to the report stage and third reading stage of Bill C-132, an Act to amend the Family Allowances Act, 1973. I am sorry to have to do so, but I wish to give notice that at the next sitting of the House, I shall propose a motion pursuant to Standing Order 82 to allocate one sitting day to each of the said stages of the said Bill.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Order Paper Questions

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,339, 4,496 and 4,531.

[*Text*]

WOMAN TO WOMAN ORGANIZING COMMITTEE

Question No. 3,339—**Miss Carney:**

1. Did the Woman to Woman Organizing Committee request funding from the Women's Program of the Department of the Secretary of State in order to hold a lesbian conference in May, 1981 in Vancouver and (a) did the Committee have to wait until three months after the Conference was held before receiving a response to the application and, if so, for what reason (b) did the application meet all the criteria for funding from the Program and was the application rejected and, if so, for what reason?

2. Does the Secretary of State follow a policy of discriminating against all applications for funding from homosexual groups?

Hon. Serge Joyal (Secretary of State): 1. Yes. The Woman to Woman Organizing Committee requested a grant of $10,700 on February 23, 1981 in order to hold a national conference of lesbians in Vancouver on May 16, 17 and 18, 1981. (a) Woman to Woman's completed application was received on April 8, 1981. The Department sent out its reply on August 20, 1981. (b) It was necessary to reject the application because it did not meet the Secretary of State Department's priorities.

2. No.

"CANADIAN TEAM AT THE COMMONWEALTH GAMES 1982"

Question No. 4,496—**Mr. Siddon:**

1. What amount did the Department of Fitness and Amateur Sport contribute to the (a) production (b) distribution (c) promotion of the publication entitled "Canadian Team at the Commonwealth Games 1982"?

2. How many copies were distributed by the Department?

Hon. Gerald Regan (Minister of State (International Trade)): 1. The team handbook, "Canadian Team at the Commonwealth Games 1982", was produced by the Commonwealth Games Association of Canada. Fitness and Amateur Sport provided a $375,000 contribution to this Association towards the costs of organizing and sending the Canadian team to the Commonwealth Games. However, the Association also received funding from outside sources to offset these team costs. Two thousand copies of the team handbook were produced by the Association at a total cost of $10,600.

2. None, see Part 1 above.

LOTO CANADA FUNDS FOR FITNESS AND AMATEUR SPORT

Question No. 4,531—**Mr. Reid (St. Catharines):**

1. Were funds made available to fitness and amateur sport through Loto Canada revenues and, if so, by year, in what amount?

2. Was the money allocated to specific fitness and amateur sport projects, activities or programs and, if so, which ones and in what amounts?

Hon. Gerald Regan (Minister of State (International Trade)): 1. In accordance with vote L27(a) Appropriation Act

No. 4, 1976, Fitness and Amateur Sport was the recipient of 5 per cent of the net proceeds of Loto Canada as follows:

	($000)
1977-78	$ 3,921
1978-79	4,129
1979-80	2,141
	$10,191

2. The proceeds from Loto Canada were allocated as follows:

	($000)
Canada Games	$ 2,893
Regional Games	155
Athlete Assistance	1,000
Sport Promotion	600
Fitness Programs	637
University Facilities & Travel	911
Hosting World Events	334
Sport Governing Bodies	3,564
Facilities for Disabled	97
	$10,191

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—SCIENCE AND TECHNOLOGY

Mr. Gordon Gilchrist (Scarborough East) moved:

That this House recognizes that an increased commitment to science and technology is fundamental to the establishment of a new industrial base in Canada, to the rejuvenation of existing industries, to the creation of new employment and the maintenance of existing jobs, and to economic recovery, and that this House condemns the Government for its neglect in failing to aggressively develop policies to promote the advancement of science and technology in this country, for its lack of interest in utilizing and increasing Canada's human potential, and for its failure to adopt the spending targets for science and technology that were established by the Progressive Conservative Government in 1979.

He said: Madam Speaker, we chose to make use of this Opposition day to bring attention to the urgent and critically important subject of science and technology. Our motion clearly states our concern over the virtual neglect of this key to economic recovery and survival.

I would like to begin by alluding to remarks made recently by the Minister of State for Economic Development and Minister of State for Science and Technology (Mr. Johnston) in various speeches outside the House. I wish he would have been here to hear these remarks.

Mr. Blais: He will be here later.

Mr. Gilchrist: Good. I bring these remarks to the attention of the House partly for the record, partly to offer endorsement of them in principle, certainly to offer encouragement, and partly to take issue with the non-application of them to date by this Government. I would like to make it clear to the new Minister that we welcome him and his expressed views, but we also remind him that only the Minister is new; the problem is not. It is long past the rhetoric stage. In fact, it is even long past the action stage. The subject of this debate is vitally important to Canada and much too important to be a partisan issue.

I am pleased that science and technology is now the responsibility of the Minister responsible for economic development because that is where it should be. As our motion today states, science and technology is fundamental to economic development and an integral part of economic recovery. It has been disregarded for a decade and a half while the world passed Canada by. It must not be disregarded any longer.

The Minister has recognized this fact in his speeches. Everyone who talks about science and technology recognizes it. Why, then, is the Government of Canada not adequately carrying out the vitally needed policies and programs that everyone knows are needed?

Let me quote some of the Minister's recent public remarks about this subject. The first quote is:

> Our industrial structure will still have a very strong resource bias because that is our area of strongest comparative advantage.

We agree. But why, then, do the two principal levels of Government tax mining on a wind fall basis so that profits are taxed at a level as high as 60 per cent? Why does the Government plan to introduce a northern development tax which will add to the costs of the mining companies in offsetting the former so-called perks of their employees? This will serve only to drive up the cost of Canada's resources in world markets. Why does the Government's regulatory pricing of petroleum resources serve to reduce, not expand, the exploration and development processes which depend on petroleum fuels and petroleum feedstocks? The petroleum industry in eastern Canada alone, an industry which employees over 100,000 people both indirectly and directly and generates product worth $4 billion annually, has been crippled. It faces imminent collapse within months as a result of destructive tax policies on resources, particularly for feedstocks.

I would like to hear the Minister give a detailed explanation of how he will change the Government's tax policy to revitalize the threatened industry and to protect these 100,000 jobs. Will the Minister back up his own statement and show Canadians that he will do more than his predecessor, more than just

mouth technological platitudes, and in fact get our resource sector moving productively, technologically, innovatively and profitably. As a tax lawyer, and even as an author on the subject of taxation, will he undertake to make these badly needed changes at once?

Here is another quotation from the Minister:

It is in the new technology-intensive goods and services that the new jobs will be created. But more crucial, it is in these technology-intensive sectors, and I believe in these sectors alone—

That is a remarkable statement:

—that new challenging and high paying jobs can be created.

Let us contrast that statement of hope and intention with the reality of the fact that in 1980 Canada suffered a trade deficit of $1 billion in computers and related products and, according to the Science Council of Canada, that deficit will rise to $5 billion by 1985. Although the Minister can point to some clearly successful examples of high-tech development, it should be apparent that only a dramatic drive to encourage major advances in these technology-intensive sectors by means of tax incentives and grants will any significant degree of success be reached.

But what has the Government actually done? The MacEachen budget cut the capital cost allowance on the first year after acquisition of the necessary new machinery and equipment of all kinds which is needed to speed up both the research operation and the more efficient production of manufactured goods.

• (1210)

Again, can the Minister explain the difference between the wonderful words he has given to the public and the woeful and destructive actions taken by his colleague, the Minister of Finance (Mr. Lalonde)? Even worse, we find that the Department of Finance is now dictating research and development policies. That calls into question the very definition of R and D, the activities in private companies which, up until now, have normally qualified as research. It is even imposing moratoriums on new rulings on the special research investment contracts, the SRICs.

How does the Minister plan to eliminate this stifling bureaucratic impediment to the new technology development which he so rightly describes as being crucial to new job creation in Canada? Even the vice-president of that highly respected corporation, Mitel, complains that "doors have closed" on the SRIC contracts. He says that "favourable rulings stopped in May of 1982, but we are working with the Government to try to open the doors again".

Other people describe the situation in terms of Revenue Canada tightening the screws. Is Revenue Canada to set the control, to control research policy, and pass judgment on the legitimacy of research being carried out, just as it does with regard to Canadian taxpayers who are considered to be guilty until proven innoncent? Or will the Minister point out to Revenue Canada that there is vastly more to be gained through research and the new products and processes it creates than the paltry sums to be saved by tightening the screws on research tax options? Why, research pays off at the rate of about 100 per cent a year to Government and, in addition, creates jobs at the rate of 800,000 for every 1 per cent of Gross National Product invested.

Another example of stifling of research in Canada is found in the pharmaceutical industry. Unless the amendments to the Patent Act are repealed, more and more research jobs will be lost to Canada because companies are not afforded the normal patent protection, and all this because of a bureaucratic fiat, a control of research in the country's economy.

Would the Minister undertake to convince the Government that it has been too involved in force-feeding its own bureaucratic growth and control to the detriment of productivity and research? Let me remind the Minister of another of his recent statements. He said:

The difference lies in skills, and that is why education and training and the encouragement of creativity, innovation and enterprise are so important to our future success. Our awareness of the challenges and opportunities that lie ahead must begin in the school system.

How can any reasonable person accept such a clear statement of priority by the Minister in light of the crippling cutback in post-secondary funding which will guarantee even fewer scientists, researchers and technicians in the future than even the deficient numbers being turned out today?

The last quotation of the Minister is a remarkable one. He stated:

I can best describe the urgency and importance of all this by forecasting for you how Canada would fare if we could not manage technological change effectively. Our industrial base, especially manufacturing, would be severely eroded. Unemployment would continue to be high, in the double digits. Our net revenues from resource industry would be severely reduced as our costs rose. The vast majority of the labour force would be forced toward low-paying service jobs.

Has the Minister been away on a long trip, or am I in some kind of a time warp? What is all of this would-be nonsense? These are exactly the problems we are facing today because we have not managed technological change effectively. The Government has totally ignored its obligations to the Canadian people by failing to keep Canadian investment and research at a level equal to the standard of the top technological nations of the world. Back in 1968, Canada expended 1.4 per cent of its Gross National Product on research. The Liberal Government let that figure erode to less than 1 per cent by 1980. When the world was going up, Canada was going down. Last year we invested 1.2 per cent of our GNP on research, on the road back to 1.5 percent by 1985, which is the Government's new, or I should say old, renewed goal. Even if we get there, it will be far too little; but then we would rather let Revenue Canada run our science and technology policies than our scientists and businessmen.

The Minister warns us that in the technology-intensive sectors alone will new challenging and high paying jobs be created. We hope, then, that the Minister will consider the following fact when he thinks of the $5 billion deficit Canada will be facing with regard to computer-related products. France alone will be investing $27 billion over the next five

years in computers and consumer electronic products. This is more money than Canada will spend on all its research, even if it meets its objective of 1.5 per cent of GNP.

I wish the Minister of State for Science and Technology well. I envy him, too. He has inherited a very difficult, but not impossible, task. He will have to educate and convince the dinosaurs in the Liberal Cabinet that Canada is in the age of the information revolution, that eight working Canadians will be producing information in one form or another for every one Canadian who is producing industrial products, and that the information explosion will be a deadly explosion for Canada if we do not gear ourselves up to managing and developing our technology quickly.

I envy the Minister because he has the power to make the changes necessary to bring Canada into the information age, to get the message through to Canadians that the industrial revolution is over, that work, living and education standards are changing and that we must change with them, and that the Government will lead that change, not follow further and further behind. The micro-technologies and bio-technologies are reshaping and will continue to reshape all our standards and values. Our Government has an obligation to lead Canada into the future, not to anchor it into the past.

I believe that the Minister of State for Economic Development is both a competent Minister and a man of his word. He has said that he will soon be bringing forward policies which will launch the initiatives which he believes we need for economic recovery and investment. We applaud that, and we challenge the Minister to make good on these crucial promises.

The Progressive Conservative Party believes that a policy for research and technological and industrial development must embody the specific components of which I will speak. It serves no useful purpose to simply criticize, and so we will offer the Minister a base plan. A national objective, supported by tax and investment policy, should be set to match and eventually surpass those declared goals of competitive, advanced nations and should be constantly monitored for return on investment in both jobs and dollars. Other nations are expending as much as 2 per cent to 3 per cent of their Gross National Product. We should certainly be attempting to match or better that.

An industrial policy must concentrate on the strength of Canada, both human and fiscal. Canada's research and industrial development should be mainly directed to resource-based activities, as the Minister says, and to those opportunities presented by the exigencies of Canada's geography, climate, size or any other particular requirements.

Policy should aim at the broadest application of human skills and the providing of the maximum in personal accomplishment, social opportunity and national wealth generation for the benefit of all Canadians. Policy should emphasize the greater role and responsibilities of the private sector to conduct the larger portion of research for reasons of objectivity, efficiency and directness of result.

Policy should clearly identify and deliberately support advance in technologies and industries; for example, electronics, micro-electronics, bio-technology and other types of high technology which are developed. Policies should create a favourable environment for research spending and venture capital by means of sensible regulatory and tax systems embodying the proper balance of tax incentives, both positive and negative, grants, Government purchasing practices, export incentives and product mandating encouragement.

• (1220)

Policies should be developed in co-operation with provincial Governments and consider regional needs and strengths. Policies should support a strong basic research role through national and academic institutions. We have done well in these fields in the past but we must do more. Policies should encourage and co-ordinate appropriate educational programs to meet foreseeable scientific, technological, industrial and social requirements.

I found it strange that the secretary of MOSST would go around a year ago with beautiful multi-coloured slides proving conclusively that Canada was producing half as many scientists as it needed, but I did not realize then that the Minister of Finance would take care of the problem and cut the need instead of developing a better streaming of future scientists into the system.

Policies should develop a favourable public appreciation and attitude toward technological and industrial accomplishment and advancement. I look forward to the day when Canadians will see themselves as technologists, scientists and contributors to a world which desperately needs our resources and our brain power.

Policies of Government procurement should be closely tied to, and supportive of, industrial goals. I challenge the Minister to incorporate and achieve these goals. The achievement of them will guarantee Canada's pre-eminence as a strong, healthy, prosperous nation, which is the birthright of all Canadians.

Some Hon. Members: Hear, hear!

Mr. Hudecki: Mr. Speaker, I wonder whether the Hon. Member for Scarborough East (Mr. Gilchrist) would respond to a generally expressed concern that with the development of technology there will be a lesser and lesser need for people who are unskilled and unemployed. In speaking to various high school groups and encouraging them to take specialties in the area of high technology, physics and the basic sciences, even at the high school level young people are concerned that the development of robots and mechanical aids will have an ill effect upon the employment picture and their chances of an occupation. In his studies and readings, has the Hon. Member in his own mind dealt with the particular social problem which the evolution of high technology will produce in the country?

Mr. Gilchrist: Mr. Speaker, I thank the Hon. Member for Hamilton West (Mr. Hudecki) for his very penetrating question. It is a very serious one about which I think we can do something. Young people in schools today are very much more

aware that we have left the industrial age and entered the information generation age. I mentioned in my speech that eight Canadians will be working in information generation for every one person producing goods in the future. This is likely to continue to a much greater degree, thus providing more jobs in the information sector.

Of course, the information sector includes everything from people who are in advertising, accounting, conceptual design, the making of blueprints or doing anything which comes up to but falls short of the actual production of goods. The development of skills for which we are calling is one that will embrace a much greater involvement of more and more people to do the kinds of jobs which will be needed in the future.

I am not concerned with the argument that if we put robots in an automotive plant it will cost jobs. That is obvious, but it would only cost assembly jobs. We would replace them with other jobs, such as looking after the robots and looking after designs handled through the CAD-CAM processes. We would simply change the nature of the jobs. The question should not be: Will we lose half the jobs in an automotive plant? It should be: Will we save half the jobs in an automotive plant? Not to do this, not to be right at the top in world-class standards in any kind of operation, is to lose all the jobs. We will end up having no people producing no cars because the cars will be much too costly and much too inefficient.

I think the standards have to be recognized because they are there, not because we want to set them up. They are there, and we must be the best in the world so that we may be the most competitive and the world will buy more and more Canadian products, which will provide more and more Canadian jobs.

Mr. Evans: Mr. Speaker, I am very impressed with the work the Hon. Member has done in the area of science and technology and with the thinking he has put into his role as critic. He has presented us with a very general framework for policies in the area of science and technology, which I think sets some very broad objectives that are laudible and should be acceptable.

In the area of education, which is of critical concern because we are not training the number of people we need in the sciences or in the research fields, could the Hon. Member put some specifics or some flesh around his objectives as to how we should go about dealing with the problems faced by universities, with the structural difficulties in the universities and with their problems in the reallocation of resources and so on? Could he put some flesh around his objectives in an educational policy as to how the federal Government might take action to improve the situation?

Mr. Gilchrist: Mr. Speaker, I thank my Member for that question. I will not take refuge in the argument that we are not the Government and we should not, therefore, put specifics or flesh on the bones. It is a perfectly fair inter-Party question.

The fact is that we have taken too much of a "hands-off" position with regard to post-secondary education. I sympathize with the Member and the Government for apparently having such little control in the provincial application of educational funds with regard to these institutions. Simply I would encourage him and the Government to be more direct and much more involved in the specific streaming of more federal money directly to perceived objectives in post-secondary institutions. I do not think we can take refuge in the fact that they are not ours and therefore we cannot do anything.

Mr. Waddell: Mr. Speaker, I have a two-part question. Should I put the first part of it, obtain a short answer, and then put the second part?

The Acting Speaker (Mr. Corbin): I suggest to the Hon. Member that he put one question at a time.

Mr. Waddell: Well, here is my question. As I understand what the Hon. Member for Scarborough East (Mr. Gilchrist) said, he believes it is basically the private sector which should do research and development. I would like him to confirm that it is basically a private sector thrust. If that is true, how does he square it with some of the questions Members of his Party asked today? I am referring to the Hon. Member for Rosedale (Mr. Crombie) and the Hon. Member for Kingston and the Islands (Miss MacDonald), who want Government involvement, it seems to me.

Also it seems to me that the Hon. Member was saying that in research and development it is basically a private sector thrust. If the private sector in Canada does the research and development, why should American companies—and basically we have American companies in Canada, or a branch plant economy—do the research and development in Canada? Why should they not act like they have always acted and conduct the research and development in the United States, not in Canada; in other words, doing it with the parent companies, to our loss here in Canada?

Mr. Gilchrist: Mr. Speaker, I did not say that the private sector should do all the research and development to the exclusion of Government. I said they should all have a share. It is quite obvious in the very expensive areas of farm or agricultural research that even the biggest farm in Canada could not afford the kind of research cost which is attendant to that. There is a clear need for Government participation in those kinds of fields.

• (1230)

Where you are getting into the area of general and broad-based research, it is impossible to direct that from a very few institutions. It should be conducted in a way that allows Canadians in every walk of life, in every institution, in every skill to come forward with the kind of research and innovation of which we are capable. This happens every day in every company that has a research department. It is far more efficiently done, far better directed and far more profitable to all of the country. We are talking about the benefit of all the country.

I happen to have been involved in a company which was once American, as the Hon. Member said, and is now Canadian. There was a changeover from the research which came

with an American stamp on the envelope, and for which we paid royalties as high as 3 per cent, to when the company became Canadian, set up its own research organization, did its research and started to generate 3 per cent royalties from large American corporations. They came to us cap-in-hand asking us to sell our products. The transition was tremendous. It became a profit centre in the company, and did very well. This is the kind of encouragement which I believe every company should go through.

Mr. Huntington: Mr. Speaker, I would ask the Hon. Member for Scarborough East (Mr. Gilchrist) to elaborate and expand on his fear that, if the amendments to the Patent Act are not withdrawn, he sees a loss of protection and jobs in Canada.

Mr. Gilchrist: Mr. Speaker, that is a most poignant and timely question.

Some Hon. Members: Oh, oh!

Mr. Gilchrist: Hon. Members can laugh if they like, but it just so happens that it is. We are meeting these days with the members of the pharmaceutical industry to talk about that very problem. Hon. Members are aware that one research organization has shut down, and I will name it, Ayers. Another nearby is greatly reduced in its research capability.

We have had representations from virtually every major pharmaceutical company that this specious argument about generic products being much lower in price than proprietary products in Canada is really nonsense. There is a very narrow gap in the prices. However, the cost of the Provinces which are insisting on this generic availability is very high because these companies are not producing the new products which would reduce the amount of time people spend in hospitals. Therefore, the cost to the Provinces in even higher than their alleged savings.

Unless we get rid of these amendments which are reducing the normal patent coverage enjoyed by other kinds of companies in Canada, these companies will take their research to the United States, as the previous Hon. Member asked about, and it will be lost to Canada. The cost will be very dramatic.

The Acting Speaker (Mr. Corbin): Order. I must inform the House that the Question Period is now over.

Mr. Waddell: Mr. Speaker, I rise on a point of order. Perhaps I did not note it in the debate, but I wonder if you could clarify the ruling on whether a Member from the same Party can ask questions.

The Acting Speaker (Mr. Corbin): Primarily questions should be put by Members of Parties other than the Party of the Hon. Member who has just spoken, but Members of the same party are not excluded from putting questions.

Mr. Simon de Jong (Regina East): Mr. Speaker, I too join with the Hon. Member for Scarborough East (Mr. Gilchrist) in condemning the record of research and development of the Liberal Government, especially in the last decade, which I would call the lost decade. That decade saw our expenditures on research and development drop to less than 1 per cent of GNP. It was a shameful decade that saw a major downgrading of our major universities and our research capacity.

The record of the 1970s is the strongest example of the type of neglect and mismanagement that the Trudeau Government has inflicted upon Canadian society. It is a national embarrassment and disgrace. It is a disgrace that we ended up having as much of our Gross National Product being expended on research and development as countries like Ireland, Portugal and Spain. It put us into that class of country. I agree with the Conservative Member that Canada should be, and has the capacity, the ability and the need to be, a first-class country in terms of research and development.

There is much that needs to be done in this country. Our position in many ways is unique, geographically, politically, socially and economically. There is a tremendous need and opportunity for having an innovative society with a strong research and development sector.

It is not a case that we are a small country and that we do not have the population base. I point, for example, to the Nordic countries, Norway, Denmark, Sweden and Finland, which are very much like us in climate, population size and resources, yet their private industry spends almost twice as much on research and development. Their industrial labour force is about 25 per cent larger than ours. Those countries have had coherent plans to ensure adequate research and development being done in their countries. It is not an excuse that can wash when we say that Canada just does not have the population base or market base to allow a healthy research and development sector.

The sad record of the seventies continues, the record of mismanagement. Our universities are in a state of financial uncertainty. They do not know what grand scheme the boys across the way are plotting now. They do not have any assurance that financing of universities will continue on a predictable basis in the years ahead. For the last number of years they have been existing in this area of uncertainty. Is it deliberate Government policy to create this uncertainty or is it just a mindlessness we have seen so often being exhibited by this Government?

As well, there exists a lack of coherent policy in terms of taxes and grants to encourage the private sector to expend money on research and development. There has been no clear, precise statement, strategy or goals presented by the Government that would allow the private sector to have some feeling as to where the Government wants the country to go. There is no formulation of coherent policies and goals. We continue to flounder in uncertainty and insecurity.

We have a new Minister of State for Science and Technology (Mr. Johnston). Like the Conservative speaker, I too welcome him to this most important job. Perhaps in the long run it is the most important of all the Ministries.

Like the Conservative Member, I too am disappointed in the record so far. We do not see a coherent program emerging that can begin to shed some light and provide some leadership to Canadians, whether in the private sector or in universities, people who are engaged in research and development. There is no coherent policy and no coherent goals coming from the Government.

While in many ways I agree with the Conservative motion, it does miss a few essential points. The essential reason why we have a small amount of research and development in Canada today is that our private sector has not invested the sums of money in research and development as they have in other countries, such as the Nordic countries, Germany, Holland, the United States and Japan.

• (1240)

We must ask the question why. The answers are there, Mr. Speaker. Studies after studies have demonstrated that most of the industries in Canada are branch plant industries. It is not so much the fact they are foreign owned which prohibits the development of R and D in Canada; it is the economic structure which they create in Canada which works against development of R and D. The simple fact is that we as branch plants do not have the opportunity of doing research and development in Canada. It generally gets done in the home country. That is where the scientists and the labs are. That is where research and development work gets done.

Sometimes research can be done in one country, say Germany, and developed somewhere else, say Taiwan, and there is not even a relationship between the research part and the development part. That is the major reason we have low R and D in Canada. In fact the former Minister of State for Science and Technology suggested in a speech to the Canadian Manufacturers' Association a year or so ago that it would require an increase of some $2.4 billion invested in R and D, and most of that will have to come from the private sector if we are to achieve our goal of 1.5 per cent of our Gross National Product going to research and development.

The question then arises, how can we make the private sector, particularly the foreign-owned private sector, make its contributions towards research and development in Canada? I hasten to add it is the foreign sector, not the Canadian privately-owned industries, which are laggards in terms of their expenditures in R and D. In fact, their record is pretty good. It is the foreign-owned companies which make us into a branch plant economy and prevents us from developing our own research and development community here in Canada.

It seems obvious to me that if the Government is to develop a coherent strategy to achieve the 1.5 per cent of our Gross National Product going to R and D, it must first and foremost address itself to the question of how we can get the multinationals to spend a decent amount of their profits in Canada for R and D. We have heard of no solution to that central problem from either our Conservative or Liberal friends. And until we come to a solution to that problem we will always remain a second-class country in terms of our scientific research and development.

Again, Mr. Speaker, I hasten to add that it is not the fault of the Canadian people. I believe as a people we are generally well educated. We have some excellent universities. In fact, our past record of major discoveries in the world goes far beyond that expected from our population. For example, oil was first discovered in Petrolia, Ontario, but the oil industry was developed somewhere else. The extraction of kerosene from coal was a process discovered here, but again was developed somewhere else. The telephone was invented here in Canada, but again developed somewhere else.

Perhaps historically the biggest R and D blunder of all time came as a result of a decision taken by a Progressive Conservative Government to scrap the Avro Arrow. This decision, Mr. Speaker, cost the jobs of hundreds and thousands of skilled scientists and engineers, wiping out a technology which the United States gobbled up. We used to refer to Los Angeles as the fourth largest Canadian city because of the large number of engineers and scientists who left Canada to work in the American space program. In fact, our greatest contribution to the American space program was not the "arm" but the scientists and engineers we supplied to the U.S.

But there is a deeper question which we have to address ourselves to as Members of Parliament, and that is a question which does not very often get asked; that is, research and development for whom? To benefit whom? Research and development for what purpose? I would maintain, Mr. Speaker, that just blindly throwing money into research and development is not good enough. I can see that the two old Parties are on the verge of panic as they scramble for a solution to the economic mess which this present system has created. They would have us believe that technology offers the golden way out; but technology at all costs is not necessarily the solution. For example, there are some fundamental problems which will affect Canadians with the unmindful introduction of the new technology. In micro-technology there is the whole question of VDTs and health problems. Unless Government plays a responsible role in the development of this new technology, we will eventually have to pay in terms of increased health costs, and all the health problems this could create for untold thousands of people, particularly women, across the country.

Then there is the question of unemployment with respect to robotics in industry. For example, the GM plant in Lordstown, Ohio brought in robots and displaced some 10,000 workers. Yet did the price of cars go down? No, it did not.

A central question which also has to be asked is, how does throwing people out of work give them the money and opportunity they need as consumers to buy the goods produced? For example, over one-half of the telephone operators, mainly women, lost their jobs at B.C. Tel when it automated its switchboard system. Women are particularly hard hit by the developments in the micro-technological field, because women have always been last hired and first fired. Technology at the expense of people will make such inequalities even worse.

Some say the new technology, the robots, the micro-technology and so on, will create as many jobs as will be displaced. There is no study, Mr. Speaker, of which I am aware, which proves beyond doubt that that indeed will be the case. In fact, I believe it is safe to assume that hundreds of thousands of people can no longer become productive workers, that they will, in essence, become obsolete. What to do with that large section of our population which is going to be displaced is something to which Parliament and Government should address itself.

We come back to the question: Technology for whom? Research and development in whose interests? Our Party, Mr. Speaker, is opposed to just throwing money at the private sector, trying to seduce them with greater and greater grants, hoping that in the end they will do their R and D here. There are many countries in the world trying to do the same. Are we going to try to outbid each other in terms of incentives? If the public, as the public should, makes investment in R and D, we have to make certain that that R and D helps and benefits the Canadian people; but the past record shows that very often this is not the case. I point out, as an example, the mounds of money in tax incentives and direct grants which we have given the oil industry for research and development in the extraction of gasoline and oil from heavy oil, the drilling in the North, new technologies which did not exist before. These new technologies were paid for out of public funds, yet we do not own those technologies. The patents are owned by the few multinational oil companies, and they will use the control of those patents, Mr. Speaker, to blackmail Government and Canadian society into doing their will. For us to spend the money to develop new technologies and discoveries which are then owned by the multi-nationals who ship them out of the country is unacceptable to us.

• (1250)

In closing, Mr. Speaker, I would like to speak on another side of this issue, commonly called "appropriate technologies". These are technologies which do not increase the concentration of wealth and power into fewer and fewer hands, or technologies which allow for greater central control over more and more people's lives.

However, there is the possibility of developing technologies which allow greater independence and greater self-sufficiency. A prime example of that is energy. If we spend the money needed to build a nuclear plant instead on home insulation and conservation, the energy saved will exceed the energy produced by that nuclear plant. At the same time, developing nuclear technology will mean greater central control over people's lives. Developing conservation technologies, Mr. Speaker, allows greater freedom for people because there is less dependence on utility companies and banking and high finance interests. It gives people a greater degree of freedom. To develop appropriate technologies, Government has to play a central role.

Since being elected to this House I have been concerned about the whole question of herbicides and pesticides. I see tremendous problems in terms of spoiling our water and land. Yet it is the technology of herbicides and pesticides which is now very often forcing farmers into bankruptcy because of their high cost. They are dependent on that technology to control weeds and inspects, even though it has been shown a lot of insects are now developing resistance to these chemicals. And these technologies were developed because of the profit motive. However, a new technology of biological control and different and better farming methods can be developed. That does not mean anyone is going to make a profit on it other than the farmer, but it does mean greater independence for the farmer.

As we move into the twenty-first century, Mr. Speaker, major technological and social changes will occur. We need a Government with a notion as to where we want to go as a society, to develop not only an economic strategy but also a social strategy. We cannot have a research and development strategy without an economic and social strategy; they are all one. We must begin to define the goals of our society. That means input from universities and the scientific community, labour and business, fishermen and farmers, and retired people. We need a coherent policy, a coherent plan. We do not have that now. Therefore, we are in support of the motion introduced by the Conservative Party today.

Mr. MacBain: Mr. Speaker, as you know, I spent some considerable time on the special task force on energy, and if there was anything we learned it was about where we are going to be looking for the main source of energy in the long term. The answer we received from the best laboratories and universities in the world dealing with this subject is that the only hope for mankind to have an abundant source of energy in the future was fusion. I would like to have the position of the Hon. Member for Regina East (Mr. de Jong) as to whether or not he would accept that.

Mr. de Jong: Mr. Speaker, I am naturally hesitant about any industry or technology which requires such tremendous capital investment. Given the reality of energy today as opposed to a year ago or even six months ago, we are finding that energy projects require heavy capital investment. Indeed, they are the dinosaurs of the industry. I understood that the committee as well recommended that the path to the future was through hydrogen, the most abundant element in the world today. It is my hope and expectation that R and D will go into solar power, and from there into hydrogen.

The Chairman of the National Research Council suggested to me in committee a year or so ago that he felt that within five to ten years electricity from the sun will be as cost-competitive as that from all other sources. If that is so, if we can get electricity from the sun and at the same time develop hydrogen power to run our cars, trucks and tractors, then I suggest we have something which is environmentally sound and does not require massive capital investment. It will allow every country, almost every community, particularly in the Third World, to attain energy self-sufficiency without going into debt up to their necks. They would have a bountiful

supply of energy to light their lamps and run their tractors. I suggest, Mr. Speaker, that for me that is the path we should be following.

Mr. Gurbin: Mr. Speaker, I have three short questions in response to that answer. When you speak about the sun, in fact what you are talking about is fusion. If you want to supply electrical needs through the power of the sun, then you are talking about technology which in fact is both capital-intensive and has as many inherent dangers as a local nuclear plant.

My first question is whether the Member would support the ideas put forward by the Hon. Member for Scarborough East (Mr. Gilchrist) in his opening statement dealing with one-product mandating, whether it is a foreign or Canadian company. Then there is adjustment of the tax system to provide incentives for high-risk research and development. That is the short question.

The Acting Speaker (Mr. Corbin): Order. May I suggest that Hon. Members put one question at a time in view of the hour.

Mr. de Jong: Mr. Speaker, the notion of product mandating I think has a lot going for it. I would include in there that we develop those technologies appropriate for Canada, those which meet our real needs as a country. Energy, transportation and communications are areas which naturally fall into that category. The problem is getting agreement. However, if we do not get agreement from other countries, we should still proceed; we should select our goals. We should decide what we want to do and go and do it. Make the deals with industry if we can, but go ahead and do it. Studies have shown that by the very nature of multinational corporations and our branch plant economy, very often research and development done in Canada has no relationship to our real needs as a country.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

[*Translation*]

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at one o'clock, the Hon. Member for Bruce-Grey (Mr. Gurbin) had been given the floor for the purpose of asking a question. I understand that there are four minutes remaining in the ten-minute question and answer period. I will accord the floor to the Hon. Member for Bruce-Grey and he can decide what he wants to do about the absence or presence of the Hon. Member for Regina East (Mr. de Jong).

Mr. Gurbin: Mr. Speaker, I regret the absence of the Hon. Member for Regina East as I was looking forward to his response to my questions. Perhaps he will be able to respond in another fashion on a later occasion to the questions his speech raised in my mind.

My first question concerns productivity. The Hon. Member mentioned the auto industry and said that Canadians are not getting cars any cheaper because of the changes in things like robotics and the technology that has been implemented. I wonder if he could enlighten us on the level of productivity that would be necessary in order to decrease the cost of production. Would he agree that the way countries like Japan and others have been able to decrease the unit cost of production is through increased productivity?

The Hon. Member also critized technology control, particularly by the multinational companies. Is he aware that the majority of energy-related development and research is carried on through AOSTRA and the mechanisms they had in place to make sure that the technology would be freely available in that particular sector to Canadian industries and to energy-related activities that could occur in Canada and other countries?

I will leave those questions on the record and look forward to the Hon. Member's response in the future.

Mr. Deans: Mr. Speaker, I will be delighted to bring the Hon. Member's very interesting questions to the attention of my colleague. He was delayed by answering some other questions outside the House. I expect him to be here momentarily. I know that he not only has answers to both questions but that he will be well able to satisfy the Hon. Member's curiosity.

Mr. Cook: Mr. Speaker, I thought the Hon. Member for Regina East (Mr. de Jong) made a very good speech. I enjoyed what he had to say and I agree with most of it. In one respect he worried we though, because he sounded slightly like a Luddite. He talked about 10,000 workers losing their jobs through automation and robotization, but he gave no answers to the problem. Does he have an answer?

We went through this when the railways went to dieselization. That has worked itself out over the years but with considerable disruption in the employment pattern. I do not believe we can stop progress or this movement.

I would appreciate an answer from the Hon. Member or, indeed, from any Member of the NDP at any time, concerning what attitude or policy they would adopt toward these obvious social disruptions that are bound to take place. We all regret them, of course, but I should like to have the answers from the Hon. Member, rather than just questions.

• (1410)

The Acting Speaker (Mr. Blaker): Then the Chair will recognize an Hon. Member for debate.

Mr. Deans: Mr. Speaker, I will undertake, as I did with the previous questioner, to have the Hon. Member correspond directly with the Hon. Member on these very important matters that he has raised. The Hon. Member is absolutely right that it is not only enough to raise questions, but it is important, in addition to raising questions, to have answers. But I might ask him in raising his question whether he himself has any answers.

Mr. Munro (Esquimalt-Saanich): You cannot do that.

The Acting Speaker (Mr. Blaker): I think the Hon. Member for Hamilton Mountain is involved in a ten-minute question and answer period. In that regard I have to say that the clock seems to indicate that that period is over. I think that is the best way to proceed. I see the Minister of State for Economic Development (Mr. Johnston) rising, but I am not sure whether he is rising on a point of order or in debate.

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Mr. Speaker, I am rising in debate. I am rising today as Minister of State for Science and Technology more than in my capacity as Minister of State for Economic Development.

I would like to say that it is significant, as has been pointed out by one of the speakers who preceded me, that these two ministries come under the responsibility of the same Minister because of the importance of science and technology to economic development in this country. That necessity has been recognized now in many other countries in the western world, and I suggest that in itself is some indication of the importance which this Government attaches to science and technology.

At the outset I would like to say how much I enjoyed the speeches made by the Hon. Member for Scarborough East (Mr. Gilchrist) and by the Hon. Member for Regina East (Mr. de Jong). While it is true that I take issue with a number of the partisan points which they attempted to score in the course of debate, I suppose that is to be expected.

Mr. Deans: Unlike yourself; you never score partisan points.

Mr. Johnston: At the same time I felt there were some very constructive suggestions put forward upon which I will be commenting during the course of my intervention.

[*Translation*]

I may also add, Mr. Speaker, that I am most impressed with this procedure which enables Hon. Members to exchange views. Unfortunately, the Member for Regina East (Mr. de Jong) did not remain in the House to answer questions that might be forthcoming. This creates some problems for Hon. Members who would like to ask some questions about the speech he just made in the House.

[*English*]

Apart from that weakness in today's proceedings which I doubt will arise very often, I do think this is really a very constructive kind of procedure, particularly in terms of a subject like science and technology in which all Members of this House are so passionately interested in today's world.

I felt I should begin by looking carefully at the motion proposed by the Hon. Member for Scarborough East and providing some analysis of it in terms of the Government's policy in the past, in the present and in the future. The motion reads:

> That this House recognizes that an increased commitment to science and technology is fundamental to the establishment of a new industrial base in Canada—

That is the first point made by the motion and I would like to speak to that just for a moment. I am not clear and I hope I will have the opportunity to ask, although I do not see the Hon. Member for Scarborough East in the House, what was specifically intended by "a new industrial base", in light of the comments that followed during the course of his intervention.

You may recall, Mr. Speaker, that the Hon. Member spoke of Canada having a very important resource base, a very important strength in that sector, that in all likelihood it would continue to be one of our strengths and that it must be built upon. Obviously, technology has a very significant role to play in enabling Canada to maintain and expand upon its competitive position in that sector.

I am not sure what the Hon. Member means by new industrial base. I suggest that we have a very strong, well established industrial base in Canada and upon that base we must build further. Technology, of course, is the key for us to build further in that sector.

We hear much of Canada being by-passed by other countries and about our lack of commitment and effort. In fact, I would be the last to say that we do not require a sound, ongoing technology policy. I would be the last to say that there is not more to be done. But I would also be the last to say that we have not accomplished a great deal and that we do not have a record of achievement of which we must be very proud.

Too often it seems to me that one reads in the press and in reports by economists about Canada's falling rate of productivity. When I say "too often", I am not suggesting that we should not all be conscious of that rather lamentable performance in productivity, particularly during the 1970s.

Canadians, by and large, do not realize that Canada is still one of the most productive countries in the world. In the OECD report on historical statistics for the period 1960 to 1980, the real gross domestic product per employed persons of selected countries is compared with that of the United States which, incidentally, and notwithstanding its lamentable performance in improving productivity, remains the most productive country per worker among the countries cited. The countries are the United States, Canada, France, West Germany, Japan and the U.K.

I am not sure that Members of this House realize that Canada is still ranked second among those countries in terms of real productivity; that is, real gross domestic product per employed person. But what is also true is that we have been

rapidly slipping in terms of improving our rate of productivity. In that category Canada is a dismal second to last among those countries. In fact, I am sorry to say that between the period 1973 to 1980 Canada is ranked last among those countries with effectively no productivity increase over the period. That is the problem we must address.

It is important for us to realize that we begin from a very sound base achieved over many years of sound policies, of research and development and of innovation in the industries of this country which have brought us the standard of living which all Canadians enjoy. We have many winners in this country; let us not forget that. Many of them have been due to the programs which have contributed to create that industrial base. I would like to cite a number of programs which this Government has introduced over the years. If there are any questions flowing from them, I would be more than pleased to respond.

The programs which are the best known and which have played major, key roles, I suggest, in terms of keeping Canadian industry competitive and also at the leading edge of technology in so many fields, include the Enterprise Development Program and the Defence Industry Productivity program, both of which are programs of the Department of Industry, Trade and Commerce.

A more recent program, Support for Technology Enhanced Productivity Program, is another program of the Department of Industry. Then we have the Unsolicited Proposals Program in the Department of Supply and Services. I see my colleague the Minister for Supply and Services (Mr. Blais) is here today. He is responsible for the administration of that Program to which I have just referred as well as the Source Development Fund, another creative program. This program will have a major impact upon the technology of Canadian firms, also introduced at the instigation of our current Minister of Supply and Services during the current term of this Government. In addition, there are several important programs in the National Research Council of Canada.

• (1420)

I would be remiss in not paying tribute to the work of the National Research Council and the extraordinarily enviable international reputation that it enjoys. It is another institution of which we can be justifiably proud. There we find the Industrial Research Assistance Program as well as Programs for Industry Laboratory Projects.

Each of these programs plays a very significant role in having contributed, and continuing to contribute, to that very important industrial base which Canadians enjoy in this country. I might also mention in passing, because I know that some Members in the House were present, that our colleague the Minister of Supply and Services, who is in the House today, hosted just a few short days ago a celebration of the tenth anniversary of the Science Centre of the Department of Supply and Services. There was a magnificent display of the products and advanced technology that have been produced through a number of these programs operating under the umbrella of the federal Government.

I suggest that when we talk about science policies and technology policies, let us never lose sight of the fact that we in Canada are not in the technological backwaters of the world. In fact, we have much technology to export. Of course, we still have great potential ahead of us and it is to realize that potential ahead of us in this world of rapidly changing technology that our efforts must be directed. That is the direction in which we are moving.

I mentioned a moment ago that we must not forget our winners. I thought I would perhaps this afternoon cite some of the lesser known winners in Canada, most of whom have enjoyed the support of these programs. I expect that most Members of the House are familiar with the achievements of companies like Northern Telecom and Mitel in the international arena, and CAE Industries, particularly in the area of aircraft simulators where it has no peer in the international arena.

There are many other companies in this country which are much lesser known. Just a few months ago, when I was speaking in Toronto, I thought I would look up some of these companies to see how many small threshold firms and others have carved out a niche for themselves in the international arena. Canadians are probably not aware of many of these companies. For example, the Industrial Research Assistance Program which I referred to earlier had contributed some $2 million to Abco, which is a Lunenburg, Nova Scotia plastics and equipment manufacturing company. The sales of that company, which is situated in Lunenburg, have risen from $5 million in 1972 to $30 million in 1981. The number of employees has climbed to over 400 from a base of 150 at the beginning of that period. New products that this company has developed through R and D have permitted it to make as much as 80 per cent of its sales on international markets.

I could go through a number of companies that have had similar successes. For example, there is the International Submarine Engineering Company of Port Moody, British Columbia. I have already referred to Mitel. There is such a number of them that time does not really permit me to cite them all. I can cite them from every area of the country, whether it is Intera Environmental Consultants of Calgary or SED Systems of Saskatoon which is a very well known company to Canadians, certainly in that area.

I should perhaps refer to one program which I believe was directly a result of some of the programs of the Department of Supply and Services which I referred to earlier. It is the Services Converto-Braille-Cypitot-Galarneau of Hull, Quebec, which has permitted the development of a computer terminal that gives the blind access to information services such as Telidon, which is another great Canadian technological achievement, the Canadian Press News Services, libraries and so on.

We have much world-class technology in Canada. We are starting from a very sound base. When we look at this motion, which I do not have a great deal of quarrel with apart from the

conclusion, I think we should bear in mind that we are moving forward from an enviable position and have not allowed Canada to stay in the backwaters of technology and innovation as so many observers have often suggested.

Reference is made in the second part of the motion to a policy which supports the rejuvenation of existing industries. We all know that many countries in the western industrialized world today are faced with the phenomenon of the so-called sunset industries. Hopefully, some of these industries can be moved from the sunset back to the sunrise through the application of new technologies. This Government is attempting to do this.

I expect that most Members of the House are familiar with the very substantial financial commitment that this Government has made to that very issue of rejuvenation of existing industries in order to bring them back into a competitive position. I need only mention such programs as ILAP or CIRB, which is directly concerned with the so-called soft sectors—

[*Translation*]

—or the "secteurs mous", as they say in Quebec, namely, textiles and footwear. It is therefore very important to realize that we have made a real effort in those areas. If I remember correctly, we spent $267 million on this program, which is aimed at improving and updating companies in these sectors and also at assisting employees who will be affected by the conditions in the sectors in question.

[*English*]

It is exactly in the spirit of this motion that the Government has in fact moved. As I have said, there is $267 million in that program alone, not to mention an additional $400 million, as I recall, in the ILAP Program to provide industrial adjustment assistance both to industries and, of course, to the employees themselves, who are affected because emerging technologies in other countries and lower labour rates have had a dramatic impact on their ability to compete in international markets.

The motion also refers to the creation of new employment and the maintenance of existing jobs. There is no doubt in anyone's mind that the new technologies and the modernization of plants will have an impact on the job market. Therefore, there is perhaps a certain amount of paradox in the motion when we are being told, on the one hand, that we should introduce new technologies but should maintain existing jobs, on the other hand. That does not mean that we cannot create new jobs, but I suggest that the introduction of new technologies, such as robotics in the automobile assembly line which was referred to earlier, are bound to displace assembly line workers. I do not think there is any doubt of that. It is somewhat incompatible to say that we are to maintain existing jobs and improve productivity at the same time by introducing new technology.

By the same token, I would say that Governments, industry and labour working together must come to grips with those jobs that are displaced through retraining programs, and efforts to bring those people who are affected by new technologies to a level of education and "formation" which will enable them to take advantage of the new and exciting opportunities that technology itself brings.

For every robot that one puts on an assembly line, there will be requirements for additional technicians, engineers and programmers who will be responsible for the software that will go into the micro-computers which will operate that robotics system. In fact, many of the jobs that will be displaced will be jobs that will be unattractive. They will be arduous jobs that will be replaced by more stimulating and challenging jobs. The quality of the work environment will, in turn, improve. But at the same time, there is that transitional period through which we as Governments must pass; and I say as "governments" because much of this responsibility must be shared with provincial Governments as well as other sectors. We must ensure that the workers of this country are not fearful of that necessary change because we know that they in turn will be protected from the harsh effects of that change and will prosper from the benefits which new technology will bring. However, I say that it would be unrealistic to suggest that new technology will not have an impact on some of these existing employments. In fact, it should have, because we should replace some of those dreary, assembly line and clerical jobs with ones which are more challenging and better paying.

• (1430)

I would now like to turn to the last part of the motion wherein the mover, the Hon. Member for Scarborough East, in the normal way condemns the Government, and the condemnation was understandably supported by the Hon. Member for Regina East. As stated, the motion reads:

> —condemns the Government for its neglect in failing to aggressively develop policies to promote the advancement of science and technology in this country, for its lack of interest in utilizing and increasing Canada's human potential, and for its failure to adopt the spending targets for science and technology that were established by the Progressive Conservative Government in 1979.

Allow me to say that, in the few minutes I have been on my feet this afternoon, I believe I have underlined and pointed out a number of programs which have been very successful. When we speak of Government effort, let us consider the record of rhetoric instead. It is all very well to have "targets", but what we on this side of the House look to is performance. I would like to point out to the House that we have steadily moved up our commitment since assuming office in 1980, that we are right on track in achieving 1.5 per cent of GNP and R and D by 1985.

An Hon. Member: One hundred and fourteen jobs in Ontario.

Mr. Johnston: In 1980, it was 1.07 per cent, and in 1982, it was estimated to be 1.2 per cent. I suggest to Hon. Members that in 1985 it will be 1.5 per cent. It is my wish and that of other Hon. Members in the House that that trend continue so that by the year 1990 it will be 2 per cent or even better.

An Hon. Member: Are those as good as last year's projections?

Mr. Johnston: Let me give some more striking examples in terms of annual incremental percentage growth of commitment to the gross expenditure on research and development in various sectors. In 1980 we increased the federal commitment by 15 per cent, in 1981 by 21 per cent, and in 1982 by 17 per cent. More importantly, the incentives which we have provided to the private sector permitted the industrial sector to increase its 1980 percentage by 18 per cent, by 26 per cent in 1981 and by 23 per cent in 1982. The NDP critics have said that industry is not doing its share. Industry is indeed beginning to do its share in a most dramatic way.

While we are on the subject of targets, I was reading a speech by the former Minister of Science and Technology for the Conservative Government, Mr. Grafftey, given back in 1979.

Mr. Waddell: Not a bad target.

Mr. Johnston: He was discussing the university sector and told us that the Conservatives would increase funding to NSERC to 32 per cent. He made the announcement that there would be a 32 per cent hike in 1980-81. Of course, the Conservatives were not in power in 1980-81, but I would like to point out that we took office and it became 34 per cent under a Liberal Government.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order, please. I would imagine that the House would have no difficulty in extending the courtesy to the Minister of allowing him to speak for a couple of moments in order to complete his remarks. However, as the person in the Chair, I do not have the privilege of extending that courtesy automatically.

Is there unanimous consent to permit the Minister to speak further?

Some Hon. Members: Agreed.

Mr. Johnston: I thank Hon. Members of the House for their indulgence. I will finish my remarks very quickly. Because of the importance which we all attach to the matter, I will finish on a very non-partisan note. I made the point concerning NSERC. Those are the facts, and I think an examination of the record will clearly demonstrate the commitment of the Government to R and D. Notwithstanding cutting back in other sectors, the Government and Members of this side have consistently prodded for more and more spending on research and development.

I was very impressed with the intervention of the Hon. Member for Scarborough East, perhaps more by his comments than by his motion, because when he came to the end of his comments, unlike most spokesmen for the Conservative Party he actually put forward a number of concrete suggestions.

Mr. Baker (Nepean-Carleton): They were pretty good too.

Mr. Johnston: He put forward the kinds of things which a technology policy, in his view, should embrace. He suggested that we should be building on the comparative advantages of this country and he referred to the resource base. We all agree with that. He said he wanted to emphasize that the private sector has an important role to play in research and development. Not only do we agree with that, but the numbers to which I have just made reference also show this to be true.

Mr. Waddell: You are a Tory, Don.

Mr. Johnston: I would suggest that, notwithstanding the criticism we have heard of the fiscal system, Section 37 of the Income Tax Act has been instrumental in providing incentive to the industries of this country to invest in R and D. In fact, it is one of the most generous provisions of its kind in any western industrialized nation. That is not to say that it could not be modified. That is not to say that it cannot be improved, and it will be improved if it needs to be improved. However, I am saying for the record that it has been very successful in attracting funds into the R and D sector.

The Hon. Member has referred to the necessity of advancing technology and applications of new technology in the industrial sector, what is commonly referred to as "innovation". I agree with that as well. He spoke of a favourable environment being created for research and development and for venture capital. We agree with that. He spoke of the importance of having a co-operative relationship with provincial Governments. I agree with that and would like to encourage provincial Governments to devote more of their resources to R and D. In fact, in each of my meetings with provincial Governments in my role as Minister of State for Regional and Economic Development, the issue of technology has been one of highest priority. I can assure Your Honour that we will be working closely with the Provinces to ensure that we create a synergism so that not only will we be able to spend 1.5 per cent of Gross National Product on R and D by 1985, but also that it is well spent to ensure that the desired results of those targets, which are important, are achieved.

The Hon. Member emphasized the importance of strong basic research through such organizations or institutions as NSERC. We agree with that. He dealt with the awareness issue at some length. Nothing could be more important than making Canadians aware of the opportunities awaiting us as a nation if we embrace these areas of advanced technology. I know that the Hon. Member for Vancouver Kingsway (Mr. Waddell) said the same thing in the House some weeks ago. He was then quite constructive as well. He also spoke of the importance of Government procurement in terms of developing technology.

I realize that I am going on a bit, Mr. Speaker. Let me just say that there is a paper before a number of my colleagues on technology policy, and I can assure Hon. Members of this House that not only will it address all of the issues which have been raised here today, the constructive issues and suggestions, but that it will also go much further in some areas. I look forward, on the basis of today's exchange, to the support of Members in this House from all Parties when these policies are presented.

I thank Your Honour, in particular, and other Hon. Members of the House for allowing me to speak beyond my time limit.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): The Chair will recognize the Hon. Member for Northumberland-Miramichi (Mr. Dionne) to ask a question and, following that, other Hon. Members.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I would like to direct a two-part question to the Minister. I was happy to hear him say that one of the roles of research and development is to maintain employment and to help find alternative employment for those whose jobs are affected by new technology. I want to remind him that in my own constituency, 1,500 jobs are affected by new technology in national defence. Can we count on the full resources of both of his Ministries to help us find alternate employment and job opportunities on the Miramichi so that the peole of Miramichi will be able to lead productive lives?

In his comments, he also referred to the National Research Council. I agree with his laudatory remarks. However, I remind the Minister that New Brunswick is the only Province in Canada which does not have a unit of the National Research Council. I ask him to consider the establishment of a unit of the NRC at the about to be closed base in Chatham, so that it will have a research base to attract other industries to the area.

• (1440)

Mr. Johnston: Mr. Speaker, in response to the question of the Hon. Member, the Government is very sensitive, as he knows, to the problems faced by him in the Miramichi area, particularly with respect to the Chatham base. Every effort is being made to find alternatives which will provide employment for the people affected in that area. Through the initiative of the regional Minister, the Member himself and others, the Government has taken initiatives in New Brunswick such as the establishment by Mitel at Buctouche of a facility which is very significant in terms of high technology in the area.

With respect to the NRC, there are projects under consideration. I am not sure I can give an assurance that they should be placed necessarily on the Chatham base, but there is no doubt as technology improves that it should be available to every region of the country by national institutions, and that is our intention.

Mr. Greenaway: Mr. Speaker, my question is directed to the Minister. It concerns the policy paper which is now before Cabinet. We have awaited this paper for quite a while. I know that he has taken some time to put it all together and that he is in a new position, but I expected that it might come out before the Christmas break. Can the Minister give us any idea when it will come out? Will it address the serious problems in the forest industry which could be remedied by putting research and development money into that industry?

Mr. Johnston: Mr. Speaker, I see my role as Minister of State for Economic Development and Minister of State for Science and Technology as really trying to establish a framework with my colleagues within which various programs can move forward by line departments. There is no doubt that there is important research and development to be done in the forestry sector. It has to be done. Unfortunately, during a period of recession of the kind we are experiencing, companies in that sector are less inclined to invest in research and development because they are simply trying to meet payrolls and to fund ongoing necessary costs. That point has been made to us. It is not a problem, I might say, that is unique to the forestry sector.

We are indeed moving forward in that area. In fact, the issue of the forestry sector will be addressed in some detail this weekend at a caucus gathering in Thunder Bay. I expect we will have a good exchange of views and some very clear suggestions by Members from the areas affected by the problems in the forestry sector and the lack of research and development in that sector.

Mr. Waddell: Mr. Speaker, the Minister talked glowingly about more stimulating jobs. Is he aware that many women across the country today are working on word processing machines for not very much more money? Even if one wants to go to the washroom, one has to plug in a key. In the old days one had to ask the boss or the foreman; now one has to ask the machine. Does he really think that is progress?

The Minister speaks highly of sunset and sunrise industries, the winners and the losers, like all Atari Liberals do. Is he aware of a recent study from Massachusetts of one area which got into high-tech that showed the salaries for a few people—engineers, programmers and so on—went very high, but that the rest of the people had to go into the service industries with low-paying salaries. Compared with the way society used to be with older-type industries such as steel manufacturing and so on, where people made the same salaries, the community has basically changed.

Is that the kind of Canada he would like to see when he speaks about more stimulating jobs? Does he recognize the kind of danger inherent in the new high-tech industry about which he so flamboyantly and conservatively speaks? Does he see the danger? What steps would he take to prevent the kinds of things which are happening now, as indicated in the first study conducted in Massachusetts?

Mr. Johnston: Mr. Speaker, I think the Hon. Member for Vancouver-Kingsway (Mr. Waddell) is speaking very much with his tongue stuck in his cheek. Not too many weeks ago I heard him speak in the House, and he certainly did not sound like a neo-Luddite, as he seems to today. The inference I would draw from his remarks is that he feels Canada should reject the technological revolution which is reshaping industries all over the world.

I do not think Canada has a choice in joining that revolution, if we intend to maintain the standard of living to which Canadians have not only grown accustomed but to which they

are entitled, given the potential of the country both in terms of natural and human resources. It is our job to manage the technological change. It is our job as a Government to take the lead, and be seen to take the lead, in managing that technological change for the benefit of all Canadians and to ensure that the kinds of problems to which the Hon. Member alluded do not take place. Essentially, that is the point I attempted to make during my remarks.

Mr. Cook: Mr. Speaker, I wish to congratulate the Minister. He has learned his lesson in law school well, that when one has a weak case, assertively state it and volubly state it. He has certainly done that today.

I have two quotations on which I would ask him to comment. The first is from Dr. Larkin Kerwin of the National Research Council wherein he said:

> We currently spend less than any industrialized country on new research.

In other words, we are the worst of all. I would also point out to him that by 1985 Japan will be spending 4 per cent on research, compared with the magnificent sum of 1.5 per cent about which he talked for Canada. Most industrialized countries are over 2 per cent right now.

The second quotation is one from Jack Donegani, President of the Professional Institute of the Public Service of Canada, wherein he talked about the Liberal Government and said:

> —the Government has deliberately allowed Canadian federal laboratories to suffer through a decade of stagnation since the Lamontagne Commission's review of Canadian science policy. During this time, there has been inadequate hiring of newly trained scientists except to replace retirees. Opportunities for Government scientists to keep their training up to date have been inadequate and active participation in scientific conferences, workshops or professional committees requiring occasional travel has been restricted to an absurd degree.

In view of his beautiful words about what the Government is doing, how does the Minister respond to these two quotations?

Mr. Johnston: Mr. Speaker, if the accusation is that we should be doing more as a country, I would agree with it. I concur with Dr. Larkin, but if we are to do more, let us do it in a way which reaps the best possible benefits for the country. Let us not throw money at a problem. Let us make sure that the funds which are being spent are expended well and effectively. This means that we should not have duplication and conflict in different regions. This means that we should put our shoulders to the wheel and have a real national effort on research and development. We are moving very quickly in that regard.

By adding vast sums of money before the communities have put in place the necessary infrastructure and laboratories, the necessary engineers and skills at the university level, supported by the Provinces in particular because they have responsibility for university education, we have to move in a way which maximizes the contributions we are making and does not create an enormous amount of waste. In so far as the latest numbers I have for several countries in 1980 are concerned, it is true that we are behind. We were at 1.02 per cent of the GNP. France was at 1.83 per cent, Japan was at 1.95 per cent and the United States was at 2.47 per cent. None of those countries in 1980 was at anything like the 3 per cent, if I recall that the Hon. Member suggested.

• (1450)

Mr. Cook: Mr. Speaker, I rise on a point of order. The Minister was talking about 1985. The projections for Japan in 1985 are 4 per cent.

The Acting Speaker (Mr. Blaker): Order. That is not a point of order. The Hon. Member could have risen on a question or a comment if he wished. I urge him to continue during the time available with his comment.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I wonder if I could direct a question to the Minister. The Minister mentioned that there was a paper being submitted to some of his colleagues, and possibly to a Cabinet committee, emanating from his Ministry. I know he cannot be specific, but is there contained in it proposals for tax and other financial incentives with respect to the development of the high technology industry, particularly small business and the development of new business?

Second, does it contain, or has the Minister addressed in any way, proposals with respect to retraining of people who may be affected as a result of the development of the high technology industry that has been referred to? Does it address those two things? Third, when may we expect to see the paper tabled?

Mr. Johnston: Mr. Speaker, first of all, when I spoke of a paper I indicated earlier that I would be bringing forward a technology policy paper, which I am now doing. For some time I have had consultation and consideration in many areas. Obviously I am not at liberty to disclose to the House what is contained in that paper. I certainly will give assurance to the House that it is broad in its application in the area of technology policy in the industrial sector.

I might add that the kind of issues that the Hon. Member for Nepean-Carleton (Mr. Baker) raises are, of course, already being addressed. The issue of fiscal incentives has been addressed. Recently some guidelines were issued to clarify some of the interpretations that have been given by the Department of National Revenue with respect to the so-called scientific research investment contracts. These matters are constantly moving forward and being reviewed. As a former Minister of National Revenue, the Hon. Member is fully aware of the activities of the interpretation section of that Department.

With respect to the issue of retraining, that is a matter which is being pursued constantly by the Minister of Employment and Immigration (Mr. Axworthy) through the National Training Act and other instruments. That is not to say that more should not be done. As ongoing assessments indicate to what extent technology will affect employment in these sectors, clearly action and perhaps supplemental action will have to be taken because retraining is of fundamental importance, not only to ensure that these people find jobs, but to

eliminate a certain amount of the anxiety that appears to exist in many circles with respect to the impact of technology.

Mr. Baker (Nepean-Carleton): Mr. Speaker, when will the paper be ready?

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, one can sense an increasing awareness in this country, an awakening to the fact that we are being rapidly left behind by other more enlightened and adaptable industrialized western nations. The truth is that we are now clearly behind—left in the starting gate—in what is becoming known as the second industrial revolution, change brought on us by new technologies.

For an obvious example of how far out of the race we are, one simply has to check brand names of products sold in outlets retailing TV sets, radios, calculators, computers and other electronic gadgetry. It would be interesting to know how many Sony Walkman radios were sold this past Christmas.

After experiencing the last two years of economic turmoil in this country, many Canadians, especially those out of work, realize that something is drastically wrong. Most now sense that we must become much more than a nation whose economy is based upon the sale of its raw materials. If one examines employment statistics over past years, it can be seen that there has been a serious and growing unemployment problem in this country, long before the present recession began.

In 1966, 251,000 Canadians were out of work. By 1970, it was 476,000, by 1976, 727,000, in 1980, 867,000. Now it is in excess of 1.5 million. In fact, I heard today it is actually 1.6 million. Obviously the number of people unemployed has grown faster than the economy. Even in the good years of the sixties and seventies, unemployment was increasing and we were losing ground. A large portion of the unemployed are new entrants into the labour force, young people and an increasing number of women. I will refer to the problem of unemployment and women later.

We desperately need more jobs, not jobs of the temporary type provided by a number of Government short-term programs. I do not think the real and permanent-type jobs I refer to are going to come out of the resource sector. It seems logical that a good many will come out of the service sector, but the majority will have to be provided by manufacturing. This will not happen if we do not base our own economic future upon technological development. Our economy must be based upon new technologies.

Successful industrialized countries have long since realized that strong economies are based on a healthy level of research and development. This, of course, must be in tune with Government policies that create incentives for the risk-takers, a factor that is fast disappearing in this country.

We have long ago passed the period where unemployment can be solved by putting workers on the public payroll. Last year the National Research Council estimated that if Canada's 1,000 high-technology firms doubled their gross output by 1990, the net benefit to Canada's balance of payments would amount to $12 billion and, what is so important, 650,000 jobs would be created.

The Canadian Government must, of necessity, concentrate upon working with business and labour in order to solve our economic problems. By now this Government should have realized that we are in a crisis situation. It is usual in times of crisis for all people, for all sectors, to pull together for the common good. If we hope to regain our position in the world, we must have a well-planned industrial strategy in this country. It is years and years overdue.

Industry and labour have recognized this for a good long time. Industry has also realized during this recession that, with a few exceptions, it cannot depend on Government for help. In actual fact the federal Government has appeared to be little more than an aimless spectator in the economic shake-out in the past two-years.

At a recent Toronto seminar sponsored by the Conference Board of Canada dealing with the drafting of a national industrial strategy, Mr. John Shepherd, Chairman of Leigh Instruments of Ottawa, said:

> —the private sector has been too passive and defensive in front of government, waiting to react rather than hastening to contribute.
>
> I believe that our job is to insist on a more intelligent framework, a better ordering of priorities . . . and to help bring to bear on government a better sense of the market forces which are and will be at play . . . We need to inject ourselves more forcibly and responsibility into that process.

Labour is also anxious and willing to co-operate. At the same Toronto meeting Shirley Carr, Executive Vice-President of the Canadian Labour Congress, also called for a national industrial game plan. She said:

> —the creating of an atmosphere wherein shared decision-making power amongst the actors can occur is mutual recognition . . . labour has a legitimate place in Canadian society—a place that not only includes the right to organize and represent workers through collective bargaining, but also extends a seat at the table at all levels of decision-making.

One of the key elements in the Japanese success story is an industrial strategy that incorporates input from many sectors. Before any changes are made, or new initiatives taken, the Japanese Government consults with and seeks advice from representatives of industry, labour, universities and the mass media. Therefore, when a new policy affecting industry is announced, it is widely supported and is effective because of a spirit of co-operation. The Japanese strategy now has the industrial sector supporting 65 per cent of that country's research and development. Long-term, risky and expensive research is left to the Government. Recently, the Japanese Government spent $5 billion in U.S. currency in building a research centre near Tokyo which houses 40 different research groups.

• (1500)

I know that in this country previous and present Ministers have been canvassing representatives of industry. The previous Minister found that industry was concerned with a number of issues. Lack of start-up capital, difficulties with debt financing, a need for research and development tax incentives and a desire for more collaboration among Government, industry

and universities were subjects brought to his attention. I am sure the present Minister is going over the same ground. I hope he includes labour in his discussions. The pity is that this Government has spent too much time studying and too little time implementing, and now we are falling well behind our competitors.

My colleague, the Hon. Member for North Vancouver-Burnaby (Mr. Cook), in a question to the Minister, quoted from a letter from Mr. Jack Donegani, the President of the Professional Institute of the Public Service of Canada, which appeared in today's *Globe and Mail*. I would like to quote again from that letter. The heading reads, "Stronger position urged on high-technology policy". It goes on to read:

> The Professional Institute, which represents some 5,000 scientists, for years has been pressing the Government to develop and encourage research and higher technology in Canada in general, and within the federal service in particular. It has urged the Government to recognize the obvious, that advanced research and technology are imperative to the wellbeing of every Canadian, to economic development, to health, safety and security.
>
> The institute, therefore, urges Mr. Johnston to take a stronger position in Cabinet on this issue.

We are also being warned by the Science Council of Canada that the United States and Japan are front runners in micro-electronics, and Canada would be "hard-pressed to catch even the less advanced "second-tier" nations in Europe and Scandinavia". The micro-chip, a tiny silicon block which can be the equivalent of up to 500,000 transistors or more, is revolutionizing manufacturing in advanced industrialized countries. To the best of my knowledge, Mr. Speaker, the Liberal Government has only dedicated about $10 million in chip research. By contrast, other countries have sensed the crisis situation which exists. France, for example, has launched a five-year, $27 billion program to ensure that she becomes a world power in computers, office equipment and consumer electronics. The $27 billion will be spent on new plants, research and development and on various subsidy programs. "Made in France" stamped on electronic gadgets will soon be as common as "Made in Japan". West Germany has a three-year $225 million program under way which grants firms up to $400,000 to promote the use of the micro-chip in their plants and products. Interestingly, applications for grants take an average of only three weeks to process. Contrast that, if you will, with the time it generally takes to get money from our federal Government for any such program. The urgency of the situation is well understood by other countries.

The micro-chip is revolutionizing the world and Canadians must realize what this means. Women, especially, are going to feel its effects. Many jobs traditionally held by women, such as in offices, as bank tellers, retail clerks and telephone operators, will be lost. In my home town of Williams Lake, British Columbia, 50 telephone operators will lose their jobs to new technology in mid-1984. Yet little, if anything, is being done to direct women from areas which will be hit hard by efficiency and productivity improvements resulting from the implementation of micro-electronic technology. Women must awake, unite and demand quick answers from Governments, industry and labour to this very urgent problem.

I suggest to the Minister and the Government that they must place the subject of technological change, and our failure to recognize the importance of research and development, on a very urgent priority basis. They must use research and development as the foundation of an industrial strategy. I suggest a conference of the federal and provincial Governments, industry, labour and representatives of our educational system should be held immediately with a view to positive direction and immediate action. We have talked for years, Mr. Speaker, about what we are going to do in this country as far as research and development and industrial strategy are concerned. Time for talk is long past. We must act. If we fail to realize the importance and urgency of the second industrial revolution, we will pay very dearly.

Miss Aideen Nicholson (Trinity): Mr. Speaker, I listened with great interest to the remarks of the Hon. Member for Scarborough East (Mr. Gilchrist) this morning, and he placed in a very interesting context the whole question of research and development, which he also linked with tax policy and macro-economic policy and, indeed, strategy on economic development.

After a very difficult period in the world economy, we are now seeing some indicators which are encouraging, and it is important now that the remainder of the 1980s be a period of economic renewal for us, of ensuring Canada's prosperity. Our traditional industries are the backbone of Canada and they can and should remain the source of jobs and income for thousands of Canadians. With continued productivity improvements and new marketing techniques, the traditional industries, such as fishing, forestry, mining and agriculture, can play a central role in Canada's future economic prosperity. When combined with advances in high technology sectors and the securing of Canada's industrial heartland, a positive climate of growth will re-assert itself, allowing for the necessary market adjustments to keep Canada competitive. And with growth we will have the opportunity of ensuring that every region of Canada benefits. The challenge of economic renewal calls for the co-operation of all of us, the federal and provincial Governments, unions, management, academics and consumer groups. We need to deal competently and humanely with the present and we need intelligent medium and long-term planning.

Japan provides a startling example of what is possible, and a number of speakers today have made reference to this. Poorly equipped to deal with the energy crisis, Japan has nevertheless performed very well. The key to its success has been industrial re-deployment, harnessing the most advanced technologies in order to achieve overwhelming competitive advantages. Between 1970 and 1974, while the rest of the OECD countries were worrying about short-term issues, the Japan Computer Usage Development Institute, a Government sponsored body, developed a long-term econmic strategy to make full industrial use of the then infant technology, micro-electronics. This, coupled with advanced Japanese management methods, helped propel Japan to its present industrial position.

The long awaited world economic recovery will not solve Canada's structural problems. Newly industrialized countries,

such as South Korea, Taiwan, Hong Kong and Singapore, are using their low labour costs to achieve comparative advantages in many conventional industrial fields, such as textiles, shoes, light machinery, calculators and so on. The reindustrializing countries, such as Japan and France, are threatening both Canada's traditional industries and our high-tech sectors. Canada may have to follow the example of Japan and France and draw a blueprint for a long-term economic development plan based on micro-electronics. But the emphasis on high technology should never be interpreted to be at the expense of Canada's traditional industries. On the contrary, high technology innovation holds the potential for remarkable productivity gains in our traditional industries and, therefore, for greater job security and improved salaries for core workers.

• (1510)

We are blessed with natural resources and they can and should be tapped in the most profitable manner possible. We are also blessed with a competent and well educated work force. While they may have to retrain, as the Minister has just said, they are better equipped to do so than the labour force in the countries of some of our competitors. Faced with these new challenges, we need to open up the decision-making process. We need input from scientists, but we also need input from the people actually doing the job, and we must be very concerned to keep our human values. Speaking in this House on February 6, 1981, I said:

> When I talk about an industrial strategy, I think of a set of policies, of an orderly and integrated way of co-ordinating government policies and, above all, of a human approach with care for the ideals of social justice, for individual dignity, for safety in the workplace and for industrial democracy. Occupational health and safety must be a particular concern at the present time, because we are still losing far more days of work and industrial productivity as a result of illness or injury on the job than as a result of strikes. Unless there is a progressive sharing of the material wealth of society, unless there is active participation in decision-making by the workers who produce that wealth, we will not succeed and, perhaps, we would not deserve to succeed.

In my view, Mr. Speaker, those principles also apply to the application of new technology. Firms facing the need to improve productivity often think first of reducing staff. Yet there is substantial evidence that industrial engineering approaches are more effective. Workers know the processes, know the plant, and if they are actively involved in decision making they can often point the way to procedures which allow the same number of people to stay at work but work in ways that yield greater profits and job satisfaction. The moneys which the federal Government has made available to labour for continued education are being well used, and are increasingly resulting in well informed and sophisticated labour leaders who have much to contribute to our future industrial development.

These people-oriented initiatives may not sound as glamorous or exciting as talk of industrial restructuring and technological innovation, but it is people who will bring forward and implement solutions. In these times we need new ideas and continual examination of the adequacy of our policies and programs.

The very rapid changes in the international economic order demand of Canada an extremely alert business intelligence system and response mechanism. The cornerstone is the free market sytem with its built-in incentives to keep pace with or ahead of international development. But one must ask, could this cornerstone be more effectively supported by Government? Public interventions are often viewed by the private sector as restrictive. Yet the private sector is frequently unable to mount effective competition in the international field without direct or indirect Government support. The success thus far achieved by the Telidon project, for example, would not have been possible without major Government participation in research and development, manufacturing seed-money and marketing. Similarly, the recent Bombardier deal in the U.S. was secured in part because of Government support in allowing for low interest loans to finance the operation.

There are, of course, significant success stories which are a credit to the Government's initiative and the entrepreneurship of the Canadian private sector, for example, Northern Telecom, Mitel, NABU, and so on. Yet the public-private interface in Canada is not carefully brought out, and golden opportunities are sometimes missed. There is, in my view, a gap in co-ordination between the private and public sector. However, there are several other important gaps. Federal-provincial confrontation frequently prevents co-ordinated development strategy; Canada's labour-management interface is the adversary system with too much mistrust prevailing on both sides; the university-Government interface is not so much an adversary system as a tradition of mutual indifference, in sharp contrast to the experience in European countries and Japan. A positive creative force must replace the apprehension and fear which pervades so much current economic thinking. A proactive and concerted strategy is called for, one that associates Government, labour and management and universities in a long-term planning exercise, and which distributes the fruits of innovation in such a way that as many people as possible, if not everyone, benefit. Harmonization of public and private policies, labour and management aspirations, and of federal and provincial interventions must be the wave of the future.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I would like to approach this subject perhaps from a slightly different point of view from what we have heard. I believe the case has been made on all sides of the House that we are spending an inadequate amount of money, we have no over-all plan for research and development and, as a result, we are faced with an unemployment situation which is tragic for a great many people. My comments are directed to the parents of Canada and, I suspect, to anyone who has yet to determine what his or her eventual career will be. Even if they are pursuing a career, I would ask them seriously to consider taking a look at the broad field of science and technology, because that is where the future lies.

Diebold is perhaps one of the leading management philosophers of the world. In the 1950s he made this statement, and I see no reason to doubt it, particularly at this time, that every person would likely have seven different occupations in the

course of his lifetime. Even then Diebold could see the revolution which has been taking place.

Initially we went through the age of crafts and guilds. That led into the industrial revolution, mass production and factory jobs. Now we have another revolution upon us. We are entering the age of servo-mechanisms and the robot. I am delighted, because in the initial stages men became slaves to machines, and we now enter the new world where machines will be slaves to men. Every man must do all he can to take advantage of what is taking place. The future holds many areas of great growth that will bring hundreds of thousands of new jobs that were not even contemplated a few years ago. We do not know what the next major breakthrough will be, but we know that those who educate themselves in the sciences will be able to adapt much more easily and rapidly to what may come.

• (1520)

A good example is biological research. Do young people realize that we have developed enzymes that eat oil spills and that there are also enzymes that separate oil and sand? Then there is the whole area of the human condition and drugs and blood. And where are the biological breakthroughs that will change waste into useful products?

When I speak of science I do not mean just industrial research which makes use of what comes from pure science. Pure science is responsible for the laser, and industrialists are responsible for the literally thousands of uses that laser has been put to. Fibre optics came from pure research, as did the silicone chip. If we do not raise the amount of moneys available to universities, even without knowing what developments may result, then we must take a back seat to the rest of the world. It is from pure research and pure science that new developments come.

Young people should consider some of the following areas when thinking of careers. We have yet to develop the perfect ship. As a Member from the Pacific coast, I believe that the perfect ship is long overdue. Then there is the whole area of oceanography. The pittance that we spend on oceanography when we are surrounded on three sides by water, is ridiculous. Fish farming is another area, as is the whole area of agriculture in one form or another.

I should like to ask this and any succeeding Government of this country, where do the priorities lie? Where is their understanding of what is happening in the world? Where is Canada's George Washington Carver, the man who, in the 1920s, found over 100 uses for the peanut? Does anyone think that we would ever have had insulin if Banting and Best had had to deal with a bureaucratic structure of Government like that which exists today?

Where are the new strains of wheat? Disease-resistant wheat has been developed but little research is being done on wheat for new uses or on new crops. That is where the future of our country lies, but not sufficient work is being done in those areas.

With all due respect I would point out that the average stenographer, male or female, is as out of date as the buggy whip salesman is today. Advertisements for help in the newspapers call for people with knowledge of computers or word processors. What a marvellous thing it would have been if this could have been foreseen five or ten years ago. Perhaps we could have arranged for this type of training in the schools a long time ago and have the people available today. Now we are attempting to catch up, but unfortunately a lot of people will be left behind.

A revolution is taking place in the office today. The word processor and the small computer are changing the nature of the individual office in the country more than the invention of the calculator or the typewriter did 50 or 60 years ago.

Where are the jobs going to be in the future? Despite the neglect by the Government and despite the fact that we are not doing what we should in terms of research, science offers the greatest future to young people.

I have no hesitation in taking another man's words when he expresses in a better form what I wish to express. In November, 1981, Dr. Larkin Kerwin of the National Research Council said:

> We are a nation rich in ideas. Japan does so much with so little; we do so little with so much.

At that time he also said:

> If we fail to exploit these current technological opportunities, or fail to develop new ones continually, we may still survive as woodcutters. But we must then be content with a woodcutter's wage.

The young people of this country should think about that, Mr. Speaker. They should think whether they want to be woodcutters or have a meaningful career. When I speak of science, I do not necessarily mean that one has to be a research scientist with a PhD, working in a university. I mean that they should take as much science as they possibly can. There will always be captains, generals, sergeants and troops, and the more training they have, the further up the ladder they will be in the new industries of the future.

Tomorrow, there could be a breakthrough that could mean that five years from now hundreds of thousands of jobs would become available through something that we do not contemplate even in our wildest dreams at the moment. Just look at the explosion that has taken place with computers. To paraphrase a line from *Time* magazine, if the automobile industry had gone ahead as rapidly as the computer industry has, today you would be able to buy a Rolls-Royce for $2.40 and get 400 miles to the gallon of gasoline. IBM sends its senior computer people into the field for a year, then they must go back to school. They go back to the field for another year, and back to school again. The company believes that if senior computer people are left in the field for two years, they will not be familiar with the technology that is being developed.

At the present time Canada spends less on real research than any other industrialized country, says Larkin Kerwin. Not all the National Research Council's projects under the Industrial Research Assistance Program were sure-fire winners. The average was $20 in sales for every dollar of NRC R and D funding. But 80 per cent of the projects have led to

direct or indirect benefits. Just under half of them produced $1.8 billion in sales, 16 per cent are confidently expected to produce sales in the future, while 24 per cent gave indirect benefits. When a research body can produce as many jobs and as much wealth for the country as that, then it is very, very foolish for a government to starve it to death as this Government has been doing for years. If the Liberal Government had put that kind of emphasis on research and development when it came in with the Prime Minister (Mr. Trudeau) in 1968, I doubt if there would be any unemployment in the country today.

We just have to look at what Japan has done in terms of research and development and see how it has affected their standard of living. Their economy is far ahead of ours.

In 1968 we spent 1.4 per cent of the Gross National Product in the vital area of research; today we spend only 1.13 per cent, which is up 0.9 per cent from two years ago. Fifteen years after 1968, the Government has moved the target back up to 1.5 per cent for 1985. To reach this modest target, R and D spending must not only outstrip inflation, it must increase in real terms by 18 per cent per year. These are staggering figures. But as a percentage of population Canada had one-third as many people working in research and development as did the Swedes, the Germans or the Japanese. We had one-half as many as the Dutch, the French and the Americans. We spend less per capita on research and development than all industrialized nations, with the exceptions of Ireland and Iceland. That is a record of which we should all be thoroughly ashamed. In fact, if we raise our percentage of GNP expended on R and D by just one percentage point, we could ultimately provide one million new jobs in this country and generate those $20 billion in new manufacturing sales.

• (1530)

I believe that requires some dramatic tax reforms regarding investments in high technology. If this country can afford to give total write-offs on third-rate motion pictures, we can certainly do no less for high-tech investment which will ensure a viable future for our children. To me it is deplorable that this country and this Government do not realize what the pay-offs are in research. This Government brags about this scheme or that scheme. Some are excellent, and for this they ought to be complimented. But we have a philosophical base here which is dead wrong, in my view. That philosophical base is grants, which means the Ottawa bureaucrats decide which company goes ahead and which company does not. Bureaucrats are not good businessmen. As a Conservative, I believe that what should be done is to have a system of incentives. What we should do is to say, "There is the incentive. Go after it, fellow. If you make it, great. If you are inefficient and you cannot do it, down the drain you go." But incentives for research and development should be given to all through the tax system. We should not have bureaucrats trying to run the whole show. We have seen the disastrous results and the wasted taxpayers's dollars when bureaucrats have made terrible errors in judgment.

In conclusion, I want to quote from what Mr. Walter F. Light said. He is the President and Chief Executive Officer of Northern Telecom Limited. Last April he said:

> R and D, like capital spending in plant and equipment, is not an expense, it is an investment in the future. High technology companies must constantly innovate to maintain their leadership and ability to compete.
>
> The commitment to research and development must be consistent and long term. In the long run, the winners will be those companies that maintain R and D investment in every economic climate and, when their profits are rising, recognize this as an opportunity to step up their R and D spending to an even higher level.
>
> To compete, a company, an industry, or a country, must pursue a clear strategy, focusing its efforts and resources on the areas of greatest opportunity. It must maintain a consistent and growing commitment to research and development. It must invest in the development of people in schools, in universities, and in business. It must move quickly and decisively to respond to market opportunities.

Mark Twain made a statement on the weather. Everybody talks about it but nobody does anything about it. The weather is another major area for research. But I think we have talked enough about research and development. It is almost like motherhood. I have yet to hear Government Members say that they are not in favour of it, but I have yet to see a fully meaningful policy from the Government on research, and the Government should have one. We can go right back to 1970 and the Senate report. Nothing has happened. Let me say to the Government of Canada, for the sake of the youth of this country, for the sake of the unemployed, for the standard of living for our children, get on with it and let us get the money going in research in the amounts that are needed.

Mr. Al MacBain (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, I think we all appreciate the motion put forward for discussion today by the Hon. Member for Scarborough East (Mr. Gilchrist). It is a timely topic and it is one we must address. I enjoyed the remarks made by the Hon. Member for Scarborough East. I also enjoyed hearing from the Hon. Member for North Vancouver-Burnaby (Mr. Cook) who has just addressed the House, as well as many others.

I want to mention a very small program of the Government of Canada and pay tribute to it. It is one of the smallest in the area of research and development. However, there has been some discussion as to whether or not it will be continued. I hope it will. The program is known as the New Crop Development Fund. I believe the total amount committed to that program is only three-quarters of a million dollars. Speaking only for my area with regard to this fund and the research and development permitted under it, the farmers and those producers of goods in the agricultural sector appreciate this program very much.

I noticed in a booklet entitled "The Government of Canada's Investment in Science" a very interesting opening remark. It reads:

> Research and development (R and D) and industrial innovation are key elements in the federal government's policies and strategies to meet the economic challenges of the future.

I read that because I like the connection between research and development and industrial innovation. I think that is a

very important point and it is a linkage that is very often missed. There is a danger, as was found in the United States, that when a tremendous amount of money is put into research and development, the next step, commercialization, does not happen. It does not happen because sometimes we fail to appreciate and make possible the movement from R and D to commercialization. It is one thing to permit, in one way or another, the funds for R and D to be made available, but after the research and development is done, before the product or the technology is on the commercial market, a big gap occurs. The authorities in the United States feel that it takes eight years to move an innovative venture, that is, the product or the technology, from the completion of research and development to profitable commercialization. Those same authorities state that it takes 12 years for a company in a normal or average case to make the same return on investment from an innovative new venture, when you compare that venture with a mature one.

When you look at a period of eight years before a product becomes profitable and a 12 year period before it brings a return on your investment, Mr. Speaker, you realize the importance of the time frame. Small companies cannot overcome this obstacle. I say to the Hon. Member for Scarborough East that, as well as having a research and development policy or strategy, we must also take a look at the next step, that is, what happens between the time when R and D is carried out and the time when a company makes a return on the investment on the product or technology.

I am aware of the fact that the statistics I have just quoted are American, but I think they are so basic that they cannot be much different in Canada, that is to say, that it takes eight years to start turning a profit in the average case taken from a study of 68 industries involved in the innovative ventures, and 12 years to return the investment.

• (1540)

When we, as Members of Parliament, are considering research and development, we must realize that there is an important linkage between R and D and the commercialization of a product. Unless research and development is given assistance to make such projects profitable, it is unlikely that the millions and billions of dollars to be poured into research and development will be of any great benefit.

I personally believe that in order to have a meaningful research and development program, there must be a national industrial strategy in place. I appreciate the fact that the Hon. Member for Scarborough East was not attempting to put one ahead of the other, but I suggest that we need a comprehensive and long-term industrial strategy for Canada, part of which would be a research and development policy. I think this is extremely important.

I had the opportunity to present a submission on an industrial strategy for Canada before the Macdonald Commission. I suggested that the Commission make a preliminary report to the Government of Canada asking it not to wait for the economic report from the Macdonald Commission but to set up a group consisting of businessmen, labour leaders, university people and members from the federal and provincial Governments to prepare an industrial strategy for Canada. This group should also receive information about the state of affairs outside of Canada since 30 per cent of our industrial output is exported.

As I pointed out in my letter to the Macdonald Commission, I do not believe that an industrial strategy for Canada can be prepared within the House of Commons, regardless of which Party is in power, if we depend upon the resources available to a government or its Departments. I say this because Ministers of the Crown and their senior advisers already have a very heavy daily administrative burden. I am sure all Members agree that backbenchers are very busy, and surely Ministers are extremely busy running their Departments. We should not wait for an industrial strategy to be developed in the House because it will not happen.

An industrial strategy is essential for the future well-being of this country. This industrial strategy should be developed outside of the House. There are retired businessmen, retired labour leaders, university people and bankers as well as consulting firms who have a great knowledge to contribute in the formation of an industrial strategy. A strong team must be formed that can give us a comprehensive industrial strategy, which will include a system for research and development and the commercialization of the fruits of that research and development as one of its goals.

I pointed out to the Commission that during wartime we adopted a dollar a year idea. I think that we are in position where the economy of this country and the western world is such that we could adopt a warlike innovative action which would be justifiable and acceptable if it resulted in an industrial strategy for Canada. I have learned from major industrial concerns that this is their position. They are prepared to make their top company personnel available to contribute to this industrial strategy since it is their belief that it would be very good for the bottom line of their companies to have a long-term industrial strategy for Canada. However, they would not consider this if it is not connected to the bottom line of their financial sheet.

As I said, I have asked the Macdonald Commission to make a preliminary report such as I have suggested. If that report is delivered, I believe Members would support the Government in setting up a group to form a comprehensive industrial strategy. While it would be best to wait for a report from the Macdonald Commission on an industrial strategy, I do not believe that we can afford the luxury of waiting for it. I might say that this is also the opinion of industrial leaders whom I have consulted.

It is not uncommon to hear after-dinner speakers tell their audiences that the day of the smokestack industry in Canada is gone. They will go on to say that the day of the textile industry in Canada is gone, the shoe industry has disappeared, and some go as far as to say—if not publicly, certainly in private conversation—that the automobile industry will either be unimportant or a thing of the past. These remarks are made by

some very important people in governments, industry and education. Responsible people have tried to justify these statements on the basis that a third wave of high-tech industries will employ young Canadians and remove the need for those industries which I have mentioned. When this is said without any in depth study or industrial strategy to back it up, it may result in our having to pay a heavy price in the future for those remarks.

• (1550)

A Member from the New Democratic Party said earlier this morning that there is no concrete evidence available that third wave industries will be of such great strength or have such a large number of employees that they will take the place of the older industries that have been part of the industrial revolution in Canada. I agree with that statement. I am sorry that he is not in the House this afternoon, but I am sure that he will read it in *Hansard*. What I am saying is that when we make statements like that, when speaking to our constituents or in the House, before we know what we are talking about and before we know what the future holds, we are doing a disservice to this country. That is not to say that the third wave industries will not be helpful and beneficial to this country and a boon to our young people. However, I am saying that I have no evidence that one type of industry will be a complete substitute for the other. If we move in that direction without knowing what we are really doing, we will in all likelihood lay a false foundation for the industrial future of this country, and I, for one, will not participate in the movement in this direction.

I hope that when the opportunity arises, Hon. Members from all sides will support the idea of an out-House industrial strategy being prepared for Canada, because I do not think we will see it unless it is done that way. It can be done under the direction of the Government of the day, the Government of which I am honoured to be a Member at this time. However, it must be very broadly based, along the lines that I suggested. That does not mean that Government Ministers, Deputy Ministers and senior experts in various fields cannot be assigned to this group to ensure that part of the expertise found in the elected or appointed people in Government is fully utilized. They do have a real contribution to make. Ministers have a great deal to offer in the experience they have gained in running large Departments. This is true of Deputy Ministers and various experts in the Departments as well.

As I see it, however, the real expertise for an industrial strategy in Canada must come from those in the private sector to a very large extent. They are the ones who know how to run the country, not Government Ministers, Deputy Ministers or experts in a tiny field in a Department who are qualified to advise a Minister or Deputy Minister on a small issue. When it comes to an issue involving an industrial strategy for Canada well into the twenty-first century, it requires the expertise which we do not have here.

Speaking before the Macdonald Commission, I stated my opinion that not all expertise may be found in Canada itself. We depend on the international market for our sales, and there would be nothing wrong if some of the people we retained to help this group came from some of the countries that take large amounts of our exports.

Mr. Gilchrist: I would like to thank the Hon. Member for Niagara Falls for his very serious presentation. I hope he will not mind if I just give him one little jibe over his terminology. I was not too sure what he meant by an "out-House industrial policy". I sort of thought that that is perhaps what we already had. Seriously, I did want to ask him about his concern over the strategy of the Government not embracing the textile or the shoe, or the other "low technology" industries, although it is not really fair to call them "low technology". I remind him that the Minister stated that "it is in these high technology-intensive sectors, and I believe in these sectors alone, that new challenging and high-paying jobs can be created". I am wondering if the Hon. Member for Niagara Falls does not support that view. Will he attempt to convince the Minister that perhaps in areas other than the advancing technologies we should be supporting business?

Mr. MacBain: Mr. Speaker, I appreciate the question. I would like to mention that I think I deserve the jibe that the Hon. Member has given me. Being a farmer's son, I should have been more careful. The phrase "in-House" is now such a part of my vocabulary that I forgot about my past, and I should never do that.

I would say that my view is not necessarily ad idem with the statement of the Minister which the Hon. Member for Scarborough East has quoted. I am trying to be fair. I know there is a place in Canada for high-tech. It is obvious. However, I am afraid that in our rush to get the high-tech, we are forgetting about the bread and butter industries of the past, and that is what I am against. It may be that when a comprehensive industrial strategy is prepared in the manner I have suggested to the House this afternoon, I will be proven wrong, and that we could move in the direction as stated by the Minister of the Government. However, I am certainly not prepared to accept that statement at this time without the in-depth study which I see as being required. I hope that this answer is helpful.

Mr. Waddell: I would like to make a comment and direct a question to the Hon. Member whose speech I very much enjoyed. I liked his use of the term "out-House strategy". It opens up lots of possibilities. We could have Eaton's to catalogue it, for example, we could have the former Alberta Cabinet Minister, Mr. Horst Schmid, to testify about it, and so on. The possibilities are simply endless. My colleagues also have some comments, but they are probably not permitted in *Hansard*.

The term "industrial strategy" is not a new one. The present Prime Minister (Mr. Trudeau), has used the term, as did his great friend, John Turner, when he was Minister of Finance.

As Don McGillivray, the journalist, said last week, "all God's children" have used the term "industrial strategy".

Mr. Pepin: All Ministers of Industry, for sure.

Mr. Waddell: But what does it really mean? I would like to direct two questions to the Parliamentary Secretary, who I think is one of the most thoughtful Members of this House. I might say that I agree with what he has said about moving too quickly in high-tech without thinking about it. I think he is right-on there. However, has the Parliamentary Secretary given any thought to the use of another term for industrial strategy, something else we could call it which would better reflect the process? Second, how does he see labour's involvement in the process? He spoke of business being a big part of the industrial strategy. How does he view labour's participation in the new industrial age or in the process of forming an industrial strategy?

Mr. MacBain: Mr. Speaker, I will not attempt to explain what I envisage an industrial strategy as being, because if I went into that subject, I think it would take away from what I expect the group to do, because even defining it will not be easy. I was using the term today in the way it is normally used.

I am interested in the Hon. Member's question as it pertains to labour. I was speaking without notes and I meant to say "labour, business, university personnel and others". I will check the "blues", and it may be that I did not make that point as strongly as I had intended. If I did not do so, I do so now. I point out that on Tuesday of this week, I appeared on a TV show with Mr. Cliff Pilkie of the Ontario Federation of Labour. We discussed this very point. We were in agreement on the basic idea of an industrial strategy somewhat along the lines I have suggested today. Certainly the idea was put forward that labour would play a very important part in the preparation of that strategy. This is not to say that Mr. Pilkie did not say there would be difficulties in getting the three together in an industrial strategy for Canada. There was no suggestion at all that it would not work. It was my first opportunity to meet Mr. Pilkie, which probably explains why I may not be as close to labour as I should be. In any event, I enjoyed meeting him. After the show was over, my guess was that labour was just as interested as business and Government in getting together to lay down a foundation for the future economic development of the country.

• (1600)

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I am very pleased to participate in the debate precipitated by the motion which in part reads:

> That this House recognizes that an increased commitment to science and technology is fundamental to the establishment of a new industrial base in Canada, to the rejuvenation of existing industries, to the creation of new employment and the maintenance of existing jobs, and to economic recovery—

Perhaps some of the most important inadequacies of the Liberal Government, which we can understand best in terms of current economic conditions, were described in the December issue of "Economic Outlook". It gave the figures which OECD provided, comparing Canada with the other OECD countries. Three parameters were used which I think provided us with a context with which to compare Canada and the other nations in terms of how we were really doing. The first parameter was ranking in terms of economic growth. Canada ranked twenty-fourth out of 24. I could go through the list. It included Australia, Austria, Belgium, Turkey, Portugal, Luxembourg, etc.

The second parameter was that in the top seven OECD countries we had the second worst record in unemployment levels. Again this provided us with a comparison to use. It compared Canada with other industrialized nations, and we were second last in the seven with which we most like to compare ourselves.

The third parameter was industrial productivity. This is the one to which we should pay the most attention. The years that were used were from 1960 to 1973 and then from 1974 to 1980. In looking at those years, we find that Canada is the only country which had a negative growth in its productivity. If we look at our productivity, unemployment and economic growth, although we are well able to appreciate that there is a world-wide recession and economic problems, and compare ourselves on the basis of the available figures, we see that we are not doing as well as most other countries or as well as we have a right to expect. These figures should hurt our pride and should cause very serious concern for our future.

Science and technology is the focus of the debate in the House today. Canada's economy, the health and integrity of the country now and in years to come, are the issues which we are trying to address. The low historical levels of R and D funding in Canada are well known. The 1.2 per cent of the GNP we hope to achieve this year is a start toward the goal and commitment of the Government of 1.5 per cent of GNP. Perhaps the figure should be 2.5 per cent instead of 1.5 per cent. At least the goal toward which we are aiming is one we can all support, at least until we attain it. We know that for every 1 per cent of the Gross National Product invested in R and D we obtain approximately 800,000 jobs. That $3 billion of investment or 1 per cent of our GNP translates directly into 800,000 jobs, according to the figures of the National Research Council. Thus we see that R and D translates into jobs—full-time, long-term employment for Canadians.

It would be easy to point critical fingers at a number of R and D related activities and not to say enough in any number of areas, but I would like to focus on two energy areas in my time today. I would like to deal very specifically with the way they represent Canadian opportunities for economic gain, employment, and serving a mixture of Canadian energy needs. The first energy type upon which I would like to concentrate is solar. Basically I want to concentrate upon active solar, while in passing give full respect to passive solar and photovoltaics.

Historically, the cumulative total R and D and solar specific program to the end of fiscal year 1983 will be $97.6 million, with about one half of it dedicated to R and D. At the end of March of this year the funding is due to stop and there is no commitment on the part of the Government to carry on with

additional funding. Cabinet is now faced with interpreting a substantial review of the status of the solar energy industry in Canada and with making a decision on the course of Government action.

What have R and D and the Canadian industry done to date with solar? The industry is ready. It can provide domestic hot water systems which are competitive with current alternatives. They would cost approximately $300 per gigajoule per year. There are other hot water applications in both industrial and recreational areas that are very cost effective. The fruits of years of funding and effort have given the Canadian industry the right to export 25 per cent of its production to date in a world market that has a $10 billion potential by 1990. It is a fast-growing market. It has been well documented that the potential is there.

Active solar has taken off in the past few years, and the sequence of a starting industry flowing to commercialization and markets while maintaining R and D is the question facing Cabinet today. The Science Council of Canada suggested that the Government should back winners. There are a publication which attempted to single out the industries that should be backed or supported. What we really need to consider in this single, very focused area of energy is that if we make a commitment of $175 million over the next five years, we could potentially create 50,000 permanent jobs. Also we could potentially displace 200 million barrels of imported oil. It is not simply a question of dumping more money into research. We should follow it one step further to see how we can support research which has already been done and how to continue on with research that is necessary and appropriate for the Government to conduct. We should ensure that the research we have already supported becomes something of which we can take advantage. This is the decision with which the Government is faced.

It brings into focus a number of questions. First there is the question of initiating and supporting the correct R and D initiatives. There is also the question of providing the environment for industry to grow through investment. Finally, there is the question of providing, where necessary, assistance to market penetration and industry self-sufficiency. A $175 million commitment over the next five years would in fact provide all these things to that industry. Also it would provide, as I said, long-term, permanent Canadian jobs and permanent Canadian energy opportunities.

• (1610)

If the Cabinet had decided to stop further support in this fledgling solar industry, it would have committed a good deal of the previous R and D activity to failure and net loss. It makes no sense. Although the question is in part a short-term political one because a number of options are available in Canada, the decision will be most correct if we make reasonable use of the technologies that match our needs. I urge the Minister of State for Economic Development and Minister of State for Science and Technology (Mr. Johnston), although he is not in the House at the present time, to convince his Cabinet colleagues that this would be the correct decision to make and it makes ultimate sense for Cabinet to continue to support it until the industry has the market penetration it needs to provide the ability to survive without additional Government support.

The second type of energy I would like to specifically focus on is nuclear energy. For the purists, one could say I was talking about a form of nuclear energy when I was talking about solar, but to stick to convention, I will talk about nuclear energy per se. I would like to talk about nuclear energy and the R and D we have in Canada now. I would like to focus particularly in that area on using uranium for heat.

I would like to recognize the historical excellence of Canadians in this technology, including those such as Dr. Green and Dr. Rummery at the Whiteshell Nuclear Research Establishment. Indeed, the work done at this facility can have an impact on the Canadian and world energy scene out of all proportion to the size of this facility.

Whiteshell is responsible for our waste management program and for nuclear products. It is clearly onstream with realistic solutions. We seem likely to be world leaders in this program. Whiteshell is also responsible for the organically-cooled experimental reactor which gives temperatures considerably higher than the standard Candu reactors and which has economic application to removing the oil from oilsands with little disturbance to the terrain, the so-called removal in situ. The literally thousands of direct and indirect jobs, the additional fossil energy security that could be gained and the very efficient marrying of uranium with the oil sands are obvious gains for Canada.

The use of steam for heavy-water production is the best current example of using primary heat from uranium for heat itself rather than for generating electricity. Indeed, the additional capacity that is inherent in just the Bruce nuclear power development is capable of producing energy for industry at prices attractive enough today to create 10,000 new jobs, permanent industrial and agricultural jobs by the year 2000. My point in mentioning both the solar industry and the nuclear industry was really the same. Both represent valuable Canadian options, both have seen significant Canadian R and D content and both are at a critical threshold in many ways. There are obvious differences between them, but the real problem faced by both is the need for the correct political decisions, and soon.

We have all too often missed the boat. Today we see the trouble our automobile industry is in. Yesterday we lost the television industry. In the case of science and technology today in the federal House we have an integration with economic policy. The Hon. Member for Scarborough East (Mr. Gilchrist) has given recognition to the importance of that. We all hope that will help facilitate some of the important decisions that are necessary. That is appropriate. It seems to be a part of the models which have worked well for other countries.

Where we go with our technology options, how we integrate into the marketplace, into an industrial strategy, if you like, is really the key. It is the essence of our situation in Canada

today and part of the way that we can regenerate ourselves, even to the point where we can look at these long-term strategies and make them work.

I have suggested two political decisions which can be made today, which need to be made and require the intelligent co-operation of Government with the science community and with industry. They are practical, realistic and provide a part of the background for working out the longer term industrial, technological, economic and employment strategies.

Mr. John Evans (Ottawa Centre): Mr. Speaker, it gives me a great deal of pleasure to speak on this motion today. The Hon. Member for Scarborough East (Mr. Gilchrist), as I said earlier in a question to him, has done a great deal of work, which is very interesting, and has put forward a great many useful ideas in the area of science and technology over the three years that he has been the critic for the Opposition Party.

I commend him for putting forward this motion for debate. I might not agree with some of the wording of the motion, but I certainly commend him for bringing this to the House for debate today. It is probably the most critical area that we could and should be looking at as a Government and as a country. If we do not become more engaged in the area of research and development, in the development of new technology and in the development of the ways of the future, as a country we will be left further and further behind in the areas of economic growth, job creation and all of the things that we want for this country which give rise to increases in our standard of living. Without such increases, we will certainly have social unrest and a very difficult time expanding or even maintaining the level of social expenditure now enjoyed in this country. That will certainly be a divisive debate if and when that should ever have to be entered into by Members of this House.

The framework put forward by the Hon. Member for Scarborough East was a good one. Earlier I asked him about putting some flesh on the bones, and he did, especially in the area of education, an area where I agree with him. It is not good enough any longer for a nation to simply leave the role of education in the context of its national importance in the hands of one level of Government. There has to be a greater co-operation between levels of Government in the area of education. Certainly national priorities and needs have to be well defined and well funded from a national level of Government.

The problems that we face in the area of research and development stem from five basic areas. First, we have to be funding a much higher level of basic research in this country. Talking about applied research and the adaptation of existing technology is certainly of importance. However, any country that is going to advance technologically, that is going to stay at the forefront and compete effectively with other nations in this world in the new technologies and the technologies of the future will have to be concerned with funding a substantial body of basic and fundamental research.

Second, we have to begin to utilize our existing body of university researchers and non-governmental researchers much more effectively than we now do. Third, we have to provide funding for the development of new researchers, which gets us into the education question. We have to expand greatly upon our delivery of scholarships, research grants and post-graduate fellowships to ensure that we have highly trained and qualified manpower which will be necessary in the future, not only to do the research but to train our young people in ever-expanding numbers for the jobs in the technology field.

Fourth, and this is where we start to get into the area of industrial strategy, and I have great difficulty with the notions sometimes put forward about an industrial strategy that calls on Governments to direct. I believe Government should be a facilitator and not a director of what is done in this area. The Government does have, as a facilitator, to provide mechanisms for moving basic research that is done by the universities, the Government research agencies or private research foundations into the marketplace in profitable development.

Finally, the fifth key to a successful strategy is to ensure that adequate management talent is available, not only to administer the research effectively, but to manage effectively the process of product development and promotion that flows from the research and development process that we have.

Canada has serious difficulties in all of these areas. In my opinion we are under-funding basic research. We are not utilizing our existing body of research talent, whether it be at the National Research Council, in the universities, the colleges or the private research foundations. They are being under-funded. They are not being provided with the kinds of funds necessary for release time so as to allow them to do increased amounts of research, and as a result we are under-utilizing the talents available to us now. We do not have an advanced program of aid for young people to promote excellence, to promote a science "meritocracy", if you will, and that has to be improved greatly. We do not have the kind of management training which is required to ensure that our scientists have available to them those who are able to put the process in an effective format.

• (1620)

My other point, Mr. Speaker, is that we do not have, through our tax policy or other areas, an effective mechanism for ensuring that new firms are created in the process of moving basic research out into the marketplace in Canada and throughout the world. Those are the five key areas, I believe, of a sound science policy, of a research and development policy, for this country.

I think it is terribly important that we distinguish between basic and applied research. It is naive to expect that industry will delve heavily into the areas of basic research. Certainly some will, but industry is much more short-term oriented. It is more oriented toward what will provide profitable results for the shareholders over the foreseeable five or ten years. I think it is the role of Government to provide the infrastructure, the research capacity, to look into the truly basic elements of

research. Governments have done this in the past through the university system, through private foundations and through our own National Research Council. These agencies have been the developers, the doers, of basic research, and the ideas flowing from that have gone into the area of applied research and have led to product development. But there should be a co-ordinated effort.

I believe Government has to focus its attention more directly upon the area of basic research. Governments should be concerned with research which has long-term pay-offs, which you could not really expect a private enterprise to be concerned with. It should facilitate the transfer of this new knowledge which has been developed in basic research into the private sector and into other forms or vehicles for developing products. It should facilitate the creation and growth of firms through tax policy, through our grant structures, and so on, to ensure that as new technology, new ideas are developed in the basic fields, they are moved out into practical application. That is the kind of Research which we should include as part of Government, not only the Government research agencies themselves, but also the universities. I would call "Government" all of those areas of research which are currently publicly funded in a direct way, and I would call "private" that which is funded in an indirect way through the tax system, and so on.

It seems to me we have dealt far too long on the basis of trying to force multinational firms to do research in Canada. I believe we probably will have some success in that effort, but the cost of that success is going to be high. I believe it would be far better to spend our time on developing the basic research capacities, developing our own new ideas and facilitating the creation and development of Canadian firms which will carry those ideas into the marketplace. That would be a far more profitable expenditure of our time and effort. We should be planning now for the firms of the future rather than trying to force the mature firms which exist now to do more research in our country, although some of that certainly can be done. Therefore, direct expenditure for basic research and for the training of qualified persons to conduct that research, is the role of the national Government and it should be played to a much greater extent than it is now.

I would suggest, as a scenario, that the National Research Council could be the hub of this entire research endeavour by the Government. We could have a National Research Council which is much expanded. I quite frankly believe that the research budget of the National Research Council should be expanded dramatically beyond what it is. I believe the Council could work in connection with universities. Facilities could be built for research on university campuses, which are unavailable now and will be unavailable in the near term because of the financial constraints at the university and provincial Government levels. They cannot build the facilities which are needed, but the National Research Council could provide them and could then enter into an interchange of people between the university facilities and the National Research Council, to facilitate the exchange of ideas and the development of research. This same type of co-operation and joint venture in basic research could, of course, take place between the National Research Council, which I would call the "Government" agency, and the universities and private sector research foundations. The role of Government, then, would be to provide facilities, the wherewithal of researchers to undertake basic research, and for graduate training and post-graduate fellowships.

I feel that the key factor is a dramatically increased level of funding. We have heard the Government has put forward 1.5 per cent as its goal. I have said on a number of occasions in the past when the Hon. Member for Scarborough East was in the audience, that I do not think that 1.5 per cent is good enough. I do not think 2.5 per cent is good enough. If we are going to be in the forefront in ten to 15 years, we should be shooting for a 3 per cent goal on research and development funding, not 1.5 per cent. I believe also that we cannot get bogged down on this notion of "who is doing what". While the Government is doing its share, the private sector is not. I feel the Government should set our goal. Perhaps our goal will be 2 per cent of the 3 per cent of the Gross National Product being expended publicly on research and development, and we would expect that the private sector will take up the other 1 per cent. Hopefully, they will do even more. But we are going to set a goal for ourselves publicly and not simply have a situation where we say, "Well, the private sector must increase its expenditures on research and development. We cannot increase ours, because we are already doing more than the private sector." Then it becomes a game of pointing the finger at one another. I believe we have to set an objective for publicly funded basic research in this country, and that, when the new ideas flow, will generate the kind of applied research which is necessary, and that will increase that level of research and development funding.

We must also be very concerned with allowing the development of centres of excellence in this country. I do not think it is wise for us to try to diversify our efforts, whether it be on the basis of the need for job creation, or for any other such need. We should not spread ourselves thinly across the country. From my own personal experience in the research field, and from talking to a great many others, I find that research requires a certain critical mass of people, ideas and funding to be successful. If you try to spread research facilities in one particular area of endeavour widely across the country, that critical mass does not develop and your research does not get off the ground. We have an example of a very successful and dynamic research establishment which is growing right now and that is the high-tech research facilities here in Ottawa. From a purely practical, research-oriented position, I would hate to see the Government undertake programs which would cause firms to locate elsewhere throughout the country and dissipate that critical mass which is now generating millions of dollars, billions of dollars of export, millions and billions of dollars worth of growth in our GNP, the thousands and thousands of jobs in this country, many of which are spread across the country, but not the research function. It seems to me you could put the manufacturing function wherever you

like, but the research function requires that critical mass, that exchange of ideas between highly qualified individuals, and they should be in the same general location in order to be able to do that.

• (1630)

Now, Mr. Speaker, the second basic area of research is of course applied research. I think we will find that being done by most business firms, that is, the application of new ideas to existing problems and moving these ideas forward into the market place. Of course we can encourage this through incentives such as grants, tax incentives, joint ventures to ensure that new ideas are moved forward and proper funding is applied. I could see the Government, for example, developing new ideas in the National Research Council and then having a vehicle, such as the Canada Development Corporation, move the idea out, licence it to a private firm and perhaps take back non-voting shares where the dividends on the development and sale of products from this new idea would flow back into this central agency. Those funds would be recycled back into the research process to generate more new ideas, and thereby become a sort of self-feeding cycle of new ideas, transformed into new products, and so on.

Most important, it seems to me, is that any research and development strategy should find the Government acting as the doer for long-term research and a facilitator thereafter. We must not, it seems to me, turn into a centrally dictated, bureaucratically controlled decision-making device in the name of a research and development strategy. The essence of research is creativity and exploration. Bureaucratic structures, of course, are the antithesis of that process. I think this indicates the type of structure, and the five problem areas, that all countries will have with a research and development strategy. This indicates the kind of things I think have to be done in the area of applied research to ensure that Canada not only develops new ideas for the future, but has the mechanism to share those ideas with the world through new product development.

Let me reiterate the five areas I mentioned before, Mr. Speaker. First is a much higher level of basic research, and I indicated just how high I thought that should be. Second, to utilize the existing body of researchers at the National Research Council, universities and private research foundations much more effectively than we are doing now. Third, to provide the kind of funding necessary to encourage our young people to go into areas of high-technology in our universities and colleges. The last two, of course, have to do with moving research out into the market place. The first I mentioned was to provide a mechanism of various sorts for moving basic research into profitable development. The profits should be shared by a national research funding agency to help fund the level of basic research we want. Finally, also at the university and other levels, we have to ensure we have the funding available to provide the necessary levels of qualified management personnel because, if anything, we have found from experience in the high-tech field that one of the things holding back high-tech development from moving even faster than it is now is the lack of qualified management personnel. We need people who understand technology and who are also able to put the ideas together with good management practices and create highly competitive world class firms.

Having said that, Mr. Speaker, I thank the Hon. Member for Scarborough East for bringing this matter before the House, and I hope I have inspired some thought on the issue he has raised.

Mr. Gurbin: Mr. Speaker, I would like to express my appreciation to the Hon. Member for Ottawa Centre (Mr. Evans) for his candid remarks. One basic problem I have in listening to him is that, in the full realization of the unemployment problems and economic stress we have today, the real question is, how do we survive next month and next year, never mind ten years down the road?

I found his response intelligent, certainly he made some good points, but it is sort of an academic approach to the real problems today. So I would like to ask him, what specific things would he do to solve the problems today, integrating research and development today, making things happen today and tomorrow? While what he has outlined is good, with all respect, I have heard that for the last four years in this House from Members on all sides. I do respect his earnestness in putting it forward so I do not want to detract from that, but what would he do today?

Mr. Evans: Certainly I do not think our debate today was centred on very pressing problems of unemployment we face. But I should say that I hope we are able to develop an integrated strategy where we can deal with the unemployment problems, the short-term unemployment problem in this case, which are terribly serious. But at the same time we should not allow ourselves to not think about how we can move forward in some of the long-term solutions. It seems to me that if we do not follow a strategy, perhaps like the one I have described, or others which may be superior, then we are going to perpetuate and maybe even exacerbate the unemployment problems we have in the future.

I think today Canadians would be willing to say, "All right, you are asking us to tighten our belts but if part of what we are tightening our belts for is to develop a strategy that is going to make the future better, not only for ourselves but for our children and our children's children, then do it". I think we could not only get ourselves moving but we could give Canadians the hope that they are desperately looking for that the future is going to be better than the past. If we simply devote all of our attention to crisis management, dealing with the current problem, it seems to me that we do not give Canadians the hope necessary to overcome the psychological problems of moving into the future.

So it is not just the financial problem we face today in our economic crisis, it is also a psychological problem. Part of the solution to that psychological problem is to give Canadians a vision of where Canada can be in the future, how much better we can make our lives in the future through some strategy to move ourselves forward in the area of science and technology.

Certainly I am talking about things that might not be Government policy at the moment. Certainly they are not at the level of research funding which I am talking about, but I do not think that should restrain Hon. Members in this House from putting forward what we believe is in the national interest.

Mr. Lewycky: Mr. Speaker, I wonder if the Hon. Member for Ottawa Centre (Mr. Evans) would clarify a point which seemed to be rather contradictory. He talked about universities being required to do more research, things like that, and the necessity for more research and development. But then he seems to want to centralize all the research and development in Ottawa—or in one region of the country. The benefit of having research and development in many regions is in that way different problems can be faced. In some regions there are areas of science that are highly developed, whether it be fibre optics in Saskatchewan or the Manitoba telephone system. If people in western constituencies such as mine are not exposed to research and development possibilities, then there is no way they can participate. They would be left out in the cold.

• (1640)

I have a little difficulty reconciling some of the centralization concepts of the Hon. Member for Ottawa Centre and the necessity for research and development all across Canada. I wonder if he could clear this up for me.

Mr. Evans: Mr. Speaker, I would not want to leave that impression with the Hon. Member. Perhaps he misunderstood what I said. I am not talking about centralizing. Certainly the head office of the National Research Council is in Ottawa, but it also has facilities all across the country. I was trying to make the point that there are universities all across the country as well, with research expertise that is being underutilized. One of the reasons for that is that the funds are not available to provide first-rate research facilities for academics and students.

I say that rather than being centralized in Ottawa, the National Research Council could be the vehicle through which funding could be provided to the universities directly, to enable them to build new facilities on a co-operative basis with the National Research Council. Perhaps the facilities could remain in the hands of the National Research Council but be on the university campuses and available for co-operative use by academics, students and National Research Council personnel. They could move from Ottawa to places where there was a critical mass of people doing fibre optics research or to the West to do biomedical research in Alberta or biotechnology research in other parts of the country. The research has to be spread throughout the country.

As far as critical mass is concerned, if a small country such as Canada is going to do research in a particular field, then it should not try artifically to spread the research effort in that particular field broadly throughout the country so that 15 universities would all be trying to get adequate funds for research in a particular area of effort. Rather, we should try to develop centres of excellence across the country—perhaps even several in one field. These should be adequately funded and have the critical mass of people doing work in that area available to generate new ideas, but the research should be broadly spread across the country.

Mr. Blais: Mr. Speaker, I was very interested in the Hon. Member's speech. He said that a large number of high-tech companies are located in the National capital region involving, I think, 2,500 jobs. He tied that particular development in with the introduction of the Government's contracting out policy in the area of research and development. Is he aware that in the last ten years since the policy was introduced, more than 20,000 contracts in the research and development field, totalling almost $1 billion, have been let? If he is aware of that, could he tell us how that has, in part, accomplished that which he seeks to accomplish and that is, the transfer of research and development activities and technology into the private sector? I know he is aware of some of those facts but I should like him to comment on the experience of the last ten years and tell us how we can build upon that experience and allocate funding in the future.

Mr. Evans: Mr. Speaker, the Minister's point is appropriate and it is correct. Ottawa and the high-tech industry in Ottawa have benefited greatly from the Government's program of contracting out. Northern Telecom, Bell Northern Research and the myriad of small firms that have sprung up from the research arm of Northern Telecom primarily, have created hundreds of new jobs. That is the kind of critical mass I was talking about. With that critical mass of basic research, new ideas spring up. From that we not only get new firms that create thousands of jobs but we also get an interchange of activity and of minds which leads to further new ideas. I think of Mitel, Gandalf, Nabu and all the corporations that have sprung up in Ottawa over the years. The Minister said 2,500 jobs had been created; on the contrary, 25,000 jobs have been created. We expect that within the next five years that number could be tripled and several hundred small firms could spring up.

The spin-off is spreading throughout the country. Mitel now has plants in New Brunswick, so the benefits are showing. I would not argue with the Minister that the Government has played a key role in this, but I would say that it should provide us with the example of what could be done if we were to fund these activities at much higher levels than is being done at present.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I am pleased to join in the debate for a few moments. I understand another Hon. Member wishes to speak so I undertake to leave some time for him.

I am honoured to participate in debate on the motion brought by the Hon. Member for Scarborough East (Mr. Gilchrist). My knowledge of and admiration for the Hon. Member goes back a long, long way. I spoke at his nomination meeting the first time he was nominated to run for Parliament and for this Party. I hope that Members on the other side of the House will forgive me for mentioning that.

What struck me about his speech that night is exactly what struck me about his speech today. He took a very constructive approach to a very important subject, the importance of research and development and of high-technology and of

technology generally to the industrial and social well-being of Canada. I have talked to him about this many times and I do not think any Member of the House exceeds his specific and general knowledge on this very important subject. I am pleased to speak for a few moments on this matter.

I hope the House understands that we live in the midst of one of the largest research areas in the world. The Hon. Member for Ottawa Centre (Mr. Evans) spoke about the development of companies like Mitel in Kanata and Northern Telecom in Nepean, but a myriad of small companies are involved in research as well.

Mitel began in a basement, with a dream. It has grown into a revolutionary industry which has, revolutionized other industries. That is the history of the high-technology industry. These companies are involved all the time in the application of theories and the applied research that is necessary. The amount of capital required to pursue this research is astronomical, and the chances taken by these innovators are frightening to the bravest among us. In addition, people sometimes seem to forget the two other components of research in this City, namely, the University of Ottawa and Carleton University. Perhaps the unsung heroes of it all are the hundreds of research scientists employed by the federal Government.

This is a centre of research and development unique in the country, perhaps even in the world. I think that we should remember the importance of it and the significance it can have for the future of the country.

• (1650)

Many of the things that are being dealt with here are important to the Mitels and the Telecoms in their own business and in the products they sell, but the theories the techniques, the chips which go into the robots and the other technological devices are the keystones, I believe, to the redevelopment of other industries, the mature industries which are now having to come to terms with themselves in their place as manufacturers and job creators.

The Government, therefore, has an obligation to this new industry. It will be said to me, "We will take grants everywhere", but grants are uncertain things and research is long-term. All these industries ask for is a reasonable set of tax incentives to pry out of the socks, the storage places, the safety deposit boxes and the banks of Canada the investment capital for them to carry on.

We are coming up to a budget in a little while. If there is one area where jobs can be created almost immediately, where new product development can be spurred, its pace doubled, it is in the area of high tech. Advanced high technology industries have a potential to create 500,000 jobs by 1990. That is why I think it borders on the immoral to have a situation develop where the President of the National Research Council needs to say, as he did, that if Canada had listened to its scientists a decade ago and spent more on research and development, the country would not be in the economic mess it is today. That is the truth.

We are not just keeping up with the Joneses, the Japanese or the Germans, or anyone else; in some area we are trying to play catch up.

In the last few seconds that I have left let me say to Members that if any Member on the other side of the House has any influence on the Minister of Finance (Mr. Lalonde), let him please put his influence there. We talk about unemployment. It is likely that the beginning of hope for the long-term future for those who are unemployed and for those who will come after them is not just in the high-tech industries but in the other industries as well.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I want to say a few words and to commend Members for the very positive debate we have had. I would like to commend the mover of the motion who placed it on the Order Paper. Since I have only about four or five minutes, I want to come directly to the point and suggest that what this House should be doing is to establish a committee of the House to study the social and economic impact of technological change. That might be a way to bring some fruition to all of the ideas that we have spoken about today. As legislators we might have some input into what kind of society and vision we have for this country. I think we all recognize that advanced technology is here. We are experiencing some tremendous technological restructuring throughout the world. We cannot turn back the clock. We cannot close our eyes to what is happening. It is here and it is happening now and it will continue in the future.

Really what we have to do is to ask ourselves a couple of questions. At what pace do we want to have that change brought into Canada? On what kind of industries do we want to concentrate? How will it affect human beings? Will we have a society in the future making these machines and computers to be the slaves of mankind, as someone said, rather than human beings becoming the slaves of the computer? Will we have the kind of society where we control the robots, or will the robots control us? For those kinds of reasons I think it is important that we go to all three House leaders and ask for a committee of this House to be set up to look into the social and economic impact of technological change.

When I look around the world I see a tremendous revolution taking place. There is a tremendous recession in the world. Part of the reason for that recession is to be found in the result of technological change. I am not sure whether any country or political Party has found the solution to which way we should be going. Certainly no political Party has found all the solutions. We have had many different attempts. We find, for example, that the more mature industries that we have known in the past, such as steel, auto, rubber and glass, will not be the industries of the future in terms of providing many jobs and many workers. Even if we have a world running at full capacity and we are over the recession, technological change will make it so that these industries will never employ the number

of people they employed in the past. I am not saying that these industries are obsolete. I am saying that while the technologies we knew in the past are obsolete, the industries are not obsolete. We will have to keep many of these more mature industries, but we will have to make sure that we have the most modern technology so that they do not disappear, that they are internationally competitive and we can export around the world as well as supply our own market.

On September 25, I had the chance to speak in Chicago to a convention of the United Auto Workers of America. Those people are most concerned about the unemployed in their industry. From their studies they told me that by the year 2000 even if the Americans regain their full share of the auto industry, from the Japanese and the Europeans, about 80 per cent of the jobs they knew in 1980 will have disappeared because of advanced technology, the robots and the fully automated factories. The Japanese now have factories that are 98 per cent robotized. These are questions that we will have to look at as Parliamentarians. We will have to find solutions to these questions. If we do not, we will have more and more people unemployed, disillusioned and turned off by this failure of leadership in the country. That is why I argue very strongly that a committee be set up.

About two weeks ago, an American economist named Thurow appeared before a policy convention of the Liberal Party of Ontario. He said that what we lack in this country is a vision or a dream of where we are going as a society. We do not have that economic strategy or policy. He said that the Austrians have an objective, even though that country is situated right next door to such a powerful country as Germany. The Austrians' objective is to be better and richer than the Germans. The Austrians have met that challenge. They have succeeded. I think we in this country can learn from countries such as Austria, Scandinavia, France, West Germany and Japan.

In closing I urge Members of all three Parties in this House to approach their House leaders and try to get a committee going very soon, because we are lagging behind in this country in the field of advanced technology.

Mr. Baker (Nepean-Carleton): Mr. Speaker, if I may interject, I am intrigued by the thought of a special committee of the House of Commons, the idea of setting up a kind of task force which was put forward by the Hon. Member for Yorkton-Melville (Mr. Nystrom). Would the hon. gentleman be in favour, as well as establishing such a task force, of restructuring the Standing Committees of the House of Commons so that a standing committee of the House of Commons might be struck to deal with matters on an ongoing basis beyond the task force, having regard to the fact that we have come to the day when we must specialize in our committee structure?

• (1700)

Mr. Nystrom: The simple answer to that is yes. I think the Member for Nepean-Carleton (Mr. Baker) is absolutely right. I would support any move in that direction and I would appeal to all Members of the House to support that suggestion also.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being 5 p.m., it is my duty to inform the House that in accordance with Standing Order 62(11), the proceedings on the Motion have expired. Accordingly, the House stands adjourned until Monday at 11 a.m., pursuant to Standing Order 2(1).

At 5 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 7, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Monday, January 31, 1983, consideration of the motion of Mr. Lalonde that Bill C-139, to amend the statute law relating to income tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, when the House rose on the last occasion when this Bill was under discussion, I was detailing for the House the various meetings which have been held by the Progressive Conservative Party to examine in detail the original budget brought in by the late Finance Minister of the Liberal Party. I had gone through that at length. Today I want to mention some of the specific items which we were able to persuade the Government to withdraw, and then I will deal with some remaining matters concerning Bill C-139.

As a result of the efforts of the Progressive Conservative Party, the Government has withdrawn its ill-fated plan to tax employee health and dental benefits. It has delayed the implementation of the shift of manufacturers' sales tax to the wholesale level until mid-1984. It has changed the rules with regard to the small business dividend distribution tax, and that will apply only to dividends paid out of incomes earned in the taxation years starting after 1982. It has withdrawn the proposal that interest on money borrowed to earn investment income be deducted only against investment income. The automobile standby tax has been reduced from 2.5 per cent to 2 per cent. It has made significant changes in its proposal to tax whole life insurance policies and has made several improvements.

Today I want to discuss the items which have been left in, specifically with respect to employees, small businesses and farmers. The Liberal Government originally planned to sock it to all employees. For years, we on this side of the House have been encouraging unions to bargain for health and dental insurance. To our Party, it made good sense for us as a country to support the healthy Canadian family. In the original budget, the Liberal Party attacked the basic principle that families should look after themselves and decided it would tax employee health and dental plans. Now that proposal has been withdrawn, but I want to deal at length with one item which has been left in concerning the question of mobility.

Canada is a large country, and we must encourage mobility in our economic thinking. Companies have traditionally offered interest subsidies to employees moving from one part of Canada to another where there is a housing shortage and high prices, thus costing the employee more to remain at the same housing level. In November the Minister of Finance (Mr. Lalonde) proposed to tax all interest subsidies, effective 1982. In December, 1981 that exemption was withdrawn over two years for loans that were already in effect. In June, 1982 the Government decided it would not apply to commitments made prior to the budget.

• (1110)

I am pointing out these various "back and forths" to point out to the House that the Government does not really understand the problem. It does not understand why housing loans are made. It does not recognize the need for the Government to assist Canadians to be as mobile as possible in finding jobs in these days of high unemployment.

The second reason I am pointing these out is the absolute inability of the Government to understand that you have to phase in tax changes. Tax changes cannot be made overnight. It is one thing to say that it is the intention of the Government to tax loans on housing and that that is going to be phased in. To phase these changes in overnight is something else again. That is what our party is objecting to, the immediate change in taxation policy, which means that the businesses and employees who have arranged their affairs suddenly find that the Government has changed the rules of the game.

One of the most petty rules of the Liberal Government in the 1981 budget was the decision to increase sharply the taxation of employer-owned or leased automobiles which are used by salespeople. Bill C-139 now proposes to charge employees a stand-by fee equal to 2 per cent per month of the purchase price of the automobile if the employer owns the automobile and two-thirds of the lease costs if the car is leased. In simple terms, what the Liberals are saying is that if an employee uses a leased vehicle, he or she is using that car for eight months for his or her personal purposes and for four months for the purpose of earning income, and that simply does not make sense.

There have been other things which we do not agree with in terms of employee benefits, but I want to deal with small business. Small business, as the House well knows, is the backbone of the Canadian economy and this Bill is a direct attack by the Government on the small business community.

Small business was traditionally encouraged to invest in capital assets by the fact that a full year's depreciation or capital cost allowance could be taken in the year of purchase. Now the Government has changed all that. It is now saying that an asset purchased in the first month of the business year will be eligible for the same depreciation as assets purchased in the twelfth month of the first year.

My question to the Members on the Government side is, would it not make more sense to allow capital cost allowance to be calculated according to the month of purchase in the first year? Therefore, if the purchase was made in the first month of the business year, they could claim twelve months' depreciation. If they purchase it in the fifth month, they could claim seven months' depreciation.

This is the time for some innovative thinking on the part of the Government, not for thinking which discourages capital investment. If capital cost allowance is cut in the first year, that discourages capital investment. The reason we have so much shut-down in our manufacturing industry is because of that one provision.

The next point I would like to speak on is the Small Business Development Bond, which was originally introduced by the Progressive Conservative Government in December, 1979 to help small businesses weather the ravages of high interest rates. This was a consolidating feature which allowed small businesses to consolidate their debts on a once in a lifetime basis. There was strong support for that concept in the business community.

In April, 1980 we retained the name but changed the philosophy. In order to qualify, a small business had to be expanding. In times of economic problems, the Government wanted them to expand. Then we had the final insult. In November, 1981, to get a Small Business Development Bond a business had to be going broke. That does not make any sense at all. This Government rewards killers, spies and businesses going broke. It just does not make any sense.

• (1115)

Mr. Fisher: Neither does your speech.

Mr. Lewis: The Hon. Member's viewpoint has always been well respected by himself.

I want to talk about interest deductibility. If Canada is going to grow, we have to encourage Canadians to invest in Canada. In November, 1981 the Liberals proposed to eliminate the interest expense deduction if it exceeded interest income. What the Liberals did not realize was that it occasionally takes time for investment income to exceed investment expense.

It is easy to understand the confusion. After all, Arthur Erickson did not have to wait for his investment in the Liberal Party to pay dividends. Ian Sinclair has not had to wait. He signed on the blue ribbon committee in the summer and he got Bill S-31. If that was not enough, he got the changes in the Crow rate which are going to benefit only the railways. Therefore, it is easy to understand the thinking of the heavy-duty supporters of the Liberal Government. They want their investment return right away. However, they suggest that the ordinary Canadian investor has to wait. Fortunately, after we explained the facts of life to the bureaucrats, they backed down.

The last group I want to deal with in speaking to Bill C-139 is the farmers. The Liberal Party and its bureaucrats simply do not understand that the family farm is the Canadian farmer's pension plan. My constituents work hard on a day-to-day basis to put something aside for retirement. That retirement plan, shall we call it, consists of paying off the family farm.

The Hon. Member laughs. I would not laugh about that. I appreciate that the Hon. Member comes from a metropolitan riding, but I would not laugh about the plight of the Canadian farmer. I do not think that is fair for a metropolitan Toronto Member to do.

That retirement nest-egg is created by paying off the family farm. What the farmer does is sell the farm and take back a mortgage. Before the Government changed the rules, a farmer could sell his farm and invest the capital gain portion in an income-averaging annuity. That allowed him to plan for retirement. He could calculate his chances for surviving and for how long, invest the money and get an annuity. The Liberals have changed all that. Just as the laughter on the other side has demonstrated, how many Liberals and bureaucrats own farms? They do not have any idea of what is happening out there, no idea whatsoever. Instead of the income-averaging annuity content, the farmers of Canada will now be faced with the uncertainty of general averaging.

I want to sum up now because I have had two chances to speak to this Bill. I urge the Government to bring forward Bill C-139 on a serious basis. This is the third day of debate, but in fact we only had one full day of debate before this. The second day was interrupted by a debate on Standing Order 81, plus, if you can believe it, Royal Assent in the middle of the debate on Bill C-139.

We on this side of the House urge the Government to give some certainty and finality to income tax legislation in this country by bringing forward Bill C-139 on a chunk basis so that we can have all the debate at one time and Members in every part of the House can be heard. That will bring some certainty into the lives of accountants, lawyers, small business people, farmers and employees in this country.

Mr. Deputy Speaker: Order. The rules now provide for a question and answer period for ten minutes. Are there any Members rising to ask questions of the Hon. Member who has just spoken?

Mr. Fisher: Mr. Speaker, I want to compliment the Hon. Member for an interesting and partisan speech. He presented his point of view from a very clear bias. I would like to explore one or two of those nuances.

The Hon. Member said that mobility among Canadian workers must be encouraged and that the question of home

loans from employers being viewed as a taxable benefit discourages this kind of mobility. I believe he said that. Taking the hypothetical case of two people working for the Ford Motor Company, one an executive and one working on the assembly line, if both of them have to move from Windsor to Oakville, it has been the practice of such companies to subsidize the mortgages of the executives but not of the workers on the assembly line. Therefore, these workers not only go without the tax-free benefit, but they help to pay for the other man's tax-free benefit. Could the Hon. Member give us some idea of how fair he thinks that kind of equation is?

• (1120)

Mr. Lewis: I should start out by saying that I appreciate the Hon. Member's compliment on my speech. I must say I have no hesitancy in speaking from a biased viewpoint in favour of small business, farmers and employees.

To answer the question directly, I would say the Hon. Members is correct. In my opinion, which I believe would be shared by my Party, if there are going to be loans for employees who are moved by their company, it seems to me eminently fair that the loan should be for all levels of employment. We in this Party, to the best of my knowledge, make no distinction between the executive and the highly skilled worker. If Ford Motor Company, or any company, is going to make loans to enable people to transfer their place of employment without suffering, then as far as we are concerned the executive and the highly skilled worker on the assembly line should get the same break. There is absolutely no question of that. As a matter of fact, if that is happening I would hope the Government is clamping down on it.

The point remains, however, that we want to move people across this country. We want to encourage that. Mobility is referred to in the Charter of Rights, and what that means is that we want companies to flourish in Canada, including Calgary and Vancouver where house prices are out of sight. If a company has to loan a highly skilled worker or an executive money to purchase a house, perhaps there should be some clause in the contract that if there is a capital gain realized, the company would receive a piece of it. We should treat all employees equally and encourage mobility.

Mr. Fisher: Mr. Speaker, I am glad to see the Hon. Member wants everyone treated equally. I agree with that perspective. I would like to point out to him that there are instances in my riding where whole companies have moved and everyone, from the president to the janitor, is offered a home subsidy. That is interesting but it is the exception, not the rule. What I have described to the Hon. Member is more common, that someone working on an assembly line cannot get that kind of subsidy.

I wonder if the Hon. Member could pursue his point one step further and describe how someone moving on his own hook, as is common, from Newfoundland to the oil fields in Alberta, could get this kind of a tax break. An employee can get it, but someone moving on his own hook cannot. What is the fairness in that?

Mr. Lewis: Mr. Speaker, I think that the best I could do for the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) is to suggest to him that those provisions are in the Act already. If he takes a hard look at them, he will find there are provisions for deduction of moving expenses. I do not have the same familiarity with the Act that I had, but I would be willing to take that up with the Parliamentary Secretary later.

Mr. Evans: Mr. Speaker, I would like to pursue that point of the question even further. With regard to moving expenses, the Hon. Member is correct. Would he also indicate the fairness of the situation where an individual moves from Calgary, say, to Ottawa, buys a house, takes up employment, and does not receive any consideration, with respect to moving, of a mortgage loan which is tax deductible or tax free, whereas someone from Ottawa calls someone in Calgary, offers them a job and gives them an interest-free loan for the house they purchase in Ottawa? The two individuals are in exactly the same situation, but one has a tax-free or very low-interest loan to purchase a house and the other one has not. Can the Hon. Member comment on the fairness of that situation?

• (1125)

Mr. Lewis: Mr. Speaker, I appreciate the Hon. Member's confirmation that in the Act there was a deduction for moving expenses for people moving on their own. I can understand that there is a problem. Naturally, under the mortgage interest and realty tax deduction plan that the Progressive Conservative Party had in place the individual who had to take up a mortgage to move to Ottawa would be looked after and would be able to deduct those expenses from income. That provision is already in our Party's platform.

However, I think the Hon. Member will find, as the Hon. Parliamentary Secretary to the Minister of Finance suggested, that different companies have different policies. What we were dealing with was this. I think within the free enterprise system it is equitable for company "A", which manufactures widgets, to have a different system from company "B" which also manufactures widgets, because if company "A" have that plan, they would probably be better able to encourage good employees to come to work for them. That is the situation within the free enterprise system.

As I suggested, the plan should be applied across the board. It should apply to executives and highly skilled workers, anyone who works for the company; no question about that. If the company has to move its janitor to Calgary, the janitor should get the same break as the vice-president. I have no hesitation in saying that at all.

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I welcome this opportunity to participate in the debate on Bill C-139. I was not really too surprised to find the Progressive Conservative Party, through their spokesman today, the Hon. Member for Simcoe North (Mr. Lewis), taking credit for all the changes made in the November, 1981 budget. I think he probably had his tongue firmly planted in his cheek when he made that kind of representation, knowing that back-benchers

on this side had a fair amount to do with many of the changes which have taken place, many of them for the better. Not only do we take full credit for that, but we are prepared to share that credit with the business community and labour groups which came forward and spoke to the Minister and the Department of Finance and indicated where there were some burrs in this particular budget which had to be removed if it was going to be equitable and applicable to the whole of the country.

This Bill now represents the culmination of a great deal of work and debate, and some change. With a budget in 1981 and later financial statements, the Government could hardly be seen to be ramming this Bill through the House. It can be called new or recent because it was tabled early in December, but the contents have been comprehensibly scrutinized by the public, Opposition and Government Members, and by and large by the business community and labour groups throughout the country. So it has had a good debate. We also know that the subject matter of the Bill was referred to the Standing Committee on Finance, Trade and Economic Affairs, and representations came from that particular Committee, many of which are found in Bill C-139. So the Bill has been, I think, long, effectively and comprehensibly debated.

The problem which flows, I think, was highlighted in part by the Hon. Member for Edmonton West (Mr. Lambert) in his address on this particular part of the Bill; that is, Mr. Speaker, the process. It is no secret that anyone involved at any time with the preparing of a budget would not agree with the present method of doing so. We have yet to find a perfect method, but I think we have to keep searching to see if there is not some better way so that the kind of certainty that the Hon. Member for Simcoe North was talking about will be known to the general public and it will not require a year or a year and a half of debate before items recommended or suggested in a budget see the light of day.

• (1130)

Unfortunately, people who have tried that in the East have almost been hoist with their own petard. When the Hon. Walter Gordon was Minister of Finance, he thought it would be good procedure to bring in people from the business community to let them see what the bureaucrats, the Departments and the Minister were proposing and find out whether they could propose a counterbalance or some improvements on the suggestions being made. I thought that was a great pioneering move but, unhappily, attention was focused on the three individuals brought in from the business community. There were questions about whether they were on a leave of absence, whether certain benefits were accruing to them or to their firms as a result of advising the Minister, and not enough attention was focused on the positive, courageous step taken by the Hon. Walter Gordon in trying to improve the process.

Next came the white paper method. That offered an opportunity to muse in public about how the next budget might be put together, the sort of things that should be contained in it and the ramifications if certain steps were taken. Unfortunately, it was not regarded as a white paper but as Government policy. The Government found itself having to defend everything in the white paper as if it were Government policy instead of a proposition offered in the hope that the Canadian public would see the things that might be possible and also see the problems that face a Government endeavouring to prepare a budget that was equitable. There was reaction against the white paper and considerable attention paid to the more reprehensible parts of it, rather than concentration on the positive aspects. As a result, that process did not see the light of day.

I served as Parliamentary Secretary to a Minister of Finance who did not particularly care for the secrecy that was involved in the budget. He felt that it was something that we inherited, but that has long since been abandoned in the Westminster system where there is more consultation with the general public. After seeing the disaster of the white paper, he decided to consult with colleagues that he trusted, Ministers who had the same responsibility to their Provinces as he had to Canada, namely, to put a budget together. They bounced ideas off each other, trying to find out what the implications of certain moves would be for Ontario, say, Quebec or for the Atlantic provinces—whether a certain action would be the correct use of tax points and so on.

All in all, people in the political arena—and I emphasize people in the political arena—with some knowledge of budgets, some knowledge of the process and of the impact, were able to come up with what was, I think, a budget good enough to be defeated in the House and, subsequently, for the Liberal Party to win an election on. It was a better budget as a result of that consultation than it would have been without.

The Hon. Member for Simcoe North claimed that the Government is prepared to rush this Bill through but he ignored the debate that has been going on since November, 1981. The Bill before us is the culmination of the many, many representations that have been made. What we have here is a study in semantics. I think the changes that have been made are appropriate, that the Bill is better because of them and the budget was better because of them. The Opposition sees this as backing down and, of course, Members of the Government, with their own particular bias, see it as the Government being more flexible. Personally, I think further changes could be made, but this is a necessary element of the present process. Until the night that the budget is read in the House we do not know what it will contain. By its very nature it demands that debate and consultation take place after the fact.

How much better it would be if we could come up with a process to do that before the fact. Some areas could be kept secret because of the stock market or because someone might have inside information. We should question certain approaches, such as indexing—whether it is worth keeping or worth the cost of $7 billion or $8 billion of Government revenues. Such things could be the subject of legitimate debate. This is not the case at the present time, because if an item is not on the bill, it cannot be discussed. All we can do is guess at the subjects the budget will cover. We debate what

might be in the budget, only to find that it is not there and all that debate is wasted.

I think the Minister of Finance (Mr. Lalonde) is embarking on an excellent process of consultation in moving this Bill before the Finance Committee so that there can be better debate. I hope he will not be rushed into bringing down his next budget, however, but that he will take time to consult again with groups in order to ensure that the actions he is contemplating will not have severe and negative implications for the business community.

When the Minister spoke to representatives of business in late January, he said:

> We must build the foundation for a tougher, more productive, more competitive economy. And we must do it while combatting the painful effects of a world recession that has hit Canada harder precisely because of our greater dependence on world trade.

He is saying to the business community, to workers and to the public generally, that we have to become lean and mean if we are to succeed in the post-recession market.

It has been difficult for the Government, also for the Conservatives who were once in Government, to put to rest the belief that simple solutions are possible to our economic problems, and most notably the belief that Government can do it all and can end our economic problems. The general public is much more knowledgeable today and recognizes that whether the Government works in concert with the Provinces or whether the Provinces work in concert with the municipalities, no Government can go it alone. It needs the help of the general public.

What can be done to help, Mr. Speaker? Legislators can help bring in the best possible legislation and the public has an obligation to become as productive as possible. If there is one area where the country is failing, it is in the area of productivity. I know that my friend, the Minister of Agriculture (Mr. Whelan), will be quick to point out that the Canadian farmer is probably the most productive person in the community. We must improve productivity, however, and that is not to slam labour or management. It is a clarion call to recognize one of our major problems, that we are not as productive as we need to be in order to compete.

As the Minister of Finance has said, no one would be happier than he if it were possible to solve unemployment by forgetting about inflation. That would result in fewer jobs, however, not more. Only a few months ago we had high inflation and high unemployment at the same time. The inflation rate is coming down and we have an obligation, through legislation like this, to see to it that unemployment also comes down. To the extent that the economy cannot absorb all those who want to work at the present time, the Government has an obligation to provide jobs, both short term and long term but more appropriately long term. We cannot ignore that problem. That is why money must be and is being spent to train people for the jobs that will become available so that we may be in the forefront of the economies of the western world.

It is not difficult to approve this Bill in principle, Mr. Speaker. Any piece of legislation can be improved, but at second reading we deal with the principle of the Bill. We will deal with the nitty-gritty when it goes before committee for clause-by-clause study. The package of tax rate cuts, modification of federal tax credits and cutbacks that are proposed will result in over 93 per cent of tax filers either having a reduction in tax or no tax increase. That is a rather phenomenal thing in the present state of the economy.

I think everyone can support the increase in the Child Tax Credit which is now $343, an increase of about $50. It could be argued that it should be more and, of course, it would be great if we could provide more. But it is significant that the Government is prepared to make this move at a very difficult time in the economy.

From time to time people will hold up the big Income Tax Act and declare that it is too complex and should be made simpler. We have heard simplistic ideas that if we take 20 per cent of someone's income and pay it to the Government—and the rest is theirs—that will solve all the problems. There is a lot of difference between an individual who earns a $50,000 salary and an individual who earns $50,000 by putting his guts, brains and everything he has—he sacrifices everything—into a small business. The tax Bill is more complicated and complex because we try to build in equities to say to individuals, to entrepreneurs, or to one who is prepared to take a chance, that the Government will back them and give them particular advantages. This is the way complexity is built into the Income Tax Act. It has to be built in in order to make income tax equitable.

• (1140)

There is a tendency from time to time not to go into a sunset situation but to look at some of the incentives which are in place to see whether they should be removed at the present time or whether they should be moved from a particular group and put on to another group because that group is suffering. This could be the case with a businessman, farmer, large corporation or whatever the situation happens to be at the time. We can have a look at it, and if the complexity happens to be there, perhaps we can create equity in other areas by sunsetting some of these situations. I think to be fair that is what was tried in part in November, 1981 without winning too many converts, unhappily. I think in some situations the changes which have been made have been appropriate.

I was pleased to hear the comments of the Hon. Member for Simcoe North. He almost quoted from my speech, judging from what I have written down here. I am sure I heard him say that small business is one of the cornerstones of society. I do not think anyone in the House denies that. They will gain a number of incentives in this particular Bill, signaling the Government's appreciation of the difficult times small-business owners are facing due to world-wide recession. I will cite just a few examples. First, there are the provisions of the Small Business Bond Program, thanks to the Conservatives. They brought them in and we have improved upon and expanded

them. I think it is a better program now than it was at that particular time.

Some Hon. Members: Oh, oh!

Mr. Cullen: We can have an honest debate between ourselves. I think it is that kind of debate which will make this particular bond even more effective than anything they dream of in their wildest dreams—and they have some dreams on occasion. The program was due to expire at the end of 1982. It reduces interest rates by six to seven percentage points through a tax exemption to lenders. That has now been extended to the end of 1983. The limit on annual income qualifying for low small business tax rate is increased to $200,000 from $150,000. The total accumulated income to qualify goes to $1 million from $750,000. There are items in there, but as I said, we are talking about a Bill at second reading and I do not want to go into the specifics. I am sure they will be dealt with in some detail by the Minister and by members of the committee, whether it be Committee of the Whole or the Bill is ultimately referred to the Standing Committee on Finance, Trade and Economic Affairs.

In conclusion, given the present process, which everyone concedes is flawed because of the great insistence upon secrecy, after a Bill is passed—before it is passed, yes, but certainly after it is passed—we have to find out the repercussions of a particular measure in the Bill. We have to be vigilant to the actual benefits which flow. We have to decide whether we can increase the benefits or enhance them, whether the benefits are sufficient so that we can move our emphasis to another area. Also we have to be vigilant to the harmful effects of a piece of legislation and to what extent it deters an individual or detracts from being able to run a better business or being able to take advantage of a tax incentive that will have the effect of increasing the cash flow. We have to watch all these things and see to it when a new budget is drafted and we know the timing of it that we make every effort to bring to the attention of the Department of Finance or the Minister of Finance the areas where we can make changes. Thank heavens we have a budget usually on an annual basis or sometimes twice a year. It gives us an opportunity to make particular changes if they should be made.

The necessity of building as much equity into an income tax Bill, program or budget is absolutely essential in today's day and age. It is a tall order for Government, Parliament or the business community, for that matter, to try to come up with the penultimate answer so that there is equity across the board. The present Income Tax Act goes a long way toward that. It needs a lot of improvement. This particular Bill is an improvement, but I hope we will not be stalled and that we will not hesitate to make recommendations immediately to the Minister of Finance for his next budget. It is a tall order, but it is also our responsibility as those who legislate for the people of Canada.

Mr. Deputy Speaker: The rules provide at this point for a ten-minute period of questions and answers. Are there any Hon. Members seeking to put questions?

Mr. Blenkarn: Mr. Speaker, I was wondering whether the Hon. Member would answer a few questions. He mentioned that small business was important in the development of our economy. Could he find any provisions which specifically help small business? For example, does he consider the half capital cost arrangement to be helpful? Did it inspire people to invest? Did the 12.5 per cent tax on surplus which will be paid out in dividends inspire people to invest? Does the reserve system inspire confidence, where if a man sells his business he has to pay any capital gain within a three-year period? Is that the kind of thing which should be done by a Government that wants to help small business? Could he tell us about anything in the Bill of which he is so proud that helps small businessmen?

Mr. Cullen: Mr. Speaker, I tried to give some credit where it was due; admittedly, I gave a small amount to the Conservatives for introducing the Small Business Bond. I also pointed out—and I will read it again in case the Hon. Member missed it—that the limit on annual income qualifying for low small business tax rate has been increased to $200,000 from $150,000 and that the total accumulated income to qualify went to $1 million from $750,000.

I would also point out, because this is specifically to what he referred, that the tax rate of 12.5 per cent on dividends paid by small business corporations will apply only to income generated in years commencing after December 31, 1982. This and other changes will significantly simplify the tax, while addressing concerns expressed by small business groups. I gather the Hon. Member was a member of the House of Commons Committee on Finance, Trade and Economic Affairs. I could deal with almost any piece of legislation and ask, for example, whether the fact that a school teacher has to pay a certain tax encourages him to be a school teacher or to go out and invest.

I could take almost any piece of legislation. The Hon. Member as a counsel knows that. I am sure that in the past he has taken medical reports and ripped them to shreds in court because a client was not hurt as much as he made out. We can all make that kind of attack. But when I talk about helping the future of Canadians, I would like to see something in a more positive vein than simply nitpicking through the Bill.

Mr. Blenkarn: I think the Hon. Member will agree that all we have here is a Bill that is not quite as bad as the budget of November. There have been some ameliorations as a result of representations made by this Party, by the public in general and finally by Members on his side of the House to the Minister. Could the Hon. Member advise us as to how the half capital cost allowance arrangement is helping business? How is it inspiring people to invest? Somehow the Minister of Industry, Trade and Commerce (Mr. Lumley) can say that new capital investment for 1983 is estimated to be down 8 per cent and how reducing capital cost allowances inspired it. What is the cause? Does the Hon. Member think that if we changed this and got back to a regular capital cost allowance, we would increase investment?

An Hon. Member: What about the standby charge?

Mr. Cullen: I think I was as vehement as possible in my attack on it. We managed to get it down from 2.5 per cent to 2 per cent.

Any studies I have done on this particular subject seem to indicate that at best it is neutral in so far as the capital investment is concerned.

There have been a fair number of studies done in this particular area. The Hon. Member, of course, focuses in on one particular Bill rather than all of the items in place at the present time to help the small business sector. I have personally made recommendations about the manner in which small businesses might be helped with their cash flow. I would like to see small businesses aided by the creditors' relief arrangement act which was suggested by my colleague from Lambton-Middlesex (Mr. Ferguson) when dealing with farmers. I think we could broaden the scope of that so it could apply to small businessmen. Perhaps that is an idea we could expand upon rather than having it apply only to farmers.

• (1150)

There are openings for improvement. Rather than being negative all the time, I suggest that we find some way to help the small businessman rather than decry one or two items in a particular bill.

Mr. Lewis: Mr. Speaker, the Hon. Member for Sarnia-Lambton (Mr. Cullen) made quite a case for consultation between the Government and business groups, labour unions and other interested parties. I have no objection to that; I can see how it may be worked out.

Can the Hon. Member give this side of the House a reason why the Government did not include grandfathering provisions and transitional provisions? Using restricted interest expense as an example, why did it suddenly say that the ability of the taxpayer to deduct that expense is gone? Why was there no transition period there?

Why did the Government take work in process and suddenly say that there is a tax on work in process as of next year-end, instead of providing for 25 per cent, 50 per cent and 75 per cent in the original budget? Why do bureaucrats not realize that these things must be phased in? Since the Hon. Member has some experience as a solicitor and has had to advise clients in private life, how does he account for the lack of transitional provisions in the original budget?

Mr. Cullen: Mr. Speaker, the point I was trying to make is that this is one of the weaknesses of the present process. Let us be honest, it has to be adopted by the Minister. It is not something which the bureaucrats felt was appropriate in the circumstances and had to go into the Bill so it could be done immediately. I think if we had seen these proposals in a white paper we would have had an opportunity to discuss them in advance and see whether, if this is implemented, lawyers who are practising alone or in partnership find all of a sudden that they have to change their method of accounting. I agree that suddenness is something we should try to avoid.

I am happy to say that, as a result of pressures brought to bear from all sides of the House, that that particular move was put in rather than a snip-off at the time. There is some time frame provided to adapt to it. It also provides a time-frame within which a tax can be placed on it or other suggestions made. I think if we had a better process for drafting a budget, that sort of thing would not creep in.

When I was Minister of National Revenue, I found it almost incredible that we in National Revenue who were going to have to administer a particular piece of legislation were hardly consulted on the particular bill. If I made one contribution as Minister of National Revenue, it was the insistence that we be made part and parcel of the budget-making process so that we might say that a piece of legislation might be good in theory but cannot be administered. I think there should be more consultation like that between the Government, the politicians and the bureaucrats, and between Parliament and the public.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome the opportunity to speak on Bill C-139, an Act to amend the statute law relating to income tax. It was given first reading on December 7, 1982. Since the Bill's introduction, I have endeavoured to give it a second reading for my own information and benefit as well as for the information and benefit of the constituents whom I serve in this Parliament. But I say that it has proven to be an almost impossible task.

This Bill contains approximately 295 pages of rules, amendments, double-talk and triple-talk. I submit that no average citizen could understand it. Few Members of Parliament have even read the Bill and even lawyers have difficulty interpreting its complex clauses or stating with certainty the true budget to which these amendments apply.

At present there are four versions of the November, 1981 budget: the version that was introduced; the version as amended on December 18, 1981; the June 28, 1982 version; and the October 27, 1982 version. In addition, there have been minor announcements, and classifications on several occasions, such as a January, 1982 announcement on employee benefits. The fact is that the November budget has been amended so many times that one would literally need a program readily to understand it.

In my opinion, this Bill should not be given speedy passage as requested by Canada's present Finance Minister (Mr. Lalonde). I say this because it is far too lengthy and too far-reaching to be given speedy passage. The Minister stated at a press conference after the Bill received first reading that it is now time to end the uncertainty over our tax laws and let the affected taxpayers know precisely where they stand. He said that quick passage would let the Revenue Department get on with the task of issuing the refunds to which millions of taxpayers will be entitled. He repeated these views during debate in the House on this Bill.

I say that this is nothing more than ministerial nonsense. This Parliament should take its time to make certain that the tax laws it passes are fair and workable. It is not the fault of Members of Parliament or of the Official Opposition that the present Liberal administration brought in a budget that was so unworkable, so unrealistic and unfair, that it took almost 13

months of chopping and changing before it could even be properly put before this Parliament. Even if this Bill is passed—and I hope it will be found unacceptable to a majority of Members in the House—Canadian taxpayers will still not know precisely where they stand because the Finance Minister has already indicated that he plans to introduce yet another budget early in 1983.

The charge that any delay will affect taxpayers is ridiculous, since tax returns will not even begin to be processed until some two months from today. Furthermore, the claim that refunds cannot be sent out until this Bill is passed is highly questionable. The Government often applies tax changes almost immediately following a budget night statement by the Minister of Finance. I have seen this happen quite often during my 25-plus years in this Chamber. If taxes can be collected in this manner, I ask why should there be a legal impediment to paying back money to taxpayers from whom it has originally been taken illegally? This Government obviously believes Barnum was right when he said that there is a sucker born every minute.

When the loopholes used mostly by the rich, and which were to be plugged by the November 12 budget, have turned out to be manholes, into which everyone including the Government is falling, then I submit that it becomes necessary for Parliament to take a careful look to ascertain whether our tax system has now become unbalanced by putting an unfair burden on lower income workers.

After reading Bill C-139, I must admit that its contents frighten me. This Bill symbolizes all that is wrong in Canada today. In my estimation, it is a bureaucratic nightmare, for only a bureaucrat, isolated from the cold reality that lies out there, sitting in a warm office here in Ottawa, could come up with this type of legislation which is causing, in effect, 1.6 million Canadians to be unemployed and businessmen from the Atlantic to the Pacific to throw in the towel and say enough is enough.

There can be no doubt that this is the worst crisis that the Canadian economy has faced since the 1930s. It is not just the continued closing of operations in Sudbury, Corner Brook or other parts of the Atlantic, the downturn in our agricultural economy, the crisis in our fishing industry which is the worst I have seen in my entire lifetime, or the state of the housing and forestry industries. It is also the heartbreak of hope deferred by millions of Canadians. The fact is that Government-announced turning points lead only to more disappointments.

• (1200)

Canadians are asking, in fear and in anger, just what is wrong with our country and our Government. Why are we in this deep depression in a land which is blessed with so many natural resources? There are, of course, many answers which could be given to that question, and some of them can be found in this Bill. This Bill calls for increased taxation of employee benefits, such as retiring allowances, employee loans, automobile benefits, deferred profit-sharing plans and personal service corporations, among other things.

To give Hon. Members some idea why I call this Bill a bureaucratic nightmare, I wish to place on the record, since many of my constituents will not have an opportunity to read the Bill, a sample of the wording found on some of this Bill's 295 pages as it applies to the standby charges to be paid by an employee to his employer for non-business vehicle use. I will begin on page 2 and quote only a few lines. On page 2 it is stated:

> (2) For the purposes of paragraph (1)(*e*) an amount that is a reasonable standby charge for the automobile for the aggregate number of days in a taxation year during which it was made available by an employer or by a person related to the employer shall be deemed to be *the* amount equal to the product obtained when
>
> (*a*) where the employer or the person related to the employer owned the automobile at any time in the year, an amount in respect of its cost to the employer equal to the percentage thereof obtained when 2% is multiplied by the quotient obtained when such of the aggregate number of days hereinbefore referred to as were days during which the employer or the person related to the employer owned the automobile is divided by 30 (except that if the quotient so obtained is not a full number and exceeds one it shall be taken to the nearest full number or, if there is no nearest full number, then to the full number next below it), or—

It goes on in this manner for two solid paragraphs. That must be the longest unfinished sentence in Canadian literature. It just boggles the mind. I ask the Minister and any Member of the Government, how can a Bill with this type of wording create stability, as stated by our Minister of Finance? That is the question I would like answered.

As if this were not confusing enough, the Bill goes on to other matters of taxation. But then, on page 25, it contains similar double-talk on the possible benefits of the company car, which are taxable if same is used by a shareholder. I ask, why were these measures not kept together, especially as they apply to automobile taxes? Of course, this is something that my mind, being that of an ordinary MP, will never understand, but it does explain one thing. It explains why every Canadian commercial traveller in Canada today is up in arms. He is literally unable to determine where he stands, what he must pay to his employer, and what he must do with the company car.

All of this type of taxation double-talk is deemed necessary in order to secure an ever-increasing amount of funds to pay the salaries of an ever-increasing number of civil servants. This horror story, and that is all I can think of to call it, was outlined in detail by Canada's Auditor General, Kenneth Dye, who pointed out in his Annual Report that not even Canada's federal Cabinet Ministers know for certain how a great deal of Canadian tax money is spent. To me, this simply does not make sense.

We have before us a Bill which seeks to plug every loophole, which seeks to get every possible penny from these working Canadians who are trying to keep this country going, while the same Government which deliberately plans to make our workers and their employers as wretched as possible takes no steps whatsoever to see to it that every tax dollar is properly and wisely spent. I ask the Government, through Your Honour, why is there this inconsistency? Why does the Government hit out so hard at the little taxpayer, but makes no

direct effort to try to curb the unnecessary expenditures of Crown corporations?

Here is what Mr. Dye, after two years of study, had to say: "My first impression of sprawling immensity, confusion of purpose and a sense of urgency comparable to the alacrity of a turtle, remains". On page 13 of his Report of March 31, 1982, Mr. Dye states that the problem of achieving accountability is massive in its dimensions. There are more than 300 Crown corporations, including subsidiaries, employing some 263,000 Canadians. Revenues of Crown corporations for the last fiscal year were $31.9 billion and expenses were $33.6 billion. That represents a loss in one year of $1.7 billion. These are taxpayers' dollars. Most of these corporations are virtually unknown, even to the best-informed Members of Parliament and Cabinet. Yet, in the aggregate, they represent a hole in the taxpayer's pocket, resulting, as they often do, in a consistent negative return on the taxpayer's investment.

Our Auditor General has stated that it might be helpful, in visualizing the state of the problem, to think of the whole group as an economic iceberg floating lazily on the foggy Atlantic, silent, majestic and awesome. As a Nova Scotian and as a Member of Parliament from Atlantic Canada, I can fully appreciate that analogy because I have seen those icebergs floating, awesome, silent and majestic, on the Atlantic; and I can assure Hon. Members that while they are awesome, they are also frightening. I think that is the comparison our Auditor General wished to make so that Canadians would better understand.

The public tends to see only the upper portions of icebergs, consisting of the giants like the CNR, Petro-Canada, CBC, Air Canada and Canada Mortgage and Housing Corporation. However, the great bulk of the iceberg below the surface is less spectacular, less likely to attract public interest, less likely to receive the attention of Parliament, yet costly to the taxpayer. Indeed, Mr. Dye says: "There seems to be, deep down near the bottom of the iceberg, subsidiaries of Crown corporations that may escape all public scrutiny".

This is the real reason behind the Bill. The Government does not seem to know how our tax dollars are spent, and its own concern is to find new ways of getting more taxes from those working Canadians who are still operating. I presume it is necessary, in order to keep these Crown corporations running, to have restrictive tax laws like those enshrined in Bill C-139, but I personally feel that we can no longer continue turning a blind eye and a deaf ear to Crown corporations which are losing close to $2 billion annually.

Mr. Dye did pinpoint some of the losses. He told us about a device which is called a "letter of comfort", under which a Minister is authorized by the Cabinet to support the credit of Crown corporations. The amounts involved can be significant. In the last six years, for example, more than $1 billion has been advanced to Canadair through a sequence of letters of comfort. The authorized limit is $1.35 billion. This amount of taxpayers' money is at risk without what I consider to be any real, clear criteria for providing continuing support or even for discontinuing this kind of support. There is no assurance that $1.35 billion is sufficient.

Mr. Blenkarn: It is not.

Mr. Crouse: In this period of severe recession, the Government support for such troubled companies as Massey-Ferguson, de Havilland, Canadair, Maislin Industries and Dome Petroleum represents a very big risk. Why must the entire action be taxed to death, as in Bill C-139, for those favourite few? What are the names of the other companies, those which will belly-up to the trough to be spoon-fed by Canadian taxpayers' dollars, by this socialist Government?

The worst example of Crown corporation bungling, as outlined by our Auditor General, concerned the money made available by the Government to Petro-Canada for the purchase of Petrofina. This wholly-owned Crown corporation was used by the Government to identify, evaluate, recommend and negotiate the acquisition of Petrofina at a cost of $1.7 billion. It is one of the crimes of the Government that to date the Auditor General has not been able to assess whether the $1.7 billion invested by the Government of Canada for the purchase of Petrofina was expended with due regard to economy.

The Government feels that it must crack down hard on Canadians who may receive some amount of interest on life insurance policies purchased for the protection of their wives and families, in the event of their death, but it cannot give or refuses to give our Auditor General a detailed breakdown of the expenditure by Petro-Canada of $1.7 billion, which is an action which not only represents a callous disregard for our taxpayers' money, but one which is also affecting the very livelihood of the taxpayers from whom the money was originally taken. In my own constituency, I have small, independent service stations being put out of business by the unfair competition they face from stations set up by the Government Crown corporation.

• (1210)

When this Government is restricting tuition fees and educational deductions for young Canadians, it should ask itself why its basic accounting policies not only fail to produce a fair and honest representation of the Government's accounts, but, as reported in one case, it actually omitted $445 million of revenue that should have been included if the Government had followed its own rules. It should also inquire of itself why Government departments are still indulging in year-end spending sprees rather than turning back unspent funds at the end of the fiscal year. There is no reason why it could not do that. The Government should at least give an explanation to Parliament concerning the $219 million spent last year on overtime, even though most departments and agencies do not have adequate policies and guidelines governing the use of overtime. It should also explain why Canada is the only OECD country in the top ten in which industrial productivity has decreased.

This Government should want to know why it shows a deficit of $24 billion this year. With 24 million Canadians, that amounts to $1 billion for every one million people. If the

Americans had that type of deficit, they would be going crazy. There are 240 million Americans, but their predicted deficit is in the range of $180 billion. For their deficit to be comparable with Canada's deficit, it would have to be $240 billion. Perhaps this is one of the reasons our dollar is worth only 75 cents in the United States.

If the Government wants to know why inflation is still at a double-digit figure and unemployment rolls are still rising, I would say that it need look no further than this Bill. This Bill is a capsule form of the gross mismanagement of Canada by the present administration. It is the collective result of three budgets in one year, all presented to Parliament without proper thought or planning by this administration. The result is a very uncertain direction for our ship of state. This state is in the same predicament as a ship whose captain is uncertain of his compass readings. When this happens in Atlantic Canada, the captain slows down his forward speed as he creeps along. He is constantly looking for some familiar headland or marker so he can get his bearings. This all takes time, and while the captain is in this state of uncertainty, there is little or no forward progress for his ship. This situation continues until an expert checks and brings the magnets in line so that it gives a true compass bearing.

In conclusion, I say that our captains of industry are no different from our sea captains. They will simply plod along slowly and warily until they are convinced that their compasses are reliable and giving them a true bearing. I submit that it is way past the time when this Government should give a true course to our captains of industry so we can go forward and progress together.

Mr. Deputy Speaker: The rules at this point permit a question and answer period of 10 minutes. Are there any Hon. Members rising to ask questions? If not, the Chair will recognize the Hon. Member for Mississauga South (Mr. Blenkarn).

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, the object of taxation for any Government is to raise the necessary money required for the public purposes of the country, and the responsibility of a Minister of Finance is to organize the economy so that it produces the best result in terms of profitability and business activity that makes the collection of tax possible. The talent of a Minister of Finance should be used to run a goose farm where he makes sure that he can pluck feathers out of the geese without annoying them so that they stop laying the golden eggs. In any measure of ability in running a goose farm, this Government, this Minister, has "goosed" the country, has made sure that the production of golden eggs has been significantly reduced and has created nothing but hissing and upset by every faction of the country from business to labour and, indeed, as expressed earlier by the Member for Sarnia-Lambton (Mr. Cullen), even from the backbenchers of the Liberal Party.

The production we have before us, Bill C-139, is the result of a mess of budgets, November 12, June 26 and now this effort of October, all supposed to do something to make the economy of Canada work. In my view this Bill that we now have before us is a Bill that assists in preventing the economy of the country from working, and therefore it should be significantly amended or withdrawn.

When the present Minister of Finance (Mr. Lalonde) was first appointed to replace the former Minister, who was a disaster, he gave us some hope. He talked in glowing terms of the enterprise economy, how it should be the engine of growth, how we would get with it, how changes would be made that would make that enterprise economy work again. However, actions speak louder than words, and no sooner had the Minister finished his budget remarks in October than we proceeded to have $680 million of Petro-Canada money used to buy British Petroleum; we had further grants to Canadair and to de Havilland; we had the Maislin fiasco; we had the program for six and five that was supposed to reduce Government expenditures. At the same time the Minister came before us in the Committee on Finance, Trade and Economic Affairs on his estimates, and he said that he had to increase the number of persons working in his department by 48, that he had to increase the total staff in his Department by 7 per cent and that he had to increase the total wages paid in his Department by 15 per cent.

That is really the Minister's attitude here. He says that we have to make the economy of Canada grow, and that this budget and these Bills are for that purpose. On the other hand, judging by what he does, we find that the $680 million to buy more service stations and the 15 per cent increase in the wages paid in his own Department is his appropriate response to restraint.

The tax system we have in the Income Tax Act is exceptionally complicated. It is not only complicated, it is confusing and complex. Indeed, the committee that studied the proposals of June were able to call many expert witnesses before it, and I want to read into the record a statement made by Donald Huggett, editor of the "Canadian Tax News", a Coopers & Lybrand publication. Donald Huggett is certainly one of Canada's most expert tax authorities, and he says:

> I have specialized in tax work for almost 30 years, and the law is now incomprehensible to me in quite a few cases. It is, in my view, quite unconscionable to have a law that affects almost every adult Canadian and which is understood by only a handful.

I want to suggest that the Members of this House now debating this Bill, including myself, in large measure do not completely understand the Bill, not by a long shot. I want to say that almost every Canadian does not understand the Bill, including chartered accountants and lawyers who specialize in tax problems. We have a situation where we are trying to make the economy of our country grow and produce and increase in size, and we burden that economy with legislation that is incomprehensible to most people, that is contradictory in many cases, that has no general over-all thrust to it, and that is really difficult for anyone to understand on a philosophical basis, let alone any other basis.

• (1220)

What is it doing? I suggest this legislation is totally antiproductive. It is causing people to go into what is called the

black economy. People cannot understand the Bill, so why should they pay the tax in the first place? What they do is trade one good or service for another, my carpentry work for your dental work. This is going on to a greater and greater extent all the time. After this Bill passes, it will go on even more. That is the situation this Bill creates.

Let me give one example. We have the new 12.5 per cent tax on the distribution of corporate profits after the 1982 corporate year. What has happened? A great number of people who have small businesses have stripped out to private holding companies their pre-1982 surpluses so that they can pay those out without attracting the 12.5 per cent tax. More important, there is no longer any point in a small-businessman creating a surplus within his company to build the company. The effect of the 12.5 per cent distribution tax will put him in exactly the same position as though he earned the money in a personal way.

The Government says that is equitable, but the fact is that what we have been trying to do in taxation all along is to get small businesses to grow. What this statute does is prevent small businesses from growing. If small business takes advantage of the small business limit and lets the surplus grow, does anyone think that a small business will pay the 12.5 per cent distribution tax? Not unless they are really stuck or make a mistake.

What will happen is that the surplus will never be paid out, so the tax will never be paid. If the tax is never paid, there is no income tax paid by the proprietor which is attributable to his receipt of dividends. The Government will lose not only the tax on the dividends but will lose the build-up of the small business and never get the 12.5 per cent tax. That surplus will be leached out in some other fashion.

The Minister's officials know how this is done, as does the Minister of National Revenue (Mr. Bussières). However, they have not communicated that to the Minister of Finance and his officials. The truth is that his officials are all from the ivory tower. They do not understand how business works. They do not understand the motivation of people. They produced this absolutely ridiculous legislation that will hamper, hurt and hinder the development of this country and its small-business community, with no revenue gain for the country whatsoever.

The Minister says it is too difficult to simplify the Income Tax Act. He says we live in a difficult world and therefore we must have difficult statutes. He says that when we pass an Act and give a benefit, we create a loophole so we have to have anti-loophole sections, anti-anti-loophole sections and anti-anti-anti-loophole sections, until the Act is a foot thick, with rulings that run seven days from Sunday, almost all of which are incomprehensible.

We really do not need to have that condition. Is it necessary that Parliament be subjected to a statute that is so complicated that Members of Parliament, the accounting profession and the legal profession cannot read it? The Members of the Government who try to enforce the statute and the courts cannot read it. Is that really necessary? I say it is not.

Is there any reason why this Minister and this Government cannot appoint a task force committee of sensible people who are elected to this House, many with a good business background, representing constituents who are not from the ivory tower? They could go through this Act and change the system. Must we have a capital cost allowance system with 28 kinds of capital cost allowance?

Can we not integrate corporate and personal taxes so that we do not need to have various kinds of surpluses? Can we not have a situation where you either pay personal tax as your corporate tax or pay it as personal tax? It really does not matter. Can we not integrate personal and corporate income tax?

Do we really need to have tax on capital gains in view of the fact that the total receipt by the federal and provincial Governments from capital gains this year will probably be less than a billion dollars in all? Are the problems and complications in terms of reserves, all that we have heard about—annuities, evaluations, valuation dates and appraisers—all that necessary? Does any of that make Canada grow and build again? Do we really need some of the provisions in the Income Tax Act, bearing in mind that the purpose of taxation is to raise sufficient money for the legitimate purposes of the state in such a fashion that the goose does not hiss too much and continues to lay the golden eggs?

Speaking of the golden egg, we have seen what has happened to the economy of this country since the famous budget of November 12. The Minister may say that the problems of the economy are world wide, but it is strange that they are greater in Canada, and that Canada's performance in moving ahead is worse than that of 24 countries in the OECD. I suggest it is the ineptness expressed in Bill C-139 and in the budgets we have had that have been largely responsible for the lack of golden eggs being laid by our goose, the economy of Canada, a Canada to which we all belong, which we cherish and want to go forward.

In section after section, instead of wanting to make the country grow, this Government has shot itself in the foot. How can you expect people to invest if at the same time you take the capital cost allowance and cut it in half in the year when it is needed most? If a man buys a piece of machinery in order to improve the productivity of his plant, what does this Government do? It says that even though he has to pay for the machinery this year, he will not have as much tax allowance, tax holiday or tax deferral in the first year of purchase as was the case previously. In other words, the Government does not want him to buy more new equipment and be more productive. How does that work? How does it help the country grow? It does not.

The Government may pick up an extra billion dollars in revenue through corporate taxes, but when you look at the Government's own forecast for capital investment in real terms, it is down 8 per cent this year over last year and 6 per cent over the year before. As a result of that budget, capital acquisitions of a depreciable nature by companies in this

country are down at least 14 or 15 per cent. That kind of capital cost acquisition would have attracted the full capital cost allowance. Is there not some relationship between the capital cost allowance provided for in the old system and that now provided for, indicating that this reduction in the purchasing of capital equipment is taxed induced? I suggest there is.

• (1230)

Dealing with the MURB problem now, the Minister was worried that people were using deferred income arrangements to make themselves wealthy while building fancy apartment houses; therefore, these terrible things should be stopped. But rather than stop that type of action, which he could have, he decided to stop all soft costs. What is a "soft cost"? It is interest expended while you are getting a project going. If you want to make a very major capital expansion of a factory, you have to start spending money today on its plan and on the architects. Pretty soon you have to spend money to clear the land and to start building. It may be a two-year project in the course of building and in many cases all of that money has to be borrowed. Up until now, those who did that were entitled to deduct from their other income the interest spent in creating the project. Naturally, they were entitled to do that. That is the business way of doing things. But this budget says that under no circumstances can you deduct your soft costs from your other income unless you happen to be in the business of an apartment builder who can deduct it from his apartment income.

A man who wants to expand his factory has to borrow money for the course of construction and cannot deduct that interest from his business profits. He has to capitalize it. I say to you, sir, that in the case of a person who wants to expand his manufacturing potential, this tax provision, is costing him 20 per cent to 25 per cent more, and this is the kind of thing which is contained in Bill C-139.

The Bill is a disaster. It is anti-productive. The Government's attitude is anti-productive. It does not matter what the Minister says; what matters is what he is doing. If he really believed what he said in his economic statement speech, he would not have included this provision. But it is there because his bureaucrats do not understand how the business community works.

With respect to the matter of capital formation, for a long time there was a provision that if somebody sold a capital asset they could purchase an IAAC and defer the tax. They would have to invest the money. They would have to pay the tax eventually, but they would invest the money.

Second, there was a provision where people were encouraged to buy insurance. Somebody said, "Look, they are getting a tax advantage if they buy insurance; they are getting a tax advantage if they buy an annuity"—because you do not pay tax on the earned income derived from this type of investment as you go. You only pay the tax when income from the annuity or the deferred investment comes into your pocket. Therefore, you are supposed to receive a benefit. This kind of investment was building capital assets in Canada and was making money available for new investment. This Bill has shot the country in the foot by depriving it of that new capital available for investment.

Mr. Fisher: Mr. Speaker, I believe there are elements in that speech which are very disappointing. Similar comments were made by the Hon. Member for Simcoe North (Mr. Lewis) and the Hon. Member for South Shore (Mr. Crouse). We have heard three speakers this morning deliberately try to confuse the application of tax laws and the general state of the economy. For example, the Hon. Member for Mississauga South (Mr. Blenkarn) claims that a company will not buy new equipment because of changes in the capital cost allowance. That bald statement came from the Hon. Member as if somehow there is an economic environment in the country today which otherwise would warrant the purchase on a wide scale of new equipment. Yet we have heard from all kinds of groups that that is not true.

I would like the Hon. Member to focus in a little more on the distinction between the tax law, fair tax laws, and the general state of the economy. Could he now tell us why so many people in front of the Standing Committee on Finance, Trade and Economic Affairs told us that the capital cost allowance will not stimulate or depress equipment sales because the state of the economy does not warrant such equipment sales at all? Perhaps he could explain to us why witnesses told us that when he is ready to stand up here and make a claim quite to the contrary?

Mr. Blenkarn: The Parliamentary Secretary must have been at a different committee hearing than I was. Perhaps the Parliamentary Secretary has his minutes. I suppose I could flip through mine and quote to him chapter and verse from my good friend, John Bulloch of the Canadian Federation of Independent Business, Coopers & Lybrand, and other witnesses who were before us, as to how serious the capital cost allowance situation is.

I will particularly refer him to one witness from Newfoundland speaking on behalf of the construction industry. That witness indicated how valuable the capital cost allowances were in terms of making it possible to pay for equipment. The Parliamentary Secretary will recall that this particular witness indicated that normally they would lease the equipment for the year. Then, if they had a pretty good year, they would buy the equipment. They would buy it because of the capital cost allowance. They could take advantage of the lease and they would get that piece of equipment. The witness explained that with this particular change, that type of thing was not taking place at all. The equipment was being sent back because of the nature of the capital cost allowance. Why spend the money up front? Equipment would only be bought if it was absolutely needed and not, perhaps, on the basis that you could use it in the next construction year.

Mr. Fisher: I have just a brief follow-up on that point, Mr. Speaker. The key phrase in the Hon. Member's reply was "when they had a pretty good year". In other words, when the economy is operating at a faster pace than it is at the moment, people would exercise that kind of judgment. But they are not

going to exercise that kind of judgment when the economy is slowed down.

The Hon. Member made an issue about simplifying the Income Tax Act. Really, what he is saying is that simplification means "Don't tax". That comes out very clearly in his comments on the capital gains tax. What he is saying is, "Clean up the Act and all these other complexities"; but what he really means is, "Why are we bothering with capital gains tax at all?"

The example of the Hon. Member is typical of what many people really mean when they talk about simplifying the tax Act. I would refer him to the testimony of the Canadian Institute of Chartered Accountants and of the Canadian Federation of Independent Business, both of whom denied that simplifying the tax Act would mean reducing it to the point where an average guy like myself, who is not a lawyer or an accountant, could read it and understand it. It is too complicated for that. And those complexities have come about because special treatment has been asked for and received. People who need to know about the tax Act understand those complexities.

I wonder if the Hon. Member would go back to the question of "simplicity" which he raised earlier, along with the Hon. Member for South Shore. The point raised was misleading because people are not going to be able to read that Act. What they are going to be able to do is learn those parts of the Act which apply directly to them. Perhaps the Hon. Member would reflect a little on the Committee's discussion about that point and give us his observations in a little better light. When he raised his comments on capital gains, he was not talking about simplicity, he was saying "Don't tax us".

• (1240)

Mr. Blenkarn: Clearly, Mr. Speaker, the Parliamentary Secretary is lacking in understanding of his responsibilities, and this House would be lacking in a responsible attitude if it said do not tax at all. We have certain obligations to perform and that requires fair taxation. But any tax system which is so complex that it deters the collection of taxes is wrong.

I would like to read into the record a paragraph on page 118:5 of the report of the Committee, the top paragraph, if my hon. friend would like to take a look at it:

> While the complexity of the law is understandably a reflection of the complexity of economic reality, it does tend to create uncertainty, to add substantial administrative costs, and to erode public confidence. These in turn, would encourage tax non-compliance and undermine the very cornerstone of the Canadian tax system, namely the self-assessment principle.

I say to my friend that it cannot be so complicated that this Parliament and Members in Committee cannot deal with it. We have to make it so that we can understand it and the public generally can understand it, so that taxes can be collected as required without the needless complexity we have here.

Mr. Taylor: I would like to make a comment, Mr. Speaker, on this capital cost allowance. The Hon. Member for Mississauga North (Mr. Fisher) is, to put it bluntly, talking through his hat when he says there is no practical application and that it has not hurt the economy or sales. In one town in my constituency there were seven cancellations of combine orders. This can be documented. They had ordered the combines, and when this budget came about they cancelled them. That is one town. Is that not hurting the economy? I asked one of the Liberal Members the other day, why would you buy a combine in January, February or March? They buy it naturally and logically in the fall. Then the Government brings in a program to cut the capital cost allowance in half. There is something wrong with that program.

There is a definite effect on the economy: it has reduced sales and cost the country jobs. The Hon. Member for Mississauga North better check with some of the farmers and machine companies if he is going to continue to say these things. He is not factual at all. It has hurt the country, and make no mistake about it.

Miss MacDonald: He does not know what a combine is.

Mr. Fisher: Well, I defer, Mr. Speaker, to the judgment of a Member from a rural area. I am not going to tell him what goes on in his riding as I, frankly, do not come from a rural riding, so I accept his observation. But I caution him on another aspect of the point that he has raised and the one that the Hon. Member of Mississauga South pursued. There is a whole tax industry at work in this country which encourages business people to make tax-related decisions rather than profit or economically-related decisions. There is a whole industry at work, and when Hon. Members raise the line of thought they have raised, they are encouraging that kind of behaviour.

I ask the Hon. Member for Bow River (Mr. Taylor) why somebody would buy a combine in December. I do not know; I do not come from a farm. It seems to me that when you have snow on the ground and no wheat, you should not buy a combine because you are going to be paying the carrying charges for that combine until you can use it. Now, I do not know but I ask the Hon. Member to explain.

Mr. Deputy Speaker: The period for questions has expired and the Chair now recognizes the Hon. Member for Cowichan-Malahat-The Islands (Mr. Manly).

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, although there are nearly 300 pages of this Bill which contain a wide range of changes to the Income Tax Act, we should not be misled into thinking that the Bill represents any fundamental overhaul of our income tax system. Yet fundamental reform is what we need.

In opening the debate on December 13, the Minister said that the Bill represents a substantial structural change in the system. I dispute that, Mr. Speaker. Canada needs a tax system which supports and promotes the basic objectives of our society, and we need a tax system which is fair and, at least in its broad outline, can be understood by the general taxpayer. Now, I admit that what the Parliamentary Secretary said has

some validity, that there are certain sections which are naturally technical, but the broad outline should be able to be understood by the ordinary taxpayer.

Because our society is always changing, we must from time to time update our laws to take account of these changing conditions. But this has not happened for a long time and is not happening today. One of the reasons for that is detailed in Colin Campbell's book "The Canadian Senate: A Lobby from Within". He points out that as one of its most basic functions the Senate acts to protect the business community from any excess of democratic or egalitarian sentiment. Perhaps if Canadians ever get serious about tax reform their first act should be the abolition of the Senate, which almost invariably acts as the protector of property in opposition to the interests of the broad base of society.

Canada today needs a tax system that will work toward the following basic objectives. Number one, full employment. New Democrats believe that the total resources of society have to be mobilized in support of full employment. At a time when technological change combines with changing world markets to eliminate thousands of traditional jobs, we need to devote our best resources to solving the problems of unemployment. This will not happen, as the Tories say, by unleashing the private sector. That way lies chaos, and perhaps the best example of that is in the American truckers' strike where deregulation over the last few months has led to such cut-throat competition that thousands of small, independent truckers today are on the verge of bankruptcy.

Perhaps, Mr. Speaker, the Tories are so obsessed with the survival of the fittest ethic that they should consider who is fittest to survive in today's world. Perhaps even the Tories could conclude that the characteristic most needed for survival in today's world is co-operation, and that is just as true of individuals, communities and nations as it is of political parties. I fear that the Tories will be rather late in learning that.

Our tax system, Mr. Speaker, should facilitate community and national co-operation for such basic services as health care, pensions for senior citizens, Family Allowance, higher education, community and national security, the elimination of regional disparities and a sound economy. Furthermore, our taxes have to support our Government for regulation and policing of such areas as the environment and foreign investment. Our tax system should support and work toward these objectives. All Members of the House would agree with the need for fairness in our tax system, but we do not all agree on what is fair. New Democrats believe that the fairest system of taxation is a progressive income tax built on the basic concept that a buck is a buck, regardless whether it is wages or capital gain. Tax incentives should be seen as tax expenditures and subject to annual review by Parliament, the same as other expenditures, and they should be tied to performance.

In the past few years we have seen a trend whereby more and more of the tax burden has been shifted from corporations to individual taxpayers. In 1952, 53.7 per cent of tax revenue came from corporations. By 1972 this had shrunk to 26.6 per cent. For individuals, however, the process was reversed. In 1952 they paid 46.3 per cent of total tax revenue, but in 1972 that had increased to 73.3 per cent. There was a slight improvement in the balance by 1980 when 30.5 per cent of tax revenue came from corporations and 69.4 per cent came from individuals. The broad, basic imbalance continued, however.

• (1250)

The tax system should not only be fair, it should be understandable. In the explanatory notes to the Bill there is a section entitled "Death of a Taxpayer". That has a rather literary ring to it, reminiscent of Miller's "Death of a Salesman". When Willy Loman, the salesman, died, one of his sons said that he never knew who he was. If the taxpayer never quite knew who he was, usually there was a number that helped him get by—registration number, social insurance number, UIC claim number and so on. I am certain that the taxpayer never knew all the taxes he was paying, or did he know about all the possible exemptions, reductions and loopholes available to those with enough money to hire tax lawyers or accountants. He may have heard of the over 700 Canadians who had incomes of over $100,000 per year who never paid any income tax at all and wondered how they got away with it. His tax always seemed to be deducted at source. There is material in the title "Death of a Taxpayer" for some promising young Canadian writer to write a novel or a play. I gladly donate the idea.

The Bill before us does not begin to meet our basic objectives or our national needs of being fair and understandable. Rather than a fundamental overhaul of the tax system, this Bill is a thing of shreds and patches. On the coast we would call this "gunnysack" legislation because it seems as if everything is dumped together. One exemption is tied to another with a little bit of wire here and a loophole is patched with a bit of chewing gum there. The whole thing is gunnysack legislation.

In his opening remarks the Minister spoke of the need to end uncertainty, but in the last 18 months the Government has contributed a great deal to uncertainty in the tax system. In the last few weeks, nothing has contributed more to that uncertainty than the various kites flown by different Ministers. The latest and worst example occurred on January 2, when the Minister of State for Mines (Mrs. Erola), who is also responsible for the status of women, spoke on the TV program "Question Period" of eliminating the spousal exemption. On that program she made the following statement:

> When we look at the whole system of family benefits, where are we going? One of the things that I think we are going to have to take a serious look at is the whole question of spousal deduction. What is happening in our soceity today is that women—as I say, 42 per cent of them are in the work force, and yet we are allowing a spousal deduction which I consider enourmous—it will be $3,300 this year—to slip out of our hands when, in fact, those families who are able to use the spousal deduction are up at the top end of the income scale. It's only the more affluent families in our society that allow a woman to stay at home, and I feel that we should examine that and perhaps somewhere down the line re-channel some of that into where I think the critical areas are, in child care.

I wonder where the Minister has been. She does not seem to understand the average family today. Her later retractions and attempts to clarify this have only increased the uncertainty that Canadians feel. Ordinary Canadian families do not think

that they need to be shafted by the Minister of State for Mines.

In his opening remarks the Minister of Finance (Mr. Lalonde) also said that he wants the Bill passed as soon as possible so that income tax returns can be processed and mailed out. Nobody knows better than we in the New Democratic Party the necessity of getting Government cheques out promptly to the ordinary people. There have been delays in processing superannuation cheques. Last week I had a letter from a constituent who complained that the last cheque received was dated December 19. The Government deliberately withheld those cheques as a form of blackmail, Mr. Speaker, and we do not want to see the same thing happen with income tax returns. On the other hand, this legislation is too important to be pushed through. The Government should forget its attempts at blackmail. Income tax returns should be mailed out. After all, the reduced Family Allowance cheques were mailed before the House had the opportunity to deal with the legislation.

In the few minutes remaining to me, Mr. Speaker, I want to concentrate on a couple of things that I think are most harmful to ordinary Canadians. The Minister said that the Bill is based on the principle that the Canadian tax system is better off with lower tax rates applied to a broader income base. I am sure all of us, and certainly all New Democrats, would agree with that as a general principle. But the way to broaden the base is surely to increase employment at decent wages. The Bill does nothing to broaden the base in that way; in fact, its effect is quite the opposite. The Bill broadens the base by capping the indexation of personal exemptions and then lowers the marginal tax rate for people at the upper end of the spectrum.

The entire six and five program has had the effect of driving down the real incomes of ordinary Canadians. We have had to oppose the cuts imposed by six and five on wages of public sector workers, Old Age Security, pensions for public servants and Family Allowances. Even without the capping of indexation for income tax exemptions, these measures will result in the removal of $1.16 billion from the pockets of ordinary Canadians and from the economy. The Minister admitted the need for some stimulation in the economy, but he continues to depress it with the six and five program.

The partial deindexing of personal exemptions will, in effect, be a tax increase of $1.7 billion in 1983-84. As with other aspects of six and five, this will penalize lower income people at a proportionately higher rate than higher income people.

A married taxpayer with two dependent children and an income of $20,000 per year will face a 21.7 per cent tax increase. The same taxpayer with an income of $100,000 per year will pay an increase of only 3.2 per cent. In a similar manner, the lower marginal tax rate will result in a real tax decrease for those in the upper income bracket.

Taxpayers with a taxable income of $133,440 and over per year will have their marginal tax rate brought down from 43 per cent to 34 per cent. Those with taxable incomes under $11,120 per year will receive no reduction at all in the marginal tax rate. They also suffer from the de-indexing program.

In short, Mr. Speaker, we oppose the Bill because it perpetuates and increases inequalities in the rate of taxation. It is not fair, and it does not address the fundamental problems of our society, which is the need for full employment. And certainly, Mr. Speaker, it will not result in a more understandable tax system.

[*Translation*]

Mr. Deputy Speaker: Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

THE ECONOMY

HIGH RATE OF UNEMPLOYMENT IN GASPÉ

Mr. Alexandre Cyr (Gaspé): Madam Speaker, many Members have described the tragic economic situation in their ridings. I can inform the House that I am not very proud of the performance of the Government of Canada as far as the people of Gaspé are concerned, because we win the gold medal for the highest unemployment rate.

The labour force participation rate is extremely low. Chronic unemployment and a total lack of job opportunities for years and years explain the fact that many people are no longer part of our manpower statistics.

The unemployment rate is exceptionally high in Gaspé, where it was four times the national average in 1981. Unfortunately, this trend is continuing, and the present situation is becoming worse than critical. The most realistic forecasts are for 70 per cent unemployment, by far the highest unemployment rate of any riding in Canada.

Statistics Canada has classified Gaspé as a district that is about to "take off" in the economic sense. Madam Speaker, forestry and mining employ more than 30 per cent of our workers. However, the sawmills at Marsoui, Cap-Chat and Grande-Vallée are closed, and the newsprint plant in Chandler is not operating at full capacity. Now that the Madeleine Mines have closed and Gaspé Mines in Murdochville have decreased their activities, more than 80 per cent of workers in the forestry and mining industries are out of work.

S.O. 21

If the situation continues, the entire Gaspé area is heading for an economic and social catastrophe in 1983—

Madam Speaker: Order, order. The minute and a half allowed the Hon. Member has now expired.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

CONTAMINATION OF NIAGARA RIVER AND LAKE ONTARIO

Mr. Joe Reid (St. Catharines): Madam Speaker, the Canadian Minister of the Environment (Mr. Roberts) said the other day that the S-Area Dump on the American side of the Niagara River poses a greater threat to Canadian waters than any other United States landfill uncovered to date. At least four million Canadians and one million Americans use the waters of the Niagara River and Lake Ontario as a source of drinking water, making this perhaps the most serious environmental problem facing his Department.

When the extent of the contamination of the Love Canal was first made known, the United States Environmental Protection Agency became involved at an early date and began remedial work. That kind of remedial action was not so speedy with the Hyde Park or now the S-Area Dump; in fact the EPA is dragging its heels.

The Minister plans to visit the area some day. Well, some day is not good enough. Will he not plan to lead an all-Party representation to this area now, take it out of Party politics and treat the problem with the urgency it deserves? About 225,000 tonnes of chemical wastes are stored in the area and are leaking into the Niagara River. Can the Minister honestly and knowingly say that there is no present danger to Canadians?

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[*Translation*]

RAILWAYS

CROWSNEST PASS RATE—EFFECT OF CHANGES ON QUEBEC FARMERS

Mr. Gaston Gourde (Lévis): Madam Speaker, there is not going to be a pork war because of the changes in the Crow rate. At the present time, western pork is not being brought to Quebec markets, although the selling price in the East is about $2 more than in the West. The reason is quite simple: The cost of shipping 100 pounds of pork meat from Calgary to Montreal is $8.51, which means a difference in price of $6.51 per 100 pounds. Under the new policy, western producers will be able to save on the cost of feeding their livestock which, according to the Department of Agriculture, will be $3.17 per 100 pounds in 1985-86. However, by that time, the cost of shipping meat will have increased from $8.51 to $11.02, which still leaves a difference of $5.84. The cost of shipping from West to East will therefore continue to favour the competitive position of Quebec's pork producers.

It will, in fact, be practically impossible and certainly not worthwhile to ship pork from Calgary to Montreal, short of wanting to go bankrupt.

I would therefore suggest that Quebec farmers put the question to our political smart alecks, who are implying that the exact opposite will happen. This is the real challenge: to bring out the truth.

* * *

[*English*]

EXTERNAL AFFAIRS

NIGERIA—FORCED EVACUATION OF FOREIGN WORKERS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, since January 17 when the Government of Nigeria ordered the evacuation of some two million to three million people who had come to that country from neighbouring nations, the world has witnessed one of the great human tragedies of all time. Scenes of brutality, forced marches, overcrowding of ships, and starvation have filled our television screens. Protests and appeals have been directed to the Government of Nigeria by heads of churches and heads of Governments all around the world, denouncing an action that not only inflicts tremendous suffering on millions of men, women and children, but also destabilizes neighbouring countries.

The Canadian Prime Minister (Mr. Trudeau) is a senior Commonwealth leader, but when asked what protest Canada had made to the Government of Nigeria, he merely shrugged, "Do you know the answer, I do not", reminiscent of his earlier famous quote: "Where's Biafra?", when dealing with the same country.

Surely as Canadians we have a right to expect that the Canadian Prime Minister will exercise whatever influence he has within the Commonwealth, and directly on the Government of Nigeria, to convey the abhorrence which Canadians feel over this forced migration, rather than display his indifference to an inhuman act which has shocked people of every race, colour, creed, religion and country—

Madam Speaker: Order.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT IN HAMILTON, ONT.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, last week the federal and provincial Governments jointly announced their job aid programs for Ontario. Hamilton was not among the recipients. This is the same city in which the Steel Company of Canada has approximately a third of its

employees unemployed, Dominion Foundries and Steel similarly has about a third of its employees unemployed, International Harvester has virtually closed and is considering moving its computer operation to the United States, Ontario Hydro has decided to move a major part of its operations out of Hamilton, United Steel Car has hardly a soul working in its plant, and now, to add insult to injury, the federal Government has decided to move the Oceanographic Department from inland waters at Hamilton to Quebec City. Why, I wonder. Patronage, perhaps?

Close to 20 per cent of the people of Hamilton who are eligible for work are unemployed. I ask the Government to answer some questions. Why is Hydro moving? Why is the International Harvester computer operation going to the United States? Why is the Government moving its Oceanographic Department from Hamilton to Quebec City? Why is the Government not prepared to go ahead now with the placing of the orders which will ultimately be needed for the revitalization of the railroads of Canada, and thereby put people back to work in the City of Hamilton, people who are currently desperately looking for employment? I put to the Government, is it either incompetence or patronage—

Madam Speaker: Order.

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[*Translation*]

AGRICULTURE

GILSON REPORT RECOMMENDATIONS

Mr. Marcel Dionne (Chicoutimi): Madam Speaker, I merely wish to point out to the House that personally, I think the coalition movement in Quebec was far too quick in getting off the ground with respect to the Gilson Report. The House is aware that this report is a working paper that was requested for the purpose of looking at all the drawbacks and advantages of a rate system for the movement of grain in Canada. The Canadian people, and especially people in Quebec who joined the coalition movement, should understand that the Gilson Report was a working paper, that it will be tabled in the House and that subsequently, the House will have to refer it to committee for consideration. Madam Speaker, the committee will have to meet with groups in order to hear their grievances, and subsequently make decisions. We on this side of the House, very much aware of the recommendations made by the Gilson Report, formed a working group last fall within the Quebec Caucus, for the purpose of giving further consideration to the theories formulated in this document.

• (1410)

Madam Speaker, I would like to add that the Quebec Caucus, mainly through its Members, has always been very attentive to the needs of agriculture in Quebec, and in this connection, in 1976—

Madam Speaker: Order!

[*English*]

LABOUR CONDITIONS

RATE OF UNEMPLOYMENT AMONG YOUNG PEOPLE

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, concern for the unemployed has been voiced on a number of occasions. However, the heart of the matter, the young people, hardly ever receive enough consideration. Those aged 15 to 24 shoulder more than three-quarters of the over-all decline in employment and lose jobs at the rate of 20.9 per cent, against the national average of 12.8 per cent. There are 600,000 young Canadians out of work.

These are not just mere statistics as the Liberal Government appears to view the matter. In human terms this implies tragedy. A baby-boom generation turned into a lost generation, disillusionment, frustration, the feeling of helplessness and social injustice, lost time and lost capacity for productivity are the cost that the young generation pays for the economic blunders of the Government.

Canada is aging. By the year 2031 we will have one pensioner for every two workers. It is imperative that the post-war generation be now given the chance to build up the economy to provide for their future when they retire. Yet the job creation programs, of the Government are less than a drop in the bucket in comparison to the ever increasing rate of unemployment.

I urge the Government to stop wasting Canada's greatest resource—the large number of young, educated and talented people who have everything it takes to meet the cultural and technological challenges of the present day and the future, were they only given a chance to meet these challenges head on.

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AGRICULTURE

SUPPORT FOR LEGISLATION TO ASSIST FARMERS IN FINANCIAL DIFFICULTIES

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, last week producers representing the Canadian Farmers Survival Association were in Ottawa bringing a tough message to parliamentarians—act soon to help farmers in trouble with the banks, or face a severe crisis this spring when farmers approach the banks for money to plant their crops.

They want to see the Private Member's Bill, C-653, which was proposed by the Hon. Member for Lambton-Middlesex (Mr. Ferguson), either passed by the House or tacked on to C-12, the Bankruptcy Bill, and brought into law.

Since we often forget about lobby groups after they have gone home, I want to remind Members of the House today that the Association wants an arbitration procedure put in place that will encourage a voluntary arrangement between the farmer and his creditors, that will prevent foreclosure while negotiations are taking place or an agreement is in force, and

that will impose an agreement on both parties in cases of dispute and reduce the debt without the consent of the creditor if deemed necessary.

Farm bankruptcies jumped again last year. However, this year's farm income projections suggest that even worse times lie ahead. Realized net farm income in 1983 for Canada is predicted to be 11 per cent below the level of 1981. For Saskatchewan, net income for 1983 is projected to be two-thirds of the level in 1981, which is the lowest since 1973. The situation demands action. Our Party would be pleased to pass Bill C-653 in one sitting day. I ask the Government to give Bill C-653 a chance by calling it soon for debate—

Madam Speaker: Order.

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MEDICAL CARE

THREAT OF RESIGNATION BY EDMONTON HEART SURGEON

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, a disturbing CBC report emanating out of Edmonton indicated that a surgeon specializing in cardiac surgery is planning to leave the country since he is frustrated by the failure of his hospital to provide him with adequate equipment and support facilities to carry out important operations in his specialty safely and effectively.

Cardiac surgery in children deals with reconstructive and reparative procedures correcting a variety of congenital malformations of the heart and large blood vessels. These operations are physiological for the most part, restoring normal anatomy and function of these organs and thus assuring a normal lifespan.

These operations require not only a well trained skilful surgeon but a team effort of medical and paramedical specialists as well as appropriate nursing staff. Not only in Edmonton but in many of the large communities, with teaching hospitals staffed with well trained and knowledgeable specialists, facilities are sadly lacking to carry out ever-increasing sophisticated procedures to improve the quality of life of our Canadian citizens.

In order that Canada may continue to remain in the forefront of world medicine, those charged with formulating the proposed Canada Health Act must provide optimum conditions for medical care, particularly for our doctors with specialty training, lest the system fall into mediocrity, and Canadians are deprived of the benefits of modern advances in the field of medicine and surgery.

ORAL QUESTION PERIOD

[*English*]

NEW EMPLOYMENT EXPANSION AND DEVELOPMENT PROGRAM

REQUEST FOR DIRECT MINISTERIAL ACTION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Minister of Employment and Immigration who, I am sure, will know that there are at least 1.6 million Canadians without jobs.

Last October the Government introduced the NEED job creation program for people who would be running out of unemployment insurance benefits. At that time the Minister was repeatedly urged to step in personally and speed up the process of getting jobs approved, otherwise it would be bogged down in red tape and the jobs would not be created. That is exactly what has happened. After three months only 4,000 jobs out of a promised 60,000 have been created. Why did the Minister not take these warnings to heart? Why has he not stepped in personally in the last few months and done something to bring about the creation of these jobs, rather than have only 4,000 out of 60,000 created after that three-month period?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member is obviously trying to make nothing more than a political point. She knows full well that over the past two and one-half to three months I, Members of my caucus, and Members of the Government have spent a great deal of time working to ensure that the job-creation programs would be effectively implemented. Proof of this is that the original target date for beginning the NEED Program was February 1 and we were, in fact, able to achieve implementation beginning January 1. At that time we had targeted for 500 jobs being authorized per week. We exceeded that limit. We are now targeting 1,000 jobs per week and we will exceed that limit.

Furthermore, we have been able to sign agreements with the Provinces which have added over an additional $200 million to the Program.

Therefore, in terms of personal intervention, we have worked very hard to put the Program into place, and to gain the co-operation of the Provinces and the municipalities and the private sector. I would say that all this effort contrasts quite dramatically with what we heard from the Hon. Member on that side, which was nothing but a bunch of words.

GOVERNMENT POSITION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, what the Minister fails to recognize is that there are 55,000 Canadians a month who are running out of unemployment insurance benefits. That is 165,000 people without benefits since that Program was announced in October.

Is the Minister satisfied with the Government's record of providing 4,000 jobs for those 165,000 people? Is he telling us that is what the NEED Program was directed for in the first place? Was that the Government's goal?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Government's goal that was announced originally in the Program was for 60,000 jobs over the 18-month period of the Program. Because of the additional amount of money that we have been able to solicit and add to this part of it, we are now estimating that we can produce 80,000 jobs through that Program which is a direct result of the kinds of interventions and initiatives we have taken to make the Program work.

I would suggest, rather than getting up in the House and simply being critical and negative, that the Hon. Member should go back to her riding and start recruiting the private sector firms and municipalities to put applications in to make the Program work.

Miss MacDonald: I want to tell the Minister that I have been in my riding. There are 6,100 people out of work there and only nine of them have received jobs from this Program. Only nine.

Some Hon. Members: Shame!

Miss MacDonald: I want to tell the Minister that 200 people in my riding run out of benefits every month.

PROCESSING OF PROJECTS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, there are a number of projects pending under the NEED Program in Kingston and the Islands. Can I have the Minister's assurance today—right now—that those projects which are pending will be processed within the next two weeks, will give jobs to people within the next two weeks, and will not be delayed by red tape for another two months?

• (1420)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the fact is that we have been working on a schedule of ten days' turnaround time from the period we receive an application from a municipality or from a provincial government office or from a private sector firm. If the Hon. Member, fulfilling her responsibilities as a Member, will go back into her riding and obtain those applications coming forward—

Miss MacDonald: They are held up in your office.

Mr. Axworthy: —I will assure her that they will be approved on time.

Mr. Trudeau: Too slow for him. You've got to work.

LABOUR CONDITIONS

UNEMPLOYMENT IN ST. CATHARINES-NIAGARA AREA

Mr. Joe Reid (St. Catharines): Madam Speaker, my question is also directed to the Minister of Employment and Immigration. I want to assure him that it is not a particularly happy circumstance to rise here representing an area which, it has been said, has the largest urban rate of unemployment. More than one of every five workers is unemployed. That amounts to 21.7 per cent, almost a full percentage point over the unemployment rate of the city of Windsor, which received the bulk of the ILAP moneys. I do not want to hear, once again, an outline of the programs in existence and the benefits arising therefrom, because in the St. Catharines-Niagara area there are 33,000 persons unemployed, 15,000 more than two years ago, 11,000 more than one year ago, a job disappearance of—

Madam Speaker: Order, please. Does the Hon. Member have a question?

Mr. Reid (St. Catharines): I certainly do, Madam Speaker.

Madam Speaker: Now.

Mr. Reid (St. Catharines): I just want to point out that, despite the comments—

Madam Speaker: Now.

Mr. Reid (St. Catharines): —of the Minister, there has been a disappearance of 1,750 jobs per month over the last two years, and my question to the Minister is—

Madam Speaker: Order, please. When the Speaker takes the trouble to intervene to ask a Member, "Will the Member now put his question?" the Speaker really means it, and is only preserving the time of other Hon. Members.

Mr. Reid (St. Catharines): Madam Speaker, my question to the Minister is: without outlining the list of existing programs, what does he propose to do for the 33,000 people who are now out of work and are asking for assistance from the Salvation Army and the UAW in a kitchen assistance program that they are receiving from a voluntary service agency in that city?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member is slightly contradictory in saying that he does not want to hear about what the existing programs can provide to help those people in need. My point is that we have programs in existence which are designed to work in different parts of the country which have been deeply hit by the recession.

Miss MacDonald: Not in mine.

Mr. Axworthy: They range all the way from the unemployment insurance system, which provides income security for most of those workers in his area, and for those whose benefits have elapsed we have the NEED program. Like other Members of Parliament, I believe it is part of his responsibility to go

into his region to work with his municipalities and private firms in the area, to develop projects which we can then review and approve, so that we can provide a work alternative to those people. Madam Speaker, if the Hon. Member does not want to hear about the existing programs—

Mr. Deans: Why don't you put your bureaucracy to work?

Mr. Axworthy: —he obviously does not want to hear about the kind of things we are prepared to do to help.

Miss MacDonald: What are you prepared to do to help? You do not speed up one thing.

QUERY RESPECTING PURCHASE OF MACHINERY FROM UNITED STATES

Mr. Joe Reid (St. Catharines): The results of the existing programs are already subject to headlines. In Metropolitan Toronto, $2 million has been spent to create 153 jobs under the COED Program. The NEED Program has just been defined and explained, and it is called a "billion dollar flop".

With the number of Canadian plants which are now working at 60 per cent capacity how can it be that, in our community, Niagara College is spending $1 million or more on the acquisition of equipment, and machinery from the United States of America, rather than buying from Canadian plants where the same equipment and machinery can be acquired? Will the Minister give Canadian jobs for Canadian purposes?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would first like to comment on the Hon. Member's statement that the NEED Program is advertised as a "billion dollar flop". As we might expect, that particular quote came from a Conservative Member of Parliament. When the same Conservative Party formed the Government, it cancelled all the job creation programs which the Liberal Government had brought in and made available. Now we are hearing a very different tune. The Conservatives are calling the program a flop. The fact is that the biggest flop is what I am looking at across from me, because the Conservatives were cancelling all the job creation programs when they had the opportunity to improve them.

Some Hon. Members: Hear, hear!

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NUCLEAR ARMAMENTS

UNITED STATES PLANS FOR PRODUCTION OF IMPROVED CRUISE MISSILE

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is directed to the Secretary of State for External Affairs. The Minister may not be aware of this fact, but according to the—

Mr. Prud'homme: The Minister knows everything.

Miss Jewett: —recently presented budget of the U.S. Department of Defense, the U.S. intends to stop production of the present air launched Cruise missile in late 1983, with just 1,499 of a proposed 4,348 built, and to enter into the production of what the Defense Department calls "advanced Cruise missiles", with "stealth" and other new technologies.

In view of the fact that there is not much point in our testing, next winter, something which has gone out of production, and in view of the Minister's own statement last Thursday that he doubted if the U.S. would ever ask us to test the new "stealth" missile, will the Minister now exclude, from the framework agreement, Canadian participation in the testing of all U.S. Cruise missiles?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I remember the Hon. Member did ask about a new "stealth" missile. What is now apparent is that it is not a new "stealth" missile; rather, it is an improved version of existing missiles with various modifications, including stealth capacity. Therefore, the answer which I gave to the Hon. Member still stands. As the Hon. Member also knows, when the framework agreement is tabled in the House, she will see that there is no provision for the testing in Canada of any armed missile of any kind.

REQUEST THAT CANADA REFRAIN FROM TESTING CRUISE MISSILE

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, the Minister is quibbling with words, as usual. The common phraseology in the U.S. is "stealth missile", when referring to the new stealth technology. Indeed, a U.S. Defense Department official said that Boeing is "now scrambling to come up with a new aeronautical design to take more advantage of stealth technology". That is what we are discussing in relation to the air-launched Cruise missile. The Minister says that there will be nothing concerning this in the framework agreement. I am asking the Minister, and I wish he would answer, this question: before the agreement is signed and given the fact that the present air-launched Cruise missile is obsolete in the view of the Department of Defense, will we explicitly state our intention to exclude any Canadian participation in the testing of U.S. Cruise missiles over our country, our territory?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member is asking me to provide a particular exclusion in the framework agreement. What she will see, when the agreement is tabled, is that it provides an over-all agreement for the testing of weapons systems which could include the Cruise missile.

When any particular weapons system, any particular weapon is proposed to be tested in Canada, that particular weapon, including the Cruise, will be the subject of a separate discussion between the Minister of National Defence and his counterpart in the United States, and will result, if agreement

is reached, in a project arrangement. Therefore, it is unnecessary, in the agreement, to exclude any particular weapons system, because that is open to the Government of Canada, at any particular time, if it wishes to do so, when the project arrangement is entered into, if it is. However, I would tell the Hon. Member that it is important that there be an exclusion in the over-all agreement that at no time would Canada consider testing any armed Cruise missile over its airspace or territory.

Miss Jewett: The Minister brings in that red herring each time. If that is the way he will sell this to the Canadian public, by saying that they are not armed, believe me, it will not wash.

REQUEST FOR STATEMENT ON MOTIONS

Miss Pauline Jewett: (New Westminster-Coquitlam): The Minister has as much as admitted that we will, therefore, test what are called "stealth" missiles, Cruise missiles using stealth technology. I would like him to come right out and admit that, rather than just imply it, as he has done to get around what he said last Thursday when he stated that it was unlikely that we would be asked to do this, when he knows that we will be asked to do this.

• (1430)

I would finally like to ask the Minister, as we have asked many, many times before, since neither he nor the Prime Minister will allow us to discuss the framework agreement in this House of Commons because they do not want the Canadian public informed, since they insist upon signing it in Washington and they do not mind missiles over Canadian soil—

Madam Speaker: Order. Order. I hope we are not going to have an avalanche of speeches like we did on Friday. Friday's Question Period was a shambles. I would like Hon. Members to keep to questions.

Miss Jewett: Madam Speaker, I was not here Friday.

Some Hon. Members: Oh, oh!

Miss Jewett: Will the Minister, in light of all this, and the confusion and the alleged misunderstanding of the Canadian public, at least, when he tables the framework agreement, make a statement on motions about it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, as the Hon. Member knows, the practice of making statements on motions has virtually disappeared in the House of Commons.

Mr. Deans: We did not stop it; you did.

Mr. MacEachen: I still repeat that observation, but I assure the Hon. Member that the umbrella framework agreement will be tabled in the House of Commons. It will be known to all Hon. Members, and all possible information will be available to all Hon. Members. When the framework agreement is tabled, Hon. Members will be totally free to ask questions on any point they wish on subsequent days.

If Members of the New Democratic Party find it of such great importance they will be able to debate the Cruise missile on one of the opposition days which will be available to them, when those days become available. Therefore, the Hon. Member has a full opportunity to select her own priorities and there will be full opportunity for questions and debate if the New Democratic Party chooses to do so.

Miss MacDonald: That is cowardly.

Miss Jewett: And a lot of garbage.

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RAILWAYS

CROWSNEST PASS RATE—OPPOSITION TO ANNOUNCED CHANGES

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Minister of Transport. As the Minister well knows, input costs for western farmers have tripled in the last decade. Energy costs are up 81 per cent since 1979, and interest rates have increased by 75 per cent to western farmers. Yet the Minister introduces a program that is going to ensure the bankruptcy of many, many western farmers.

Since the Prime Minister gave us his iron-clad guarantee that there would be no change in the Crowsnest Pass rate unless there was a consensus in western Canada amongst the farming community, I ask the Minister how he can proceed with this particular program when not only the wheat pools in the prairie Provinces, not only the provincial Governments in western Canada but, as well, the provincial Government of the Province of Quebec and many members of his own caucus are diametrically opposed to this program? How can the Minister bring this program forward at this time?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I want to rejoice first in the fact that the Conservative Government of Ontario has fully approved of this program. I want to thank the Conservative Government of Alberta which, having approved of it, said, as a matter of fact, that we did not go far enough. A number of my colleagues on the other side of the House approve of it also.

On the cost of it, I have repeated this, and I will keep on repeating it, obviously the producer of grain in the West now pays 20 per cent of the real cost of the transportation of his goods. Under this new initiative he will pay 30 per cent by 1985-86 and 60 per cent by the end of the decade, but that is less percentagewise than what he was paying in the 1950s and 1960s.

Also, I want to emphasize that the cost of transportation now represents about 2 per cent of the price of the farmer's grain. By 1985-86 it will represent about 5 per cent, and at the end of the decade it will represent 8 per cent, which is less, on a proportional basis, than what he was paying in the 1950s and the 1960s. If we go further back, in the 1940s the cost of transportation represented 17 per cent of the price of grain. So

it is an adjustment that we are making now, that we had to make, because of inflation. As a matter of fact a great number of people in the West, some of them in the riding of the Member, agree that this had to be done, and it will give the farmer much more reliability and much more certainty than he had before.

Mr. Hnatyshyn: Madam Speaker, there certainly is a consensus which is growing in this country, and that is that the policy of the Minister and the Government stinks and is unacceptable.

DEVELOPMENT OF GRAIN TRANSPORTATION SYSTEM

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I want to direct a supplementary question to the Minister of Transport. One of the fundamental problems that we have faced in western Canada has been with respect to an efficient grain transportation system. The Minister says that part of this policy is directed toward the development of that particular system.

In view of the fact that in the policy papers brought down by the Minister and in the proposed legislation there is clearly no assurance, after this burden has been put over onto the shoulders of the farmers, that there will be an efficient and effective grain transportation system—and there is no provision for penalties to the railways—what does the Minister say about the fact that he has got the whole thing "bass ackwards" and he should in fact put the system into place and then ask the farmers to pay? Why is he imposing this cost, with no assurance that there will be an efficient grain transportation system at the end of it?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it is well known that the railways will have to give guarantees of investment and guarantees of performance.

Mr. Hnatyshyn: It is not in there. There is nothing for three years.

Mr. Pepin: Madam Speaker, in due course my hon. friend will know all the details, but if he talks about reliability, the farmer now has not got that reliability. He does not know if the capacity of the railways will be sufficient to carry his goods. But from now on he will have the certainty that the railways will have this capacity. He will know what price he has to pay; two times the present Crow rate in 1985-86 and five times by the end of the decade. He will know that on top of this, if inflation exceeds 6 per cent the Government will take over. There will be much more certainty in the system that will exist in the future than in the system that exists now. It may take some time for the Member to get that in his mind, but he will.

LABOUR CONDITIONS

YOUTH UNEMPLOYMENT—MINISTER'S STATEMENTS

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, as you know, youth unemployment is running at about 21 per cent versus 13 per cent generally, and that over 600,000 young people are out of work.

History has shown many times that large Government deficits lead to inflation which in turn leads to an economic collapse. Canada over the past 14 years has proved that point once again.

I want to know, Madam Speaker, is there anyone over there, the Prime Minister, or a Member of the Cabinet, or a backbencher, who ever, over the last 14 years, has stood up and spoken against those mounting deficits, year by year.

Miss MacDonald: Obviously not.

Mr. Thacker: Precisely, Madam Speaker. Not one Liberal Member of Parliament from the Prime Minister down has ever spoken out about this huge deficit.

Some Hon. Members: Hear, hear!

Mr. Thacker: Madam Speaker, I have a supplementary question for the Minister of Employment and Immigration. In mid-January the Minister said that the 600,000 unemployed youth under 24 could "count on quick action toward a substantial youth employment program". In late January, the same Minister told our unemployed youth "to prepare for a jobless summer". I would like the Minister to tell us which statement is true, and how many of the 600,000 young people of this country who want a job and need a job will get one?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the fact is that what I did say, speaking to students, was that we are preparing for a difficult summer because the intention of the private sector to hire young people over the summer months is substantially down. At the same time I indicated that this Government, hopefully with the co-operation of provincial governments, will provide for supplementary programs to give them further assistance. That is the fact and reality of what I have been saying.

I think it is only fair and honest to talk clearly and candidly with young people so we can find ways of working together and find solutions to the problems we face, to ensure that their talents and abilities will be effectively used.

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INCOME TAX

ISSUANCE OF REFUNDS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, it has been reported that the Department of National Revenue is not going to send out tax refunds for some time. They claim that they cannot issue refund cheques until the amendments to the Income Tax Act, Bill C-139, are passed by Parliament. My question is directed to the Minister of Finance, who knows that

is a lie. It is simply not the case. Will the Minister consider abiding by the present legislation and direct his officials to issue tax refunds, where appropriate, based on legislation presently in place?

• (1440)

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, surely the Hon. Member knows that what he is proposing does not make sense. For example, he knows that tax collections have been made on the basis of budgets that have been approved by Parliament. How would he make refunds on the basis of old legislation when the tax has been collected and rebates will be made on the basis of budgets that have been approved by this House? Surely he realizes that his proposal does not stand up.

REQUEST THAT REFUNDS BE PAID PROMPTLY

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, based on the previous Minister's budgets, tax refunds were in fact given out last year to many Canadians based on legislation that was effective the day of the budget. I suspect that what we are seeing is the Minister trying to blackmail Parliament into keeping money from those who deserve it, in an effort to get Bill C-139 through the House prematurely. The people of Canada who deserve these refunds wish this money now. It is their money. The economy needs it.

The Minister is on record as wanting to stimulate the economy and to provide money for the consumers to get the recovery under way. Will he reconsider his position in light of what the previous Minister of Finance did when it came to tax returns, and take steps now to get the economy moving by allowing those Canadians who deserve refunds, and it is their money, to put that money back into circulation? Will he reconsider that, in light of the present state of the economy?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, we have just been exposed to a typical case of the hypocrisy of the NDP on these issues. They were the ones in January who were threatening to take the Government to court because some people thought we were going to limit the increase in the Old Age Pension to 6 per cent. The NDP said if we did that, which we never said we would do, they would take us to court for not respecting the laws of Parliament and acting before a law is passed by Parliament. Now the NDP wants us to act before a law has been passed by Parliament. They cannot have their cake and eat it too, every day, on every question. Unfortunately that is what the NDP has been trying to sell for decades, but I am sorry, it does not wash any more.

UNEMPLOYMENT INSURANCE

DISENTITLEMENT OF CLAIMANTS ATTENDING SCHOOL

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Minister of Employment and Immigration. I have given him notice of this question and I have discussed my concern with him. Is he in a position today to tell us whether the priorities have been adjusted in his Department with respect to unemployment insurance claimants or recipients taking their own initiative to attend school and upgrade their skills?

As the Minister knows, his Department purchases a large number of retraining positions in the colleges and permits people on unemployment insurance to attend courses. If someone takes it on his own initiative to do so, he is disentitled. Will there be an adjustment or a recognition of the priorities to improve our manpower skills and, subsequently, an adjustment in the regulations to permit people to attend school, particularly those who have no hope of getting a job in the next year?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I can tell the Hon. Member that there is a letter in the mail to him giving him a detailed answer to the question he raised. In summary, I would simply point out that one of the difficulties in the proposal he makes is that if someone simply goes on their own to apply for a training course, that in a sense contravenes the basic formula of the Unemployment Insurance Act, namely, that in order to collect benefits you must be available for work. We waive that requirement when someone comes into an employment centre and we have record of their willingness or preparedness to take a training course. We can waive that requirement because we have foreknowledge of their interest and intent.

If someone goes on their own account and registers for a program and then applies for UI, we have not had the opportunity to do an interview to determine their eligibility or any of the other criteria. Therefore, we hold by the rule that, if they want to take a training course, they should register their intent through our employment centres so we have that on record.

ROLE OF COMMISSION

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I very much appreciate the answer of the Minister. Is he now telling us that the onus of proving ability to work or proving that there is a job will be assumed by the Commission rather than the claimant? In other words, if a person enrols in a manpower training course with the consent of the UIC, in our opinion the onus should be put on the Commission or the Canada Manpower Centre to tell the person "There is now a job for you. You have the choice of either staying in the course at your own expense and being disentitled, or leaving the course and taking the job we now have available for you". Is that what the minister is telling us, because that would make sense?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I covered that point in the correspondence, but I would again point out that when we contract courses we are not offering them directly. We usually are under a contractual agreement with a provincially run community college or other training institute. If you contract for a 13, 26 or 52-week course on behalf of a client coming through an employment centre, there has to be some intention that they will in fact fulfil the requirements. We do not want to be put in the position where people enrol for a course and then withdraw, leaving a place open which someone else may have occupied. I am pointing out that the proposal by the Hon. Member has some merit and we will look at it, but under the present administrative circumstances it would be very difficult to have it work smoothly through the system so we could ensure that the benefits under the law are being properly drawn.

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SEARCH AND RESCUE

FACILITIES AVAILABLE IN NEWFOUNDLAND

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a question for the Minister of Transport. It deals with the report of the inquiry into the sinking of the *Arctic Explorer*, which was commissioned by the Minister under the Canada Shipping Act and conducted by a judge of the Supreme Court of Newfoundland. The Minister's response to recommendation No. 5 is ambiguous to say the least. What does he intend to do about recommendation No. 5, which is the most important recommendation of the report? It very briefly states as follows:

> The adequacy of Search and Rescue facilities available to the Newfoundland region ought to be reviewed and additional ships and aircraft provided.

What does the Minister intend to do about that very critical recommendation of that impartial commission?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, as the Minister responsible for Search and Rescue, I will answer that question. The Hon. Member's question is to the point. I believe I can supply some answers to his question today. I have written to the Premier of Newfoundland concerning this issue. There have been tremendous improvements in Search and Rescue on the East Coast. In the last few years, for example, I can mention SARCUP, ELT regulations, SARSAT satellite, and the Cross Report.

As far as the Cross Report is concerned, I know the Hon. Member read it very carefully. I have read it, as I am sure the Minister of Transport has. Those recommendations which were not implemented to date are in the process of being implemented. We have accepted most of the recommendations in that report. As far as Newfoundland is concerned, according to a review, which I can send to the Hon. Member if he would like, a review conducted in our own Ministry, it states that Newfoundland and the East Coast of Canada are, in fact, well protected as far as Search and Rescue is concerned. The localities at which our facilities are situated are the optimum places, and our capabilities are excellent.

DEPARTMENTAL RECOMMENDATIONS

Hon. James A. McGrath (St. John's East): Madam Speaker, I raise these questions on the eve of the anniversary of the *Ocean Ranger* tragedy in which 84 lives were lost. I am prompted by the report into the sinking of the *Arctic Explorer*. Is the Minister telling the House that he accepts the in-house recommendations of his own Department which states as follows:

> If more resources were available, they will be more effectively used in areas other than Newfoundland.

That flies in the face of a recommendation of an impartial judicial commission set up by the Minister of Transport under the Canada Shipping Act. I want to ask the Minister a question because of the credibility that is involved here. Does he intend to go with the in-house recommendations of his own Department which is obviously trying to cover its own tracks?

• (1450)

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I have great respect for the recommendations of Judge Mahoney on this issue. I have also great respect for the Cross Report and for the in-house recommendations to which he refers. We are endeavouring to make a judgment between all of these recommendations so that we may ensure the optimum protection of the East Coast and the West Coast with the facilities and the resources available. At the moment, with the capacity and the facilities that we have, I believe the East Coast is well protected. This is a judgment of my Department. The Cross Report, in fact, does not say that we should necessarily augment, more than we are at the moment, the capabilities on the East Coast facilities.

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METRIC CONVERSION

IMPERIAL MEASUREMENT OF FLOOR COVERINGS

Mr. Bill Domm (Peterborough): Madam Speaker, I would like to ask a question of the Prime Minister who signed an Order in Council setting up the Metric Commission. Mr. Dave Beckman, the Executive Director of the Metric Commission, has announced the phasing out of the Metric Commission.

In light of the fact that just a week or two ago the Metric Commission advised major department stores that they could use imperial measurement in advertising floor coverings and tile, for example, Sears, Eaton's, and the major corporate chains, would the Prime Minister look into the Order in Council which specifically states Canadian units of measurement shall not be used in advertising floor covering, and bring that Order in Council up to date with an amendment allowing for both imperial and metric measurement in the advertising of floor coverings?

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Madam Speaker, the Hon. Member has pointed out a fact which stresses the point which our Party has tried to make consistently, which is the conversion to the metric system is a voluntary program in which over 2,000 volunteers from labour, management, and all sectors of the economy have participated. As the Hon. Member is aware, however, there are certain sectors of the economy where, for reasons of health, safety, and protection of the consumer, it has been necessary to have mandatory legislation. As far as the particular problem which the Hon. Member has raised is concerned, I am sure the Minister will be happy to look into it.

DEPARTMENT'S TREATMENT OF MERCHANTS IN VARIOUS REGIONS

Mr. Bill Domm (Peterborough): Madam Speaker, my supplementary question is again directed to the Prime Minister, or to the Minister of Justice. Given the fact that there is another Order in Council which prohibits the sale of gasoline by the gallon, and in light of the fact that the Government, through Consumer and Corporate Affairs, has removed the seals from pumps on which they were placed in the Province of Alberta, and has dropped prosecution charges for selling carpet by the yard in Calgary, I wonder if the Minister of Justice would look into why Consumer and Corporate Affairs, through their "meter-sneakers" or "carpet-snoopers" have prosecuted merchants in the City of Toronto while closing their eyes to the merchants in the rest of Canada.

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, I am sure the Department of Consumer and Corporate Affairs is acting in accordance with the law, but I will take the question as notice and see whether there is any further information which I can bring to the Hon. Member's attention.

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DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

VICTORIA OFFICE

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Will the Minister confirm or deny that there are plans to close the DREE office in Victoria? If there are such plans, will the Minister tell the House why he is planning to close the Regional Economic Expansion Office at a time when the unemployment rate on Vancouver Island is over 17 per cent?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, when the reorganization of the Department is finalized, the offices which have been set up in Victoria, Vancouver, and Prince George will still be maintained.

GUARANTEE REQUESTED

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, I am asking the Minister if he will give a definite guarantee that the office in Victoria is not going to be closed.

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): I am often accused of speaking too quickly, for which I apologize, Madam Speaker. I will try to respond a little more slowly. When the reorganization of the Department is finalized, DREE will have an office in Victoria, in Vancouver, and in Prince George.

Some Hon. Members: Hear, hear!

* * *

TRADE

REQUEST FOR IMPOSITION OF SURTAX ON IMPORTED POTATOES

Mr. Benno Friesen (Surrey-White Rock-North Delta): My question is directed to the Minister of Agriculture. Would he tell us why he refuses to recommend to the Minister of Finance, or take action himself, to impose a surtax or a tariff on American-grown potatoes being dumped on the Vancouver market?

Hon. E. F. Whelan (Minister of Agriculture): I am sure the Hon. Member knows, Madam Speaker, that trade between our two countries, the United States and Canada, is very important, especially the potato industry, the processed product, seed product and table stock product. And it is generally in our favour.

EFFECT OF IMPORTS ON FRASER VALLEY FARMS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, is the Minister saying he is willing to have the farms of the Fraser Valley developed into industrial parks in order to preserve trade with the United States?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member knows full well that what he mentioned is not under my control. It is under the control of the provincial Government. If it wants to re-zone anything in the Fraser Valley, or any provincial Government wants to re-zone any land, it is its business, and it has been doing that in some of the area which he refers to, without any consultation with us whatsoever. That is a provincial jurisdiction. What I am saying is that we consult with the farmers, not only in the potato industry in British Columbia, but in Alberta, Manitoba, Ontario, and the rest of Canada, when we talk about using a countervailing duty or surcharge or anything to control imports.

Oral Questions

FINANCE

SIZE OF NATIONAL ACCOUNTS DEFICIT

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Minister of Finance. I wonder if the Minister could advise us, now we are within two months of the end of the fiscal year, what his national accounts deficit will be?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would indeed hope that before the end of the fiscal year I would have an opportunity to come forward with the detailed figures in that respect. As I indicated on October 27 with respect to the borrowing requirements of the Government, it was likely that I would come back before the end of the fiscal year with additional borrowing requirements. At that time I would hope I would be able to give the up-to-date figures.

EXAMINATION OF ESTIMATES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, what new arrangements has the Minister to control expenditures? Has the Minister given any thought, when the estimates are produced, to have a special committee go over those estimates, to trim them back so we will have some type of priority with respect to Government spending, particularly at this time when we have to do so much job creation?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the President of the Treasury Board will table the estimates later this month, at which time he will indicate exactly what the Government has done in that respect. I hope that when my hon. friend sees these estimates he will recognize that the Government has trimmed the estimates as much as one could without hurting jobs in the public sector, as well as jobs in the private sector. Indeed, I believe he will find, when examining those estimates, that the Government has put top priority on helping job creation in all sectors of the Canadian economy.

* * *

FISHERIES

KIRBY TASK FORCE RECOMMENDATIONS—DATE OF ANNOUNCEMENT

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister. He will know that the unemployment rate in Newfoundland is the highest of any Province, and that the fishing industry is suffering particularly badly at the moment. Plants are closed at Ramea and Fermeuse and many other locations in Newfoundland. Can the Prime Minister tell the House whether the Government has made a decision as to what assistance it is going to give to the industry, the fishermen, or the fish plants involved? Has it made a decision on the recommendations of the Kirby task force and when these decisions will be announced and acted on?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would defer to the Minister of Fisheries and Oceans for an exact date, but I would predict that it is likely to be within two or three weeks.

GOVERNMENT POSITION

Hon. John C. Crosbie (St. John's West): Madam Speaker, do I gather from the Prime Minister's remarks that a decision has been made by the Cabinet? Apparently his Minister of Fisheries and Oceans put up a cockamamie suggestion that the four major companies in the industry be nationalized and the Government would go in and own, control, and run the industry. Has that been tossed out, as it should have been? Has a decision actually been made on what is going to be done with reference to the East Coast fishery? Is that why he can now tell the House that there will be an announcement within two or three weeks? Are the decisions now made by the Cabinet?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in this Government they are. I do not know about the Government to which the Hon. Member belonged.

* * *

[*Translation*]

PETITIONS

MR. MURPHY—FUNDS FOR SEARCH AND RESCUE OPERATIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the three hundred and eighty-fifth report of the Clerk of Petitions stating that he has examined the petition presented by the Hon. Member for Churchill (Mr. Murphy) on Friday, February 4, 1983, and finds that it meets the requirements of the Standing Orders as to form.

* * *

● (1500)

[*English*]

PRIVILEGE

MR. CAMPBELL (CARDIGAN)—NOTICE OF QUESTION TO BE RAISED

Hon. W. Bennett Campbell (Cardigan): Madam Speaker, I had intended to raise a question of privilege today and I gave you due notice. However, considering the fact that the Hon. Member for Vancouver-Kingsway (Mr. Waddell) is not in his seat this afternoon, I wish to reserve my right to raise my question of privilege when he is present.

MR. RIIS—COMMENT OF MR. LALONDE DURING QUESTION PERIOD

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise on a question of privilege based on earlier comments made by the Minister of Finance (Mr. Lalonde) when, in an interchange between he and I, I remarked that the 1981 tax returns are based on present legislation and I understand from officials of Revenue Canada that they have been instructed not to process any income tax returns until new legislation is passed. I believe the Minister of Finance indicated that was his position.

Madam Speaker: Order. I was somewhat distracted when the Hon. Member started his question of privilege. However, he did send me a note during Question Period which stated that he wanted to raise a question of privilege. I assumed it flowed from today's deliberations, but he seems to be speaking of some other general problem. I must tell the Hon. Member if he has a question of privilege of that nature, that is to say, not flowing from the deliberations of today, that he would have to give me a statement about the question of privilege and raise it at another time.

Mr. Riis: Madam Speaker, with that clarification, indeed my question of privilege does arise out of today's proceedings when the Minister of Finance indicated that the Government was unable to proceed with income tax refunds which rightfully belong to Canadians until certain legislation is passed. My position, Madam Speaker, was that year after year income tax returns are processed and refunds given based on existing legislation, as occurred in 1981. Yet I believe the Minister of Finance said it was not going to occur in 1982.

Madam Speaker: Order. That is not a question of privilege. The Hon. Member is simply continuing debate, and he cannot use a question of privilege to continue debate. If he wants further clarification, he can ask further questions of the Minister.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER REPORT AND THIRD READING STAGES OF BILL C-132

Hon. Monique Bégin (Minister of National Health and Welfare) moved:

That, in relation to Bill C-132, an Act to amend the Family Allowances Act, 1973, one sitting day shall be allotted to the consideration of each of the report stage and the third reading stage of the Bill; and

That 15 minutes before the expiry of the time provided for Government business on those days, any proceedings before the House shall be interrupted, if required, for the purpose of this Order and, in turn, every question then necessary in order to dispose of the stage of the Bill then under consideration shall be put forthwith and successively, without further debate or amendment.

She said: Madam Speaker, I am introducing this motion for time allocation on Bill C-132, an Act to amend the Family Allowances Act of 1973, because I believe it is essential that this Bill receive the approval of this House as quickly as possible. Some may say that since we sent the Family Allowance cheque of January with an increase restricted to 6 per cent, it is no longer necessary to speed up debate and pass this Bill immediately. Well, we were given legal advice, of course, to the effect that we had the authority to send cheques to mothers with the 6 per cent indexation instead of full indexation. But that does not obviate the need for parliamentary approval.

Mr. Blenkarn: Why are you using closure, then?

Miss Bégin: I will explain in a few minutes, if Hon. Members want to listen and give me a chance to speak. We will not go on, say, until December, 1983. That would not be reasonable at all. I think the earliest possible passage of this Bill in this House and the other place is essential.

Hon. Members know that families, in this case mothers, were advised in the June budget of the six and five program, and specifically for that group of Canadians we would limit indexation to 6 per cent in order that everyone does their share to fight inflation and bring it down to the figures of six and five which we gave as our objective. When inflation was 12 per cent, we said to Canadians: "Let us try and bring it down to 6 per cent in 1983". It would have been 10 per cent the next year, and we said: "Let us try and bring it down to five in the year 1984".

Now, some people would say that the television, newspaper and radio commentary which always follows and explains a budget might not have been enough to make sure everyone was aware of the Government's plans. Therefore, in the August Family Allowance cheque I sent an insert which was short, quite clear and very factual, giving all the details to make sure that everyone understood the purpose of this decision of the Government. Since that time we have had, of course, several discussions in this House.

Now, I will come to the point of why it is so urgent to pass this Bill as soon as possible. Mothers were told that to make sure we were not creating any hardship, all mothers receiving the Child Tax Credit, either in full or part, would get an additional $50 on the coming Child Tax Credit to make up for any loss of indexation in the Family Allowance for the years 1983 and 1984.

Perhaps I should continue in French because I do not know quite how to say this in English.

[*Translation*]

The mothers are going to benefit from the provisions of Bill C-132, because in the last seven months, since last June, inflation has already dropped so far that the mothers who receive the Child Tax Credit, that is, those who need it, will be better off under this program.

[*English*]

This additional $50 for all mothers receiving the Child Tax Credit—and let me point out this means two out of three mothers in Canada—is included in the Bill which follows mine, and that is why there is no reason my Bill should not be passed rapidly. It is contained in Bill C-139, an Act to amend the statute law relating to income tax. This is the main reason why any delay in passing Bill C-132 would prevent the mother receiving additional money through the Child Tax Credit in time. The forms have been sent but nothing can be paid out until Bill C-139 has been passed by the House.

• (1510)

There has been a lot of discussion on the Bill and I fail to see who could oppose it. When the Official Opposition was the Party in power, it wanted to abolish the universality of Family Allowances. That would be very dangerous, Mr. Speaker, but that Party has always wanted to do away with the program, never quite undertanding why it existed in the first place.

I think we are taking a rational approach in this Bill, and according to the mail I have received up to now, the vast majority of Canadians support it. We are saying that the country is in a difficult economic situation, as are all industrialized countries. The first objective is to fight inflation, to bring it down to 6 and 5 per cent to start with and then, as soon as possible, to lower it further. But we must not do this on the backs of those most in need, who in this case are the mothers.

Since there are many families that are single parent units, no one will get mad if all mothers with a Child Tax Credit, or a partial Child Tax Credit, receive an additional $50 to make up for the loss of full indexation of the Family Allowance. This is extremely generous, Mr. Speaker. We might have decided instead that the $50 additional provided in Bill C-139—which I hope will be passed very rapidly by the House to give that additional money to mothers—is very generous and should have been graduated to the mothers who get only a partial Child Tax Credit because the family income is over $26,000.

It is not often in today's society that children receive some benefit; it is usually given to the seniors. As the Minister is, in a way, the special voice of mothers in Cabinet in this case, looking out for the well-being of children, I am not going to oppose more money for the Child Tax Credit. Because it is a program which is targeted to those most in need, it means a benefit for very low-income mothers. It also means that those on the threshold of the middle class, the people who will be in the real middle class later, the young couples with young children who do not yet have enough money to meet all the expenses incurred in bringing up a family, will benefit.

I am sure that all Members of the House will recognize the fact that 32 Members have been involved in discussions over the last few weeks, back to last fall, when we started discussing the Bill in the House, and in committee where we heard witnesses. I should like to thank the Chairman and members of the committee, as well as the witnesses that were heard, for their contributions. It is surprising that the debate has already occupied so much time of the agenda of Hon. Members. I hope the Bill receives speedy passage in order that we may proceed to Bill C-139 and ensure a better Child Tax Credit to two-thirds of Canadian mothers.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I must say that the arguments of the Minister on why the Government has to apply allocation of time, or closure, to this Bill do not add up to much. First of all, we know that regardless of what Parliament does, the minute the officials who run this country see an excuse for a tax change to be introduced through a Ways and Means motion or any other method, they immediately apply it whether it is passed or not. That has been the practice for 30 years so I am not going to get into that argument now.

I am glad the Minister is in the House because she knows and understands what I am about to say. Bill C-132 regarding Family Allowances is another attack on the families of Canada. Families cannot be divided according to their wealth. Over and over again Parliament has tried to find a way to apply a means law. When the last major amendments to this Act were brought in, all parties agreed that the plan should be universal and the only means test should be the application of the Income Tax Act on a progressive scale.

I return to my first statement, Mr. Speaker. This attack on the family is small in terms of dollars and cents. The Minister made a good case that for those earning less than $26,000 per year the Government would try to compensate them for the loss in the Child Tax Credit. She is quite right in that. But the principle of this legislation is that it is part and parcel of a policy of rationalization by the senior mandarins of the civil service who cannot appreciate that when you apply a rational thought, it must be applied with equity and justice. I do not care whether a family has an income of $10,000 or $30,000 per year, Mr. Speaker. Under the laws of Parliament, regardless of the wealth of the parties they receive the Family Allowance. That is what Parliament ruled, supported by every Party.

The history of this is long, Mr. Speaker. During the days of the last war, politicians in all western countries sought to build the morale of their troops engaged in war who worried about their families at home. In the United Kingdom there was the Beveridge Report and in Canada the Marsh Report. All the mandarins of the civil service of the day, who were growing in power, accepted the proposition. In 1942 the concept was introduced and the starting place was the family. There was debate and, of course, division of opinion. Finally, every Member of the House voted for it, with one exception.

I was one of the then young men who was asked for an opinion. I was going overseas, leaving two young children and a wife at home. If I did not come back my wife and family would get a pension of $50 per month. I knew I would be much happier if there was something for the children when they were growing up. All parties accepted the document.

With this latest move, in the interest of restraint we would reduce voluntarily, and in some cases compulsorily, the

increased income of some people in order to help control inflation. The Party I speak for agreed to the six and five proposal for those who were making money and contracts were altered to that effect.

Common sense, equity and justice, however, say that this should not be applied to people who cannot defend themselves. The amounts involved are small but the principles involved are great. Every Member of Parliament has had a shame riding on his back for the last eight or ten years that he cannot get rid of. The Minister knows what it is and I know what it is. We pass laws based on our best reasoning, and when those laws are ignored by our masters, the mandarins who run the country, we say nothing and do nothing. The only person on the other side of the House that I have ever seen admit the discrimination and injustice of it is the Minister. This matter does not affect the Minister of Finance (Mr. Lalonde) or the Prime Minister (Mr. Trudeau) because they know who their masters are and who they have to obey. These great rationalists who think they know how better to run the country say that six and five should be applied to everyone regardless of justice, equity or morality. They will do it.

• (1520)

I want to return to the key thought. Under the morality of this Parliament, we decided that regardless of wealth every child up to 16 years of age, and 18 years of age if attending school, would receive Family Allowances. This decision by Parliament is being ignored every day by the irrational mandarins who run the country and who run Cabinet. Sure, the Bill will go through. Sure, they will put closure on it. But as they apply closure, let their conscience recognize that they will carry this scar until they die.

I am not unaware of the fact that we tend to be fraudulent and full of scam as Members of political Parties, but on occasions such as this let us face the fact that we are rushing through this Bill for the convenience of a few people who want it out of the way. It does not make any difference to the cheques going out or the amounts of the cheques. We in Parliament have a duty. This is a talking place and we have a right to talk in this place until every soul in Canada has heard our voice. But that voice will never be heard as long as others who want to be masters decide that no news of this parliamentary debate gets out to the people of Canada. Until every family in Canada has a chance to hear why those of us on the Opposition side are opposed to this legislation, we have a right to continue talking. Until the media realizes that it must tell the story of what is happening in the House, we will continue battling and fighting.

I am as ashamed as I know the Minister is that we continue discrimination against teenagers. Now we are loading an extra burden on families. Families are under attack all over the world, but no place are they more under attack than on the North American continent. The families for who we should be fighting, regardless of race, nationality, colour or religion, are the one institution around which we must all rally to protect at every turn. We are not protecting them in letting this perhaps small but significant amount go through.

Some Hon. Members: Hear, hear!

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am pleased to rise and address the House on this critical issue this afternoon. I watched very carefully as the Minister of National Health and Welfare (Miss Bégin) stood up and called upon Members of the House to support this motion applying time allocation or closure. I watched her very closely. I listened very carefully to the words she used. I noticed a quaver in her voice as she delivered her words. I listened carefully to the way she phrased her sentences and I noticed that there was a lack of commitment in what she was saying. Also I noticed there was uncertainty in some of the points she was making. I watched her body language and noticed that she was not looking directly at Hon. Members opposite when she was speaking. I noticed that she was using body language, in a sense, to communicate the following to Members of the House: "I do not believe in what I am saying, I do not believe in the words that I am uttering. What I am saying is to be disallowed or ignored because it is not what I want to say, but I am forced to stand up and say it because the Government, senior mandarins or certain Cabinet Members have forced me to rise in the House of Commons to muzzle Parliamentarians from speaking out against a Bill which will deindex Family Allowances".

It is not surprising that the Minister spoke in a quavering voice. She understands clearly what the Bill is communicating to Canadian citizens from the East Coast to the West Coast. I have listened carefully to Ian Sinclair, chairman of the blue chip committee which is to advise the Government on the six and five program. Mr. Sinclair said that the six and five program was really causing damage to the economy of Canada, that we must take steps to encourage economic development to stimulate the economy, and that strangling more life out of the economy was not in our short-term or long-term best interests.

Then I looked carefully at a man who presumably advised the Government often on these matters, the Governor of the Bank of Canada. I noticed what he did to his retirees. He indicated that he did not believe in the six and five program, and for that reason the increase in their pensions this year will be 11.5 per cent, not 6 per cent or 5 per cent. Anyone would know that now is not the time to identify a group of women and children in Canadian society and ask them to bear the attack against inflation.

The Minister indicated that she put the mothers of the children of Canada on notice back in the June budget, that they knew it was coming and therefore it should presumably legitimize today's action of closing off debate on this particular Bill in Parliament.

I recall other Members, particularly on the Government side, saying that they have not received a landslide of letters from mothers or from thousands of children writing in about the decreases in the Family Allowances which they would have expected starting in January. Of course they have not, for two

reasons. First, the mothers of Canada are not organized and do not become involved in letter-writing campaigns, as do certain other well-organized lobby groups. Certainly the children of Canada do not. But more important, I do not believe that the mothers of Canada believe or believed that the Government would do this. After all, they know they were not one of the causes of inflation. The paltry Family Allowance cheques which went out every month were not fuelling inflation. I suspect they heard in the budget discussions that indeed the Government would delimit the indexing of Family Allowance payments and they simply refused to believe it, it seemed so incredible. Then the Minister of National Health and Welfare said: "Listen, while we are reducing your income on this side, we will increase it on that side through subsequent legislation on the Child Tax Credit". She said that they would pass legislation some time in the future that would provide an increase in the Child Tax Credit to compensate for this loss.

This is asking a great deal of the Canadian public. They listened to the previous Minister of Finance who on occasion after occasion stood up and made promises. First he said that he would tax dental programs for employees. Later he changed his mind and said that he would not do it, that he would tax medical premiums. Then he again changed his mind and said that he would tax investment money used by people to purchase Canadian stocks. Then he changed his mind again. The previous Minister of Finance changed his mind 37 times. Yet the Minister of National Health and Welfare advises confidence in the Government because it will deliver what it says. I believe that is asking too much of the people of Canada, to have faith in a Government that has let them down on so many occasions.

• (1530)

We should consider what is happening today from another perspective as well. It deals with the psychology of the Canadian society. Today we have a country that is looking for strong political leadership. Canadians realize that our economy is floundering. We are like a ship at sea with no rudder. One day we lurch this way, and the next day we lurch back that way. We see a Government of Canada that is going from crisis to crisis. It tries one program, then another, tries a stimulus here while raising taxes there, gives a tax break to upper income earners and increases taxes to the middle income Canadian. We see a Government that is obviously out of control.

The people of Canada are asking for strong political leadership at this time. They are saying that we need someone who will stand up to show us where the problems are in our economy and how to fight inflation, and how to stimulate the economy. They want someone who will tell us how to encourage investor and consumer confidence. What the people of Canada do not want is a Minister who stands up in the House of Commons to say that the Government wants to take money from the mothers and children of Canada during these difficult times. The Government does not want to hear any more debate in the House of Commons on this issue and therefore introduces a measure called time allocation to cut off the debate on this issue and to muzzle particularly Members on the Opposition side of the House to prevent them from pointing out the shortcomings of this legislation and pointing out the shortcomings of the political leadership that this legislation demonstrates.

There are dozens of countries in the world that envy a Parliament such as ours where people can hear two or three points of view on an issue. They can then draw their own conclusions on the subject in the comfort of their own home or workplace. It is important that the people of Canada have an opportunity to hear the various sides of an issue. We have heard some very convincing arguments as to why this legislation that will remove money from mothers and children of Canada is not the appropriate step to be taken at this time.

I remind Members of an earlier time when I indicated that the Chairman of the blue chip committee said that it is now time to change from this paranoiac adherence to the six and five program. The best thing this Government could do is to send a clear signal to Canadians across the country that in the interests of fair play and justice it will pull out this particular Bill that is before us now and, more important, will not go ahead with de-indexing of Family Allowance payments.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I would like to address my comments today to the motion before the House under Standing Order 82 which is to limit debate on Bill C-132. It is important to understand what the purpose of this debate today is really all about. It is whether or not a reasonable amount of time has been given to discuss this Bill in general principle. We have heard the Members of the Opposition speaking of everything except Bill C-132. This is certainly not a good use of Parliament's time. I ask, what is the purpose of parliamentary reform as expressed in the amended standing orders of December 22, 1982?

Mr. Blenkarn: I would like to know.

Mr. Flis: This is certainly not good use of parliamentary time.

Mr. Blenkarn: You brought in closure three times in three weeks.

Mr. Flis: The purpose of parliamentary reform is to make Parliament more effective and better able to respond directly to the needs and wants of Canadians.

Mr. Blenkarn: Closure three times in three weeks.

Mr. Flis: However, if we insist on wasting our time by constantly repeating arguments that are many times filled with misinformation and allegations that are wrong, then we are not using Parliament effectively. We are not representing the concerns of our constituents who elected us. We are in fact hampering the whole parliamentary system and its effectiveness.

We have had similar debates regarding the whole question of time allocation in the past. The Hon. Member for Guelph

(Mr. Schroder) stated in the House on December 2, 1982, that:

> Time allocation is a good management tool ... it apportions the time effectively.

I agree with the Hon. Member completely. Given the speeches from the Opposition during this debate, they are not putting their time to good use. In fact, they are attempting to score political points by misinforming and misrepresenting what in fact the Bill is all about. I hear Opposition Members screaming that we are imposing closure. The Hon. Member for Kamloops-Shuswap (Mr. Riis) used that work today. The Hon. Member for Mississauga South (Mr. Blenkarn) used that word today, saying it was closure.

Mr. Blenkarn: Three times in three weeks.

Mr. Flis: There is a difference, and a very important one at that, between closure and what we are proposing now, that is time allocation.

Mr. Riis: What is the difference?

Mr. Flis: In the interest of presenting an accurate picture of the motion as presented, I feel I should illustrate the difference between closure and time allocation. The Hon. Member for Kamloops-Shuswap is asking me what the difference is. I might ask him to take his amended Standing Orders and refer to page 30, Standing Order 37, which describes closure as follows:

> 37. Immediately before the Order of the Day for resuming an adjourned debate is called, or if the House be in Committee of the Whole, any Minister of the Crown, who, standing in his or her place, shall have given notice at a previous sitting of his or her intention so to do, may move that the debate shall not be further adjourned, or that the further consideration of any resolution or resolutions, clause or clauses, section or sections, preamble or preambles, title or titles, shall be the first business of the Committee, and shall not further be postponed; and in either case such question shall be decided without debate or amendment;

Therefore, closure is a method of procedure which brings debate to a conclusion and enables the House to secure a decision upon the subject under discussion. Time allocation, however, is something totally different. Again, I would refer the same Member to page 86 of our Standing Orders, Standing Order 82. I draw to his attention exactly what Standing Order 82 says. It reads:

> A Minister of the Crown who from his or her place in the House at a previous sitting has stated that an agreement could not be reached under the provisions of Standing Order 80 or 81—

Standing Orders 80 and 81 state that where the three Parties could not agree on an allotted time, then the Minister can use Standing Order 82. I continue:

> —in respect of proceedings at the stage at which a public bill was then under consideration either in the House or in any committee and has given notice of his or her intention so to do, may propose a motion for the purpose of allotting a specified number of days or hours for the consideration and disposal of proceedings at that stage;

The key phrase in this Standing Order is:

> —may propose a motion for the purpose of allotting a specified number of days or hours for the consideration and disposal of proceedings at that stage;

Therefore, what we are in fact doing is limiting the time of debate.

Mr. Riis: Closing off debate.

Mr. Flis: We are not closing debate. Why limit the time of debate? Those in the Opposition have already indicated that they oppose the Bill. Members of the NDP have publicly stated that they will do anything under the sun to prevent this Bill from going through. They have stated their objections, but they have not offered any alternatives. They do not propose an alternative strategy to follow—

• (1540)

Mr. Riis: Yes, we did. Pull the Bill.

Mr. Flis: —within the framework of reducing inflation. The Hon. Member for Qu'Appelle-Moose Mountain (Mr. Hamilton) at least had the decency, honesty and respect to say that his Party does support the principle of six and five. We want to hear the alternatives within the framework of accepting the principle and philosophy of six and five.

For a debate to be truly effective, all Parties must be able not only to raise objections, but also to provide alternatives to follow. Only through this type of information sharing can we have a truly effective debate. However, it is only we on this side of the House who have proposed any type of plan to follow and who are attempting to use Parliament's time more efficiently. If Opposition Members could propose new ideas—

Mr. Riis: Pull the Bill.

Mr. Flis: —and new initiatives—

Mr. Riis: Pull the Bill.

Mr. Flis: —we on this side of the House would be more than willing to listen.

Mr. Riis: Pull the Bill.

Mr. Flis: Unfortunately, this is not the case. Therefore, since no new ideas are expressed, it is ridiculous to continue a debate which has ceased to be a debate. I repeat that the Opposition, through this forum, has used this House of Commons to misinform the people of Canada—

Mr. Blais: Shame.

Mr. Flis: —about what this Bill is in fact all about.

Mr. Riis: Proof, proof.

Mr. Flis: What is the Bill all about? Bill C-132, in conjunction with other Bills, is part of a plan of economic recovery for Canada.

Mr. Riis: It is really working well. Have you noticed how things are going?

Mr. Flis: We on this side of the House have a plan. I am not sure that the Opposition does. Our plan was introduced on

June 28, 1982, when the former Minister of Finance tabled the budget in the House of Commons. The Budget emphasized that, in order to move toward economic recovery, we must take immediate action to bring down inflation.

Mr. Riis: You are taking money from the mothers of Canada.

Mr. Flis: The central difficulty in reducing inflation is to break the expectations that inflation will remain high indefinitely. Such expectations, unfortunately, tend to be self-fulfilling. Incomes chase prices which, in turn, chase incomes in a vicious spiral.

This Bill proposes to limit, only for those who can afford it, the indexation of Family Allowances to a 6 per cent cost of living adjustment in 1983 and a 5 per cent adjustment the year after. What this means is that Family Allowances which were $26.91 per child per month would have increased to $29.92. However, limited to 6 per cent, they will increase to $28.52, a difference of $1.40.

Mr. Riis: Why bother?

Mr. Flis: Thus, in 1982, a mother would have received $322.92. In 1983, this amount would have arisen to a total of $358.44. Instead, it will amount to $342.24.

Mr. Riis: Oh, that will turn the economy right around, quite a bit.

Mr. Flis: As a consequence of the Bill, only one-third of Canadian mothers receiving Family Allowances will receive a smaller increase than anticipated for their child benefits in the coming year. I emphasize that there will be an increase. It is not a reduction, as the Opposition would lead the public to believe. Rather, it is an increase. However, as an additional measure, those 2.5 million mothers who also receive the Child Tax Credit, will not be affected by this Bill. In effect, the Child Tax Credit, which amounted to a maximum non-taxable benefit of $261 for each child last year, and which would have been $293 in 1982, will be specially increased by another $50. It will therefore rise to a maximum of $343 for each child. This will compensate for the limited indexing of Family Allowances for the next two years to come. Therefore, with these measures, those who are most in need, those 2.5 million parents who also receive the Child Tax Credit, will not be affected by the 6 per cent and 5 per cent limits, and their benefits will in fact be increased by $50 for the taxation year 1982.

I do not understand what the Opposition is complaining about.

Mr. Blais: They complain all the time.

Mr. Riis: Ask your constituents.

Mr. Flis: Through this Bill, we are clearly asking that those families who can afford it make some sacrifices so that those less well off can be helped even more. Therefore, because the Opposition has already stated its purpose not to support this Bill and, at the same time, does not provide us with any alternative action, I feel that we have no choice but to impose time allocation at this stage of the Bill. If the Opposition could provide some timely alternatives—

Mr. Riis: Pull the Bill.

The Acting Speaker (Mr. Blaker): I have indicated to the Hon. Member that his allotted time has already expired. Perhaps he may wish to seek the unanimous consent of the House to continue his remarks.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I listened with great interest to the lesson on the difference between closure and time allocation given by the Hon. Member for Parkdale, and he read from the Bible of the House of Commons. I think we are—

Mr. Flis: I rise on a point of order, Mr. Speaker. The Hon. Member offends half of my constituency. I do represent the constituency of Parkdale-High Park.

Mr. Riis: They are not offended any more.

Mr. Young: Not after that speech.

Mr. Darling: I offer my apologies to the Hon. Member. Those are both very fine areas in the great city of Toronto. I appreciate his desire to ensure that both parts are acknowledged. I sometimes have the same trouble, because I represent two great areas, the provincial districts of Parry Sound and Muskoka, and so I apologize to the Hon. Member.

Mr. Fisher: Lovely people, all of them.

Mr. Darling: That is quite right.

Mr. Speaker, we are not primarily debating the merits of the Bill which will cap increases, and I am well aware that there would not be a reduction in the amounts presently paid to mothers but, rather, we are debating its principles. Because of the new rules, the Standing Order numbers have all changed and we must learn them anew, but under Standing Order 82, I believe, it is still closure, no matter how one goes around it. I say to Hon. Members opposite not to shake their heads or to say that it is so much easier. It is as though taking castor oil with orange juice were a little different from taking straight castor oil. The truth is that it amounts to the same thing and has the same effect.

Mr. Blais: No one does that anymore.

Mr. Darling: As was mentioned previously, the Government has brought in closure three times over the past week. I am quite sure, although I do not see anyone from whom we might obtain information, that closure or time allocation will also be imposed on Bill C-139 after it has been debated for a few days. There is no question about that. Therefore, I might make a point of suggesting to Hon. Members that there should be a footnote on every Bill which would set out the provisions of

Standing Order 82 so that the Government can invoke closure when it feels it has heard enough from the Opposition.

This afternoon, I believe, the Minister of National Health and Welfare (Miss Bégin) mentioned that some 32 Members of this House had risen to speak on this particular Bill, and that amounts to 32 out of 282, less the vacant seats. Therefore, it was not a great percentage of them.

Concerning this particular Bill, I once again point out that we are not debating the amount of money in question because, as has been pointed out specifically, the difference in the exact number of cents each month will not be astronomical, and, I suppose, will not immediately put families on welfare or push them over into the welfare bracket. We are debating the principle of the Bill. The Hon. Member for Qu'Appelle-Moose Mountain (Mr. Hamilton) emphasized the importance of the family. This is a case where the government is sort of infringing on the family. I am sure all my colleagues will agree that the one unit which stands head and shoulders above every other unit in Canada today is the family. Why should the Government do something which will disrupt it financially, even in a minor way, and one which sort of downgrades it? Last week I had the privilege of attending meetings with Parliamentarians from all over the world. It was interesting to hear the theme throughout those meetings, which was the importance of the family and how it should be upgraded in every way possible.

• (1550)

It has been running through my mind that the proper name for these three Bills, C-131, C-132 and C-133, is "the unholy three". There is no question about that in my view. The one which limited the increase on the old age pensions was certainly the worst for the Government to ram through, and this is the second worst. This is the reason why the idea of bringing in closure, to me, is just another slap in the face to the families. The Government can rationalize all it wants, but, as the Hon. Member for Parkdale-High Park (Mr. Flis) said, give us some suggestions.

When the dollars and cents are added and put in a bag and set in front of the desk of the Hon. Minister of Finance (Mr. Lalonde), or put in the coffers of the general funds, it is not going to be an astronomical amount. There are other places where the Government could have found that money where it is not going to hurt those in the low-income brackets.

The people who are being discriminated against today are not the ones who have caused inflation. They are not the ones who have let Government expenditures go up as high as 23 per cent, and sometimes higher. A good many of these Government Departments could have pared their various expenditures down without hurting anyone too much. As has been mentioned, I believe also by the Hon. Member for Qu'Appelle-Moose Mountain, it is probably not the idea of the Minister of Finance (Mr. Lalonde) himself, and I am quite sure it was not the idea of the Minister of National Health and Welfare, who is certainly sympathetic, but it is the bureaucrats and senior civil servants who dream up these wonderful ideas.

I see the Minister of Supply and Services (Mr. Blais) shaking his head as if this were not right. I am quite sure that he is well aware of his power, and he is a powerful Minister because every Government agency that wants to buy, I was going to say a postage stamp but that is a dirty word these days and it will be worse after the 15th of February, or a tank or whatever it is, certainly has to go through his Department. I am quite sure that his arm is twisted by the senior bureaucrats in his Department.

Mr. Blais: It is the other way around.

Mr. Darling: They say, "Mr. Minister, you cannot do this or you cannot do that". The same thing applies to the Minister of National Health and Welfare.

There are certainly a great many ways that the Government could have saved money. One of the fairest taxes, whether we like it or not, is the income tax. That was just a temporary tax that was put in, I think, in 1917 and—

An Hon. Member: 1911.

Mr. Darling: It is still with us, and I think it will be here for another few years. The income tax is a fair tax, much and all as we hate to pay it, and we probably do our best to see that we pay as little as possible.

I think it was two years ago that the highest bracket was 62 per cent, and now it is down to 50 per cent. That was a stupid move that I cannot understand. My only solution is that the advisers to the previous Minister of Finance told him there were a good many of his senior civil servants in the 62 per cent bracket, and therefore it might be more convenient and better for them if they reduced that to 50 per cent. And that is the ceiling now.

I am quite sure that Members on the other side of the House would agree that if that 12 per cent was reinstated a lot more tax would be collected than by squeezing it out of a lot of mothers, single parents and otherwise, who are finding it pretty tough to make ends meet. Why this should be done to these mothers who are in the lower income bracket I do not understand.

There are a good many families who are in a very high income bracket who would naturally get the Family Allowance, but most of it will go back in income tax. To me it is unfair. It is a closure when closure was not needed, regardless of what it is called, and of course the Members of this Party are going to be voting against it.

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I am pleased to have the opportunity to take part in this debate this afternoon for two reasons. One, I would like to say something about the whole idea of time management or management procedures, or whatever you want to call it, and I would like to talk a little bit about the fact that the psychology of inflation is important. I would like to talk about what effect the six and five program is having on the development of the momentum that is helping to reduce inflation.

It is interesting that in this management of time the question is, have we had enough time to discuss this Bill? In second reading, we have had two hours and 45 minutes of debate. We have had 16 speakers, seven have been from the Official Opposition, five from the New Democratic Party and four have been from the Liberals. Now, at report stage, we have had six hours of debate. We have had 19 speakers, six Progressive Conservatives, 11 NDPs and two Liberals. That means that so far we have had 35 speakers. Of this the breakdown is: 13 Progressive Conservatives, 16 New Democratic Party Members and six Liberals, and the total time so far has been 12 hours and 30 minutes.

That, I think, indicates that there has been ample time for discussion of this Bill, but the other point that I think is important is the fact that the essence of this Bill really does not require the approval of Parliament, but the Child Tax Credit addition of $50 across the board, a once in a lifetime allocation of $50, does require the passage of Bill C-139, which is the Bill to amend the Income Tax Act. In order for this $50 to be available for the Child Tax Credit this year, which will help those who are most in need to cope with the situation of having to help us in this fight against inflation, it is very important that this Bill be passed.

We have heard a lot of discussion about inflation, and I do not profess to be an expert on the economics of inflation. If what I read is true, there are many different opinions about why we have inflation, and a great number of opinions about what is the best way to attack inflation. In essence, what we have been saying is that there are two ways in which we have to combat inflation. One of those is that the world recession has to be brought under control. Most of us know the very complicated reasons that are given for the fact that all countries in the western world, each of them having a different kind of government from ours, are all suffering from degrees of inflation, so we have this recession which is affecting the world in total. What we do in Canada is not going to have much effect on world matters concerned with inflation. That is not to say that we should not be doing something in Canada about inflation, helping to correct inflation in this country and helping people to cope with inflation.

• (1600)

What we did was to introduce the so-called six and five program in an attempt to cope with inflation in Canada and reduce the rate at which inflation was increasing, reducing it eventually from 12 per cent to 6 per cent this year and 5 per cent the following year. That is what the six and five program is all about. In other words, it is a first step in Canada toward economic recovery. It is not the only action necessary to turn the economy around, but it is the primary initiative in working toward this goal.

With regard to the six and five program and employment, a reduction in inflation is the key to economic recovery. That includes securing those jobs we already have and creating new jobs. The Government job-creation program should be seen as a spin-off of the six and five program.

The emphasis of the six and five program has been on the urgency of getting inflation down. As inflation is reduced, consumer confidence and spending is encouraged and unemployment levels will gradually reduce or decrease. There are other purposes that are part of the six and five program, such as trying to bring down retail prices. We are having some success. The Consumer Price Index dropped to under 10 per cent in December 1982, the first time since March 1981. It dropped to 9.3 per cent.

Interest rates have decreased steadily. Interest rates of course have a tremendous impact on the construction and housing industry. We have seen what has happened with regard to restraint on federally-administered prices. We have established this in federal Departments, agencies, Crown corporations and regulatory bodies.

Wage settlements have decreased since the beginning of the six and five program. In fact, they have decreased substantially. This will decrease prices and will certainly foster Canada's competitiveness internationally.

What does this have to do with the Bill we are talking about today and the five Bills we are trying to get through this House which are related to the six and five program? The Opposition Members say we cannot continue to blame other countries for what is happening in Canada. They say we cannot continually refer to the world recession. That requires a degree of leadership. We must answer the question whether there is any light at the end of that tunnel or, as is often expressed, is there any hope?

This is why we are asking Canadians to enter this fight against inflation. This is why we have Bill C-132 to limit the indexation of Family Allowances to 6 per cent this year and 5 per cent next year. This is why we are asking Canadian families to accept this as their contribution in the fight against inflation.

We know that inflation unsettles the confidence of all, but no people more than the families of Canada. I was particularly interested in hearing Opposition Members suggest that somehow or other the mothers of Canada would not be able to understand the need for the six and five program. I say, who better than the mothers who are the managers of the families in this country, who better would realize that reducing inflation will make it easier for them to manage?

The purpose of this debate is to discuss the Bill rationally. It is to give the people of Canada an indication that this is a small price for them to pay for bringing about economic recovery and growth which, as the Minister says, will directly benefit all families by protecting them from the ravages of inflation and the resultant erosion of their budgets.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Mississauga South (Mr. Blenkarn)—Trust Companies—Action taken by Minister—(b) Query respecting role of Minister; the Hon. Member for Victoria (Mr. McKinnon)—North Atlantic Treaty Organization—Canadian naval contribution—(b) Modernization of vessels; the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie)—Garrison Diversion—Restoration of United States funding—request that Minister take action—(b) Reported statements made by North Dakota official.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER REPORT AND THIRD READING STAGES OF BILL C-132

The House resumed consideration of the motion of Miss Bégin:

That, in relation to Bill C-132, an Act to amend the Family Allowances Act, 1973, one sitting day shall be allotted to the consideration of each of the report stage and the third reading stage of the Bill; and

That 15 minutes before the expiry of the time provided for Government Business on those days, any proceedings before the House shall be interrupted, if required, for the purpose of this Order and, in turn, every question then necessary in order to dispose of this stage of the Bill then under consideration shall be put forthwith and successively, without further debate or amendment.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, this is the third time since January 17 that this Government has decided to use the hammer for limiting time for debate. The concept of the new rules we are supposed to be operating under is to limit the time for debate by shortening speeches on report stage to ten minutes. Consequently, this motion by the Government with respect to time allocation, certainly at report stage, is inappropriate. Indeed, by the very time limitations, Members' speaking opportunities would have run out very soon had the Bill been allowed to follow the normal course.

Second, there has been no indication by this Government of the extent to which consultations were held with respect to reducing the number of speeches or setting some time when this Bill would come to a vote.

It is a sad day for this House when we have the situation where, in the middle of an income tax debate or a day set aside for an income tax debate, a Minister of the Crown rises to impose time allocation in order to limit the length of debate. It is the third time this has happened since January 17. It is disgraceful management of the House by this Government. The new rules are supposed to make the House operate better and make it more relevant. However, the Government uses every opportunity to ensure that these new rules do not work.

This is one of a few Bills where the Government has gone ahead and operated as though it had legal authority to do so. It has already proceeded to reduce Family Allowances. Cheques sent out in January and presumably those prepared for February are at the reduced amount. The Government says it has legal authority to do that. The Government says it does not have to straighten up the question of indexing under the present Act until December, according to the Government's own legal opinion, to handle this matter and the question of the change in the amount of the Family Allowance.

• (1610)

The Minister has come to this House and said in public that there are three kinds of tax measures which affect people with families. Indeed, there are probably four, and I want to point those out to this House. First, there is the allowance for children under the Income Tax Act which goes to everyone who files an income tax form on a positive basis. That is an indexed amount. It has been changed, but there is an allowance which everyone who pays positive income tax receives toward the maintenance of their children, an income tax deduction. Second, the Child Tax Credit is another form of tax allowance for children which happens to be a positive credit. Even if you do not pay income tax, you receive this positive credit of up to $342, approximately, per child. The third allowance has something to do with the spousal allowance when there is, perhaps, a single parent who declares one of the children as, indeed, a spouse. A further allowance is available there. In addition to that, Mr. Speaker, there is an allowance for babysitting or child care help to families in the tax Act.

All of these matters should be brought together into one form of allowance for children. Both the Minister of National Health and Welfare (Miss Bégin) and the Minister responsible for the status of women have spoken in the last weeks on these vital tax matters. There is ample time for this whole matter to be resolved by Parliament before December of this year, yet this Minister crashes ahead with a program which she knows does not make sense. There is no justification whatsoever on this particular Bill for any time allocation, particularly in view of the statements made publicly by the Minister responsible for the status of women and the Minister of National Health and Welfare with respect to comments concerning the Income Tax Act. The matter should be reviewed, and reviewed completely.

The Parliamentary Secretary to the Minister spoke about the six and five program. We all know that that is a great, big advertising gimmick which has absolutely nothing to do with the cost of the national revenue, with the cost of Government, in this particular case. This Bill is being forced through because it is part of a general pattern, and the Government does not want to change or alter its pattern. There is no justification for forcing this particular Bill through, repeating six and five, six and five, six and five. Be damned to six and

five. This Bill has not a heck of a lot to do with six and five at all.

The truth of the matter is there is a large increase in the amount of money being allocated to children by the Child Tax Credit in the Income Tax Act. There is an attempt to take some of it back in this amendment. The problem is that the Child Tax Credit is part of the Income Tax Act. The benefits under the Child Tax Credit go to mothers who file, or happen to file, income tax returns. In order to get the child income tax credit, you have to file the return. But when do you get the money? When the Government decides to pay out the credit a cheque is delivered which is part of an income tax rebate system, and it is a lump sum cheque.

The advantage of Family Allowance is that the cheque comes monthly to the mother. The money then can be spent monthly for the benefit of the children. The Child Tax Credit is a lump sum payment which can be used to put a downpayment on an automobile, go on a holiday, and perhaps have absolutely nothing to do with the support of children. The advantage of the Family Allowance system is that it is a monthly system, and if we are going to rely on the Child Tax Credit then it should be paid monthly to those persons who need the money to buy groceries. They do not just buy groceries in May and June when tax rebates are paid. They buy groceries in September, October, December and January. That is when they need the money. To say that the increase in the Child Tax Credit somehow is going to help families look after their kiddies is just wrong. It is not going to help them. It is a bureaucratic method of trying to solve these problems by tax adjustments, which cannot be done. What you have to do is to make sure the money is put into the hands of parents on a monthly basis so they can properly look after their current monthly bills for food, shelter, and so on. This is important to the maintenance of children. I say to the Government, therefore, this Bill is ill conceived, has not been thought out properly, does not properly address the question of maintenance of children, and does not properly reflect the payments which should be made to families to help them maintain their children.

There is ample opportunity before December of this year for the Government to form a committee to study the matter and to produce proper legislation which addresses the question of how we pay and how we look after those who are raising families, to make it more equitable for them in our society. This Bill does not do that. The proposal in Bill C-139 does not do that. It is a hodge-podge. It is a flim-flam.

The Parliamentary Secretary says it has something to do with inflation. Goodness, how are you going to solve inflation, by taking off maybe a couple of dollars from someone who gets a Family Allowance cheque, which is taxable in any event, and at the same time increasing the Child Tax Credit, so the net result of payment out by the state and payment into the state through the tax system is almost the same anyway?

Actually, Mr. Speaker, the Bill does not address the question of inflation. It does not address the question of fairness. It does not address the question of the requirement to support children. It does not really deal with the issues at all. It is the kind of Bill which should be subject to a long debate for the very reason we have Parliaments. When you have bad legislation it should be exposed to debate by the people of Canada. The Parliamentary Secretary says we have spent 12 hours and 30 minutes. If that amount of time entitles the Government to foreclose an important issue like this, then there is something wrong with Parliament and with this Government in the way it is directing the affairs of Canada.

[*Translation*]

Mr. Denis Ethier (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, I am pleased with this opportunity to express my support, not only for Bill C-132 but also for the Hon. Minister of National Health and Welfare (Mrs. Bégin), and for her motion for time allocation, so that we can exercise our democratic right to vote either for or against certain measures.

I agree with the Hon. Member who spoke just now that Bill C-132 alone is not the answer to getting rid of inflation. This Bill is only one in a series of measures we must take at a time of serious economic difficulty, if we truly want to bring down inflation and put the economy back on its feet. I know that our friends opposite are not interested in supporting measures that will help to reduce inflation, because to them it is not good politics. It is not good politics to be positive. Consistently, they have always preferred to be negative—in other words, they criticize without offering alternative solutions.

Since Bill C-132 was first tabled in the House, thirty-five Members have taken part in the debate on this Bill, including sixteen from the socialist group. And yet there are Members who insist that the Minister of National Health and Welfare has no justification for using Standing Order 82. We on the Government side want to discharge our responsibilities, even if it is not always the popular thing to do. It is not popular to say that we are going to cap increases in family allowances, but we must not forget that the families who stand to suffer most, namely, those on low incomes and especially families with several children, will receive an increase of $50 per month in their child tax credit. That is far more than the amount they will have to give up as a result of capping at 6 per cent.

Mr. Speaker, I would like to say a few words about Standing Order 82 which we are invoking today. Considering the almost systematic obstruction practised by our two opposition parties, I submit that it might be necessary to invoke Standing Order 82 whenever we table a Bill. Between now and the end of this session, there are still a number of Bills to be passed, including several money Bills, and I think it is irresponsible of the Opposition to hold up the proceedings. I am accusing them of irresponsibility, as I did on the evening of July 8, when I tendered my resignation as Deputy Chairman of Committees of the Whole House. The Members opposite are not acting as true representatives of this country, that is what I said that evening, and I say it again today. You may recall the incident

on July 8 when the Progressive Conservative Members themselves had requested a vote and then left the House and did not come back.

Not so long ago, the NDP Members asked for a vote. They also left the House and did not come back.

The Canadian electorate did not give them a mandate to form a government. They were given a far more limited mandate, in keeping with their talents, namely, to provide opposition, not obstruction, which has become a habit among the Members of the NDP and their Progressive Conservative friends. We on the Government side want to discharge the responsibilities we have been given by the Canadian people. To do so, we are obliged to limit the time spent on debate, and I submit, with due respect, that this should become common practice as long as Members who are given a mandate to provide opposition insist on using that mandate to obstruct the proceedings of this House. On this side, if we are to be worthy of the trust of our electorate, we shall have to invoke Standing Order 82, whenever a Bill is tabled. Let us not forget that these irresponsible people held up the proceedings of the House for two weeks during the bells incident. I, for one, have not forgotten, Mr. Speaker. I had your job, and according to the Rules, the Chair had to be occupied twenty-four hours a day, and so it was. We did our duty. During those two weeks, the Liberals remained faithful to their mandate, and every day they came to the House, as required by the Rules. What did the Progressive Conservatives do during that time? They were travelling across Canada. You would have thought it was an election campaign. Mr. Speaker, although there is no legal obligation on these Members to return the salary they unlawfully received, I maintain that if they had any moral sense at all, they would pay back the compensation they received during the two-week walkout or should I say cop-out, because the latter expression is probably more appropriate.

• (1620)

[*English*]

The Opposition Members scream wolf every time that time allocation is invoked. They seem to forget that every Standing Order has a reason for being, in this case to protect us from the systematic obstruction we have seen in this House over the last two years. We have demonstrated on numerous occasions that if the Opposition has any concrete and positive propositions, we will gladly accept them. However, they seem to favour the negative approach, to the detriment of the people who have elected them.

Let us dispose of Bill C-132 and move on to other legislation.

Mr. Munro (Esquimalt-Saanich): Then withdraw it.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I rise today with a sense of *déjà vu*. It seems that every second time I rise to speak in this House, the subject matter is again closure. This is the sixteenth time that closure or time allocation has been imposed on the House of Commons during a single session. I can assure you that it has not been mindless opposition, such as we have just been accused of by the Parliamentary Secretary to the Minister of the Environment (Mr. Ethier). The Opposition in this House has been doing an excellent job of showing up the weaknesses in the Bills presented by the Government. It is because of this responsible opposition and because the Government is unable to refute the facts and arguments we have advanced, that it finds it necessary to use closure on so many occasions.

Bill C-132, Mr. Speaker, which deals with Family Allowance, is part of the great six and five propaganda scheme. It is part of this great public relations gimmick the Government hopes will allow it to take credit for any reduction in the rate of inflation. Of course, that is happening not because of anything the Government has done, but because we are faced with a recession, a recession which was caused by the Government opposite. That is why inflation is abating somewhat. But the very policies pursued by the hon. gentlemen and hon. ladies opposite will guarantee that once the recession is over, we will again face a period of rapid and worsening inflation. Under this so-called six and five system we have a chicken and egg situation. We are faced with inflation and we know everyone has to cut back a little, but who goes first? It is pretty evident that, in the opinion of the Government opposite, it is the little guys who have to go first. It is not the Liberal fat cats who are going first, it is the little guy, the Family Allowance recipients, the pensioners, whether old age pensioners in general or Public Service pensioners in particular. It is the little guys who have been used by the Liberal Government as cannon fodder in the war against inflation.

We on this side of the House do not approve of those tactics, Mr. Speaker. We spent about 12 and a half hours on this debate before the Government decided to impose closure. That time should not have been used to discuss this rather nitpicking Bill, as the Hon. Member for Mississauga South (Mr. Blenkarn) has explained. After all, it is very much a matter of taking a little bit here from the Family Allowances and adjusting the Child Tax Credit, all with no real net effect on Government revenues or expenditures. What we should have been using that time for was a debate on the entire Family Allowance system.

This debate was opened not that long ago by the Minister responsible for the status of women who made certain proposals, which certainly did not go down too well in my part of the country nor, I think, in others. But at least the debate was open. The question arises: should we have the universal system of Family Allowances we now have in Canada? There are arguments pro and con. Personally, I do not really need the Family Allowance, but maybe there are a number of people in Canada who do. Perhaps a better system would be to give the money at present paid to people like myself to people who really need it. We might care to look at changes of that order.

We have problems with the taxability of Family Allowances. Each month the Government mails out literally millions of cheques right across Canada, and then on April 30 of the

following year you get stuck with paying a lot of that money back again. The system of monthly cheques may not be the best one for many people who may prefer the yearly reconciliation at the time of filing their income tax return. Perhaps there should be an option so that people could choose the system they want. That would save millions of dollars as Canada Post would not have to send cheques all over the country.

• (1630)

I have brought this matter up in committee several times but it seems that the Government is reluctant to even consider the idea of changing the system of issuing monthly cheques. The reason for this is quite apparent, Mr. Speaker. It wants that federal cheque to go into practically every household in the country, to show what a good job it is doing. It is another part of the public relations and porkbarrelling that is so often engaged in by the Government. I would have a much greater appreciation of a federal Government that did not insist on sending a piece of paper to every house every month. When it comes to improving relationships between the Government and citizens, I think the provincial or municipal level is a better place to foster this. The federal Government should look after those things that properly fall into the federal domain.

These are some of the arguments that can and should be used in a full debate on Family Allowances rather than the debate we are having today, Mr. Speaker. There are much better ways to look after the interests of children than the system which presently exists.

In the few minutes remaining to me, Mr. Speaker, I should like to return to the matter of closure. Of the 16 times that closure or time allocation—which is the euphemism for it—has been applied, at least half have been unnecessary. Usually the debate was about to end anyway but the Government brought in closure to show who was boss. It wanted to show that it could call the shots. That is the sole reason closure was applied on those occasions. I suggest that that is a dangerous precedent because familiarity breeds contempt. The House and the country is becoming so familiar with closure that they no longer take any notice of it.

I suggest that the House leaders of all Parties get together and work out a system of agreement on the time allocated for debate on Bills of the nature of the one today. Closure is a cop-out, and I guess this Party has been guilty from time to time as well, but not too often. I will pursue this point the next time there is a debate on closure, Mr. Speaker.

In closing my brief presentation, I want to say that I am not satisfied that closure is warranted on this Bill.

Mr. Doug Frith (Sudbury): Mr. Speaker, I should like to take the first two minutes of my address to rebut the remarks of the previous speaker regarding time allocation and closure. He did not think that closure was necessary on Bill C-132. Part of the problem that we have had on this side of the House during debate on second reading, committee stage and report stage, is the seeming inability of the Opposition to offer a comprehensive reply to the substance of Bill C-132. In the first six minutes of his speech the Hon. Member confused time allocation and closure, but there is a substantial difference between the two, Mr. Speaker. It seems to me that this inability to distinguish is indicative of many of the contradictions in the speeches of Members of the Opposition regarding Bill C-131 and Bill C-132.

This afternoon the Minister of National Health and Welfare (Miss Bégin) referred to the number of Members who have spoken since the Bill was introduced. At last count some 35 Members had participated in debate, including 16 Members of the Official Opposition. In order to effect speedy passage of the legislation, only nine Liberals have spoken.

It seems to me that a lot of misinformation has been given out by Members of the Opposition both in this Chamber and at committee. Nowhere in the debate has the Minister or any Member of this Party said that the reason for six and five being introduced on the Family Allowance, was to save money. Since the budget of June 1982, we in this Party have said that we are primarily concerned with an attack on the inflationary psychology that seems to have gripped the Canadian public. We realized that if we were to live in an inflationary world of 12 and 10, there would be a tremendous onslaught on the social security systems that are in place. Consequently, when we introduced six and five we decided that it had to be applied across the board. I think the results shown in the last six or eight months point to our success in fighting the inflationary psychology that gripped the nation about 14 months ago. In the last three months, we have been successful in bringing the rate of inflation down to the 7.2 per cent range.

In addition, when we introduced the six and five program to our social security system, we reiterated to the House that in order to protect those who need protection most, we would also introduce several countervailing balances in the legislation. In Bill C-132 the Child Tax Credit was increased by $50 in order to protect people on the lower end of the income scale.

The Hon. Member for Western Arctic (Mr. Nickerson) referred to social security and Family Allowances as porkbarrelling. I find that difficult to comprehend, Mr. Speaker.

Some Members of the Opposition have called this Bill an attack on universality. In committee we have pointed out that there are evidently some misconceptions in the minds of Members of the Opposition about what universality is. We have steadfastly maintained throughout debate that there has been no attack on universality in Bill C-131 and Bill C-132. In both instances we have ensured that people at the lower end of the income scale would receive full compensation for our fight against inflation.

The Hon. Member for Western Arctic and others have also said that they would welcome a much wider debate on the whole social security system. We would welcome that as well, Mr. Speaker. The problem is that there never seems to be one spokesman for the Opposition Party who can offer a main platform for that Party. When the Hon. Member for Rosedale (Mr. Crombie) was Minister of National Health and Welfare in the Conservative Government in 1979, he wanted to dismantle Family Allowances.

Mr. Hawkes: That is not true.

Mr. Hnatyshyn: This fiction will not be believed.

• (1640)

Mr. Frith: As a matter of fact, in reply to the Hon. Member for Calgary West (Mr. Hawkes), let me indicate that the former Leader of his Party gave a speech in western Canada during the election campaign prior to the 1979 election in which he questioned the need for a complete review of the social security system. In that speech he went on to say that it was his fear that, unless we came to grips with the whole area of universality, the national Government might not have the ability to maintain a strong enough central Government to keep the nation together. It is evident from the remarks of the former Leader of the Opposition and the former Minister of National Health and Welfare that the Conservative Party has yet to come up with a clear-cut position on the Family Allowance system and on Old Age Security.

The Hon. Member for Western Arctic mentioned earlier that he did not see any need for time allocation or closure on this particular Bill. My only comment in that regard would be that perhaps the Hon. Member and other Members of his Party might want to get together with their House leader. I can assure them that we on this side of the House, rather than having to use time allocation, would welcome a much freer debate, knowing that we have some co-operation from the Conservative House Leader in having speedier passage of legislation in the House.

Mr. Laverne Lewycky (Dauphin): Mr. Speaker, in the few minutes I have I would like to voice my opposition to this closure motion and to give several reasons as to why I feel we should vote against it. It is important to have an opportunity for full and adequate debate in the House of Commons on this particular issue. When we take a look at the entire question of Family Allowances, the underlying principle is that an attack on families is being brought forward at this time by the Minister of National Health and Welfare (Miss Bégin). We have had ample indication of the way in which families are being attacked. For example, the Minister of State for Mines (Mrs. Erola), in recent press statements, attacked women working in the home. But first I want to take a look at the history of Family Allowances. It is important to keep this aspect in mind. It is always good to have an historical perspective when discussing a contemporary issue. This particular issue bears well in that regard.

It was back in 1945 that Prime Minister Mackenzie King introduced the baby bonus. I suppose it could be underlined that he was a bachelor and childless. It is rather ironic that we have the equivalent of the opposite sex introducing her Bill at this time which attacks that previous positive move. Approximately three years later the baby bonus was made universal. In the early years of the 1970s the Liberal Government attempted to introduce a Bill which would have made the baby bonus selective. Fortunately, after the 1972 election we had a minority Government, and the Liberal Government of the day did not proceed with its plan "to do in" the baby bonus. In fact, during that minority Parliament, because of pressure from the Opposition, the then Minister of Health conducted a study and brought in a paper. In 1973 the baby bonus payments were tripled.

The reason I bring forward this historical perspective on a contemporary issue is that it indicates the wisdom which sometimes results if there is opportunity for debate or opportunity for sober second thought. In the early 1970s, in the dying days of Parliament, the Liberal Government wanted to rush through a reduction and elimination of the baby bonus. Then it had second thoughts after the 1972 election. This indicates the wisdom of second thought.

Let me take a look as well at some of the sociological arguments in favour of maintaining Family Allowances as we now know them. When we take a look at Family Allowances, I think we should keep in mind that they are taxable. They are progressive in the sense that the larger one's income, the greater share of one's allowance will be returned to the Government at tax time. The cost of administering the Family Allowance scheme is certainly less expensive than a Child Tax Credit scheme. For example, the administrative costs of Family Allowances from 1976 to 1977 were estimated to be $1.50 per child, or half of 1 per cent in total costs. The estimates for administering alternative schemes such as the Child Tax Credit was something to the tune of ten times those costs.

In addition, there are other reasons we should look positively at the Family Allowance scheme. It is a monthly program. Money is received on a monthly basis, quite often by single parents. Certainly it is easier to budget on a monthly basis than it is to receive a lump sum payment under the Child Tax Credit scheme. Another benefit of a universal Family Allowance scheme is the participation rate. So often, on selective programs such as the Child Tax Credit, many people might not be as aware of it as they should be. They might not be able to fill in the income tax forms as they would like to do. I say this from firsthand experience. As Members of Parliament, we have many people coming to our offices requesting assistance with the Child Tax Credit scheme. There are problems in terms of the incomplete take-up of programs such as the Child Tax Credit. One does not face these problems when there is a universal system such as Family Allowance.

I suppose some people want to argue that the Family Allowance system might be costlier to Government because it can defer the payment of the Child Tax Credit to later in the year. In countering that argument I would want to point out that most income taxes and other taxes are collected earlier in the year. Arguments which attempt to indicate that economically it is better if the Government can hold on to people's money until Child Tax Credit time are certainly not sound ones. It is important to take a look, not only at the historial perspective and some of the sociological considerations, but at the situations in our own constituencies.

In the couple of minutes remaining, I would like to give an indication of what would be the impact on constituencies such

as the riding of Dauphin, Manitoba. It is important to keep in mind that often the Family Allowance program assists the poorer regions of the country. For example, the 1971 statistics indicated that the national household income for families was $9,367. For Manitoba it was $8,261, but for areas such as Dauphin it was $5,361. When one looks at such small household incomes one realizes the impact of the monthly Family Allowance will certainly be much greater than it would be in some of the urban centres. When one reviews the whole question of poverty in Canada, it is important to note that the Family Allowance is most beneficial to single parents and those who are poor in many regions of the country. In Manitoba alone, 63 per cent of the poor adults in that Province are female, many of whom will be affected by Bills such as this. Nearly one-third of the poor are children. It is the children who benefit from these regular monthly Family Allowance payments. Many mothers who have visited my constituency office have told me that they use this Family Allowance to provide such necessities as food, clothing and shelter. This money is made good use of by these families.

• (1650)

One out of every two single-parent families is poor, and many live in ridings such as mine. I think it is important that we oppose the Government's motion to limit debate on a matter as important and crucial as this. I believe that we should have the opportunity to expand on some of the ideas I have mentioned so that Members of the Government will have an opportunity to weigh some of these arguments and perhaps even have an opportunity to examine their own conscience. Moral considerations are involved in this issue as well.

I see that my time has elapsed. I thank you for giving me the opportunity to share some of these concerns. I trust the Members opposite will take them into consideration as we look at this closure motion.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, it seems that every time we have one of these debates it is necessary to remind Members opposite of the purpose of the debate. One thing that it is not intended for is to debate the merits of the Bill.

There is a motion before us now which cannot be debated for more than two hours—although we seem to be falling into the practice that the maximum also becomes the minimum—on whether we should allocate and specify how much further time should be spent on this particular Bill. I plan to deal with that motion rather than the merits of the Bill which has been debated over a number of days and will be debated for two more whole days in the House if this motion carries, as I assume it will.

I think it important to remind Hon. Members opposite, since they have not yet realized it, that we are not dealing with closure in this debate. The matter of closure comes under Standing Order 37, and I would invite Members to look it up in their Standing Orders. They will find that closure falls under Standing Order 37, formerly Standing Order 33. We are dealing here with time allocation under Standing Order 82, formerly Standing Order 75 until the recent rule changes.

I suggest that the public should be made aware of the fundamental difference between these two Standing Orders. If not, I think Members of the Opposition may find themselves becoming somewhat like the boy who cried wolf. They will call time allocation "closure" on so many occasions that in the event there is a real closure motion, no one will think anything of it because they will not know the difference. If a closure motion does occur, I suspect we will then hear speeches about that really being closure as opposed to what they have been calling closure all along.

What is a responsible amount of time to allocate to any debate? This is a problem that any political Party has that is in Government in a parliamentary system. One has to walk a fine line. Parliament is an institution where ideas can be debated. When legislation is introduced, its pros and cons can be thoroughly debated. However, I think we would all concede that unending debate could lead to abuse. In fact, a Government would not be living up to its responsibility to govern if it allowed the legislative flow to become a trickle as a result of spending too much time on debate.

I think it is fair to say that this is one of three Bills which relate to the Government's six and five program. This program was designed to bring inflation under control in this country. It is a statistical fact that it has met with some success to date. While it may be arguable that the amount of progress we have made in reducing inflation in this country being attributable to the Government's six and five program may be argued, I think it is fair to say that the program's psychological impact has been headed in the right direction.

We have been debating the pros and cons of six and five as it relates to other Bills. This is not the only Bill on which six and five will be debated. As has been pointed out by prior speakers, we have discussed this particular Bill before us on December 1, December 2, December 3, in committee and then at report stage on December 17 and December 18. Prior to today there have been over 35 speakers debating this Bill. We are now in a two-hour debate in which we will probably have a total of 12 speakers because of a ten-minute time limit per speaker. We will then have two more full days of debate.

I would suggest that any reasonable, fair-minded and objective person would readily concede that that is a reasonable amount of time to argue the other side of this Bill. I dare say that after three or four rounds of speeches, the odds of any new pearls of wisdom or perceptive insights being brought out in debate are rather slim. I really question to what extent the public is served by what really boils down to filibuster and obstruction. Perhaps what is in the minds of some Hon. Members opposite—I certainly do not suggest this of those who are present at the moment—is that some political points can be gained by forcing us to introduce time allocation at each stage of all these Bills. Who can say whether their judgment is right? Only time will tell. Perhaps political futures will be determined on matters other than these.

There are times when it is much easier to be in the Opposition than it is to be in Government—probably most of the time. Governments must take decisions that are not necessarily particularly popular. I suppose that everyone wants more rather than less. If one conducts a survey one can probably find people who will say things that are mutually incompatible. How often do I hear from the other side that we should be working for a balanced budget? How often do I hear from the Tories that we should be trying to reduce Government spending. The Hon. Member for York-Peel (Mr. Stevens) is sometimes affectionately known as the slasher, and we think of him in those terms in a kindly way. He feels very strongly that Government spends too much. He had a Cabinet post that concerned control of Government expenditures during the previous administration headed by the Right Hon. Member for Yellowhead (Mr. Clark). When he was in office we heard a lot of noise, but when it came down to the specifics about where these cuts would actually come from, he was a little more vague.

• (1700)

It is a little discouraging to be castigated on an almost daily basis for spending too much money when one is trying to take some initiatives which are responsible and which apply equally to everyone in Canada across the board, in a way which does not particularly target out any one group. All of these measures are designed to bring inflation under control, and if we succeed in that, I think that everyone in Canada will be better off in the long run. That is a very desirable thing to do, but when one tries to do it, every possible roadblock is put in one's way. I think it is only fair, in deciding how much time is to be allocated, to ensure that sufficient time has been spent to hear all the arguments. We have long since gone past that stage, and a vote on the Bill at this point would really amount to constructive, responsible and effective leadership on the part of the Government.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, in the few minutes allotted to me I would like to explain to the Parliamentary Secretary and to the Liberals opposite that what we are engaged in, for the third Monday in a row, is another attempt to erode democracy. If one considers the three-year history of the Government—

Mr. Blais: Read Standing Order 75C.

Mr. Hawkes: —of the Prime Minister (Mr. Trudeau) and the Cabinet, one sees that the major attempt to erode democracy was in the original version of the Constitution when you sought to transfer power from the voters of this country to appointed people. We saw the next major erosion of democracy in the issue involving the bells when you attempted to use an omnibus form of legislation.

Mr. Deputy Speaker: I remind the Hon. Member that remarks should be addressed to the Chair.

Mr. Hawkes: Mr. Speaker, through the Chair, I would like to bring to the attention of the Liberal Party and Cabinet Members the fact that an omnibus Bill, which deals with many different issues but allows one single vote, argues against the democratic right of Members of Parliament and the democratic right of voters in this country to send us to this Chamber to make decisions on their behalf. That is why the bells rang for several days, for freedom and for democracy.

Three Mondays in a row we find the Liberal Government, supported by its backbenchers, attempting to deny Members of this Chamber the right to represent their constituents in free and open debate. We must ask whether or not there are other reasons for an Opposition to filibuster than to fill in time. Just once in three years if the Government had only listened to the Opposition when we tried to stand in the House and say, "Your legislation is wrong and bad", one would not have found so much filibustering, so much debate and so much need for clobbering us on the principle of democracy.

I stood in this Chamber and made a speech last week which suggested that if every taxpayer gave 15 cents a month, that piece of legislation with respect to senior citizens' pensions would not be necessary. Fifteen cents a month is something taxpayers of this country would have gladly given to stop the Government from cutting pensions of senior citizens. That is the point we tried to make. We tried to make it with force, but we have no sense that the Government was listening.

When one finds us filibustering, it is because the Government is supporting a piece of legislation which is bad for the people and this nation. Let us get off the closure kick and get back to democracy. That is what the Opposition is arguing, responsibly.

[*Translation*]

Mr. Deputy Speaker: Order! It being 5.04 p.m., in accordance with Standing Order 82, the two hours provided for consideration of the motion before the House have expired.

[*English*]

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion, the yeas have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

The House divided on the motion (Miss Bégin) which was agreed to on the following division:

Time Allocation

(Division No. 288)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Deniger
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Fox
Frith
Garant
Gauthier
Gendron
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Guilbault
Harquail
Henderson
Herbert
Hopkins
Hudecki
Isabelle
Johnston
Joyal
Kaplan
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Lapointe (Charlevoix)
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
Malépart
Maltais
Marceau
Massé
Masters
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Roberts
Rossi
Roy
Schroder
Smith
Tardif
Tessier
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—113.

NAYS

Messrs.

Althouse
Anguish
Baker (Nepean-Carleton)
Benjamin
Blackburn
Blaikie
Blenkarn
Bradley
Cardiff
Clark (Yellowhead)
Cook
Cooper
Corbett
Crosbie (St. John's West)
Crouse
Darling
Deans
de Jong
Ellis
Elzinga
Friesen
Fulton
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Hnatyshyn
Howie
Huntington
Jewett (Miss)
Keeper
Kempling
King
Knowles
Kristiansen
Kushner
Lewis
Lewycky
Manly
Mazankowski
McGrath
McKenzie
McKinnon
McKnight
McMillan
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Scott (Hamilton-Wentworth)
Siddon
Stewart
Taylor
Thacker
Waddell
Wenman
Young—68.

● (1730)

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion (Miss Bégin) agreed to.

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,331, 4,492, 4,502, 4,642 and 4,645.

[*Text*]

IMMIGRATION APPEAL ACT

Question No. 4,331—**Mr. Cook:**

1. During 1969, how many certificates were signed by the then Minister of Manpower and Immigration and the Solicitor General pursuant to Section 21 of the Immigration Appeal Act?

2. Did all of the individuals against whom such certificates were signed then have recent serious criminal or other convictions recorded against them?

3. Did any of these individuals receive a pardon for an offence and, if so (a) what was the offence and on what date did it occur (b) did the Department recognize the validity of the pardon?

4. Were any of the individuals ever convicted of an offence or deported from another country subsequent to which courts or authorities of competent jurisdiction ruled that the events which gave rise to these actions were null and void *ab initio*?

5. Do any of the individuals now have the majority of their immediate family members in Canada, either as citizens or permanent residents?

6. Where such individuals continue to be excluded from Canada on the basis of the "reports" referred to in a Section 21 certificate, what opportunities are afforded to them or to their family members in Canada to be advised of the nature or details of the Department's "suspicions" as a means of guarding against errors or prejudice by others?

7. Does the Minister regard this policy as fair and reasonable in safeguarding individual freedoms and rights?

8. Was a Section 21 Certificate ever issued against any individual despite a finding by both the Immigration Special Inquiry and the Immigration Appeal Board that there were no grounds to support the Minister's contention that the individual in question posed a threat to the security of Canada?

9. What is the policy of the Minister of Employment and Immigration and the Solicitor General respecting the continued enforcement of a Section 21 Certificate where the relevant national and international police agencies (Interpol) state that there are no recorded or pending charges, either of a criminal or civil nature, against the individual in question?

10. Is it the policy of the Minister and the Solicitor General never to lift a Section 21 Certificate regardless of any circumstances which may have changed over time?

11. What opportunities are afforded Canadians to safeguard their reputations and those of their relatives against errors in the personal information-gathering activities of the Royal Canadian Mounted Police and the subsequent use of this information?

12. (a) During the period January 1, 1971 to December 31, 1979, how many individuals previously ordered deported from Canada were subsequently readmitted for permanent residency (b) how many of the individuals were originally ordered deported on criminal or related grounds, including a possible threat to the security of Canada?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Canada Employment and Immigration Commission/Department and the Solicitor General as follows:

1. Three.

2. No. See answer to part 3.

3. In one case, a conditional pardon was granted. (a) Not at liberty to discuss details of the case to protect the identity of

the person concerned but, (b) the Department of Employment and Immigration recognized the fact that the person had been convicted.

4. The Department of Employment and Immigration is aware of one case where the individual was ordered deported from a country and subsequently the order was rescinded.

5. Records indicate that some family members were admitted to Canada but it is not possible to state whether they are still in Canada since there are no Canadian exit controls.

6. Reports referred to in Section 21 Certificates are confidential and are made known only to the Minister responsible for immigration and the Solicitor General of Canada.

7. This policy is applied only in exceptional cases and the information provided by the Solicitor General's office must be kept confidential to protect sources and/or individuals. The Minister of Employment and Immigration and the Solicitor General always ensure that both the rights of the state and those of the individual involved are fully protected.

8. No.

9. Once a Section 21 Certificate was issued against a person, he/she was required to leave the country. The case would only be reviewed if the person reapplied for admission to Canada. The Minister of Employment and Immigration would review the case in light of any information provided at the time of the new application and would consult with the Solicitor General if necessary to ensure that the grounds under which the original certificate had been issued were still valid or not.

10. Once a hearing is finished the existence of the Section 21 Certificate on record is an historical fact. This, however, does not prevent the Minister of Employment and Immigration from reviewing the situation or taking any other action he may deem necessary.

11. Under Part IV of the Canadian Human Rights Act, Canadian citizens can access personal information held by the RCMP concerning themselves. Furthermore, the requestor can ask for corrections on any personal information relating to him/her that, in the requestor's opinion is erroneous. If the correction is refused by the RCMP, the individual has the right to make an annotation on his/her record stating the reasons why the correction should be made. The individual has a further right to appeal to the Privacy Commissioner to ensure that any exemptions applied to the request are within the law under the Canadian Human Rights Act and that the notifications of corrections have been duly placed on the file.

12. See response to parts 1—10.

CBC—PROGRAM "THIRTY PLUS ONE"

Question No. 4,492—**Mr. Siddon:**

1. What was the total cost to the Canadian Broadcasting Corporation for the special program celebrating 30 years of CBC television programming, entitled "Thirty Years Plus One" aired on September 20, 1982?

2. What amount was Mr. Patrick Watson paid as host of the special?

3. Were other performers paid for their guest appearances on the Special and, if so, who were the performers and what amount were they paid?

4. Did the CBC or any other government agency expend any money for staff receptions or other private functions to celebrate 30 years of CBC television programming and, if so, which agencies and what amount did the agencies expend?

5. What amount was spent on CBC birthday celebrations by way of (a) special radio or television programs (b) staff receptions (c) other private functions since 1977?

Hon. Francis Fox (Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows:

1 and 2. It has not been customary to require the CBC to provide such details of its internal management and administration as the costs involved in individual program projects or the fees paid to performers. The background to this custom is explained in detail in the reply to question No. 2,530, answered November 1, 1975.

3. All performers were paid for their appearances on Thirty Plus One. The performers were:

Harry Rasky	Knowlton Nash	Sylvia Murphy-Tate
Ross McLean	Louis Del Grande	Mavor Moore
Jennifer Dale	Roger Abbot	Lorne Greene
Juliette	Luba Goy	Lorraine Thomson
Lally Cadeau	Veronica Tennant	Jack Duffy
Celia Franca	David Suzuki	Billy O'Connor
Peter Gzowski	Eric Malling	Jackie Rae
Gordon Pinsent	Sydney Newman	Earl Cameron
Johnny Wayne	Drew Crossan	Alan Blye
Frank Shuster	Alex Barris	John Vernon
Norman Jewison	Frank Peers	Doug Leiterman
Bruno Gerussi	Eric Koch	James E. Dale
Al Waxman	Robert Goulet	Susan Clark
Larry D. Mann	Patrick MacNee	Jack Miller
George Retzlaff	Charles Templeton	Warren Davis
Peter Kent	Larry Henderson	Barry Morse
Lloyd Robertson	Toby Robbins	

With regard to the fees paid these performers, it has not been customary to require the CBC to provide such details of its internal management and administration. The background to this custom is explained in detail in the reply to question No. 2,530, answered November 6, 1975.

4. Yes. The CBC's French Services Division, whose Montreal flagship station CBFT was the first Canadian television station ever to go on the air (September 6, 1952), presented a 30th anniversary gala concert which was telecast on the French network on September 12, 1982. Following the concert, there was a reception in the foyer of the Maison de Radio-Canada in Montreal for the approximately 1,000 people who had performed in and attended the gala. Including the cost of printing invitations, the reception cost $12,695.

5. (a) The French television network presented two programs celebrating the 30th anniversary of television programming in Canada—Le 30e anniversaire and Gala du 30e anniversaire. The English television network presented one program—Thirty Plus One. With regard to the costs of the programs, it has not been customary to require the CBC to provide such details of its internal management and administration. The background to this custom is explained in detail in the reply to question No. 2,530, answered November 6, 1975. (b) None. (c) See 4 above.

Order Paper Questions

FEDERAL-PROVINCIAL LOTTERY AGREEMENT

Question No. 4,502—**Mr. Reid (St. Catharines):**

1. As of the date this question is answered, what amount, on an annual basis, has been received from the provinces pursuant to the 1979 Federal-Provincial Lottery Agreement?

2. Has any interest been earned on this money and, if so, what amount annually?

3. Has any of this money been spent and, if so, on what project or programs and in what amounts?

4. Is it the intention of the Government to allocate any of the fitness and amateur sport proceeds from the lottery agreement to (a) the Calgary Olympics (b) any other major athletic event?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Communications and the Ministry of State for Fitness and Amateur Sport as follows:

1. Under the federal-provincial lottery agreement the following amounts have been received on an annual basis. Payments are made quarterly.

Year	Payments	Received	Cumulative
1980	4	$25,576,884.43	$25,576,884.43
1981	4	$28,938,693.45	$54,515,577.88
1982	3	$23,683,417.08	$78,198,994.96

2. The amounts are deposited into the Consolidated Revenue Fund immediately upon receipt. Consequently there is no interest revenue directly attributable to these funds.

3. Subsequent to negotiation of the above agreement, in January of 1980, the federal Government announced that moneys derived from the Provinces as per this Federal-Provincial Agreement were to be shared equally between programs of amateur sport, fitness and physical recreation and programs of arts and culture. However, no reference to this allocation of funds is referred to in the agreement negotiated with Provinces in August, 1979.

In so far as the allocation of these funds to the Fitness and Amateur Sport Program is concerned, a review of Main Estimates for this program demonstrates the following increases:

Fitness and Amateur Sport—Contributions Funding—as per Main Estimates

	Appropriations	Expenditures
1978-79	$25,995,000	
1979-80	21,467,000	
1980-81	22,750,000	$32,893,913
1981-82	38,577,000	42,327,000
1982-83	42,780,000	42,780,000 (forecast)

In so far as the allocation of these funds for programs of arts and culture: Program of Cultural Initiatives

Spent and committed

Component I (deficit)	$ 3,763,766
Component IIA (management development)	927,409
Component IIB (without deficit)	1,245,000
Component III (capital projects)	15,736,908
Component IV (special projects)	5,994,000
Total	$27,667,083
National Capital Projects	8,000,000
	$35,667,083

4. (a) No. (b) Not in a direct way: some major athletic events are funded by the Fitness and Amateur Sport Voted Base which has been enlarged as per (3) above.

GOVERNMENT SPENDING SINCE 1957-58

Question No. 4,642—**Mr. Baker (Nepean-Carleton):**

For each year since the fiscal year 1957-58, based on the accounting practices currently used by the Government, what has been the government's (a) spending on a public accounts basis (b) spending on a national accounts basis (c) revenues on a public accounts basis (d) revenues on a national accounts basis (e) interest costs on a public accounts basis (f) interest costs on a national accounts basis (g) gross debt (h) net debt?

Hon. Paul J. Cosgrove (Minister of State (Finance)): The table below contains the information requested in question 4,642. It should be noted that interest costs are conceptually the same on the Public Accounts and National Accounts bases. The Public Accounts data have been adjusted for consistency with the 1981-82 Public Accounts. These adjustments include:

(a) treatment of the Post Office as a Crown Corporation throughout the period;

(b) reclassification from liabilities to assets of notes payable to the International Monetary Fund and other international organizations, and the allocation of special drawing rights;

(c) treatment of Old Age Security revenues as budgetary revenue and Old Age Security payments as budgetary expenditure throughout the period;

(d) a reallocation of 1978-79 and 1979-80 Public Accounts provisions for valuation to the individual years for which they actually applied with respect to the following items:

(i) the government's annual cost with respect to the Unemployment Insurance Account;

(ii) loans, investments and advances deemed to be non-recoverable;

(iii) working capital advances;

(iv) unamortized loan flotation costs of marketable bonds and Canada Savings Bonds; and

(v) undisbursed balances of appropriations to special accounts;

(e) the charging to budgetary expenditures of charges made directly to net debt over the period 1958-59 to 1964-65; and

(f) other miscellaneous adjustments to place annual Public Accounts recording on a consistent basis.

The National Accounts data are already publicly available from Statistics Canada but are reprinted here for convenience.

Federal Government: Expenditures, Revenues, Interest, Gross Debt and Net Debt

	Total Outlays (a)	National Accounts Expenditures (b)	Budgetary Revenues (c)	National Accounts Revenues (d)	Interest Costs—Public Accounts (e)	Interest Costs—National Accounts[1] (f)	Gross Debt at end of year (g)	Net Debt at end of year (h)
1957-58	5,581	5,606	5,267	5,504	539	539	17,702	12,269
1958-59	6,596	6,263	4,973	5,486	607	607	19,392	13,196
1959-60	6,271	6,560	5,669	6,307	736	736	19,962	13,671
1960-61	6,499	6,815	6,047	6,500	757	757	20,424	13,958
1961-62	7,331	7,355	6,190	6,858	803	803	21,728	14,767
1962-63	7,517	7,466	6,377	7,062	882	881	23,080	15,522
1963-64	8,055	7,728	6,803	7,541	955	955	24,828	16,657
1964-65	8,684	8,153	7,910	8,549	1,012	1,012	25,920	16,986
1965-66	9,193	8,719	8,628	9,312	1,077	1,077	26,590	16,745
1966-67	10,957	10,024	9,408	10,260	1,156	1,156	28,105	17,013
1967-68	12,427	11,336	10,290	11,189	1,270	1,270	29,708	17,713
1968-69	12,927	12,621	11,507	12,696	1,443	1,442	31,971	18,117
1969-70	14,439	13,837	13,800	14,815	1,676	1,677	33,178	17,621
1970-71	16,130	15,823	14,380	15,734	1,877	1,875	36,774	18,030
1971-72	18,306	18,075	15,941	17,820	2,091	2,068	40,238	18,811
1972-73	20,560	20,812	18,351	20,614	2,274	2,301	43,252	19,810
1973-74	24,067	23,801	21,346	23,987	2,548	2,547	45,677	21,194
1974-75	31,262	30,810	27,581	30,763	3,164	3,164	50,997	22,927
1975-76	37,890	36,560	29,512	32,642	3,909	3,908	58,025	28,390
1976-77	40,381	40,323	32,020	36,095	4,662	4,662	65,761	34,600
1977-78	44,152	45,558	32,093	36,159	5,473	5,473	78,528	44,889
1978-79	47,641	49,467	34,313	39,821	6,857	6,857	95,702	57,115
1979-80	51,844	54,645	38,936	45,337	8,339	8,340	103,626	68,595
1980-81	58,589	62,861	45,398	53,286	10,501	10,500	118,461	81,263
1981-82	68,913	75,205	54,068	65,177	14,948	14,368	134,107	94,869

[1] National Accounts interest costs should be the same as in the Public Accounts. However, full revisions are not always made to the historical data. 1981-82 will be revised by Statistics Canada later this year.

DEPARTMENT OF JUSTICE—LAWYERS ON STAFF

Question No. 4,645—**Mr. Beatty:**

1. How many lawyers does the Department of Justice currently have on staff full time?

2. How many person-years were approved for lawyers in the Department for the fiscal year 1982-83 in the (a) Main Estimates (b) Supplementary Estimates?

3. How many person-years were added to the Department for the interpretation of the Charter of Rights, as mentioned by the Minister of Justice on p. 112:29 of the Minutes of Proceedings and Evidence of the Standing Committee on Justice and Legal Affairs?

4. What was the total cost to the taxpayer of (a) all lawyers employed by the Department (b) lawyers employed by the Department to help interpret the Charter of Rights?

5. Did the Department decide that the lawyers it already had on staff were inadequate for the provision of advice on the Charter of Rights and, if so, for what reason?

Hon. Mark MacGuigan (Minister of Justice): 1. Five hundred and ninety-two.

2. (a) 578, (b) 39.

3. Fifty person-years were added to the Department to enable it to cope with the added work arising out of the Charter. Of these, 25 person-years were for lawyers. These are included in the 39 person-years for lawyers approved in Supplementary Estimates. (2 (b) above).

4. (a) The salary cost for all lawyers employed by the Department was $20,175,000 for the first nine months of fiscal year 1982-83. (b) The salary cost for the same period for lawyers dealing with legal work arising out of the Charter was $865,000.

5. The lawyers on the staff of the Department prior to the proclamation of the Charter of Rights were fully committed in the ongoing work of the Department. To allow it to cope with the legal work arising out of the Charter, the Department sought and obtained approval for an additional 25 person-years for lawyers for 1982-83. The work involved goes far beyond interpretation of and advice on the Charter of Rights, and includes such additional activity as a review of existing laws, regulations and administrative practices to determine the extent to which they are in conflict with the Charter, and the preparation of remedial legislation, regulations or other measures; an ongoing review of proposed legislation and regulations at the drafting stage for compliance with the Charter; and ongoing counsel work as laws and practices are challenged before the Courts.

[*English*]

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

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Monday, January 31, 1983, consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute Law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, I welcome this opportunity to add my voice to the chorus of frustrated and angry Canadians who have spoken out against the disaster and regressive measures contained in the last three budgets presented by this Government. On three occasions, November, 1981, June, 1982, and again in October, 1982, this Government has had the chance to bring forward measures which would help stimulate and promote growth in the stagnating economic climate which we know now exists in Canada. Three times, Mr. Speaker, it has failed miserably. The budgets which were presented were a debacle, a "hound's breakfast", if you will. Obviously, the Government itself knew belatedly the mess it had created, knew without reservation it had produced three "clunkers".

Some Hon. Members: Oh, oh!

The Acting Speaker (Mr. Blaker): Order, please. The House will appreciate this rule by silence.

Mr. Stewart: Thank you, Mr. Speaker, I have all the more respect for you.

Everything this Government does points to state control, including the provisions in this tax Bill. It points to bail-outs for the large corporations, and I am afraid to think about what might happen to Canagrex when it comes back to this House. What will happen will be, of course, closure and, of course, state control. What is next, Mr. Speaker, is it the banks? What is it that will take this country straight into the real and utter debacle of socialism?

The first indication we had that these measures in this Bill were unpalatable and unworkable was when changes and amendments were hastily introduced. It was the second signal from a beleagured Government which gave indication of the serious nature of the problems it had created. The master craftsman, the architect of the first two monstrosities, the then Minister of Finance, was removed from his portfolio, and not before time. Having created havoc within the country, he was given the outside world to tinker with, a threatre of operation where he presumably can do less damage, given the levels of respect this Government has engendered in international circles, other than an attempt at world socialism. But this shuffle of Ministers did little, if anything, to assure Canadians personally, or the business community in particular, that the economy could be turned around. Does anyone honestly believe for an instant that Canadians now feel safer, now that the Department of Finance is in the hands of the man who was directly responsible for the disastrous National Energy Program? The fire is no worse now than the frying pan was.

The new Minister of Finance (Mr. Lalonde) had the embarrassing task of changing some of the outlandish proposals of his predecessor, but in doing so, he added some objectionable ones of his own. The Bill before us today gives ample proof of this continuing debacle. There were approximately 168 provisions in the original Bill. Due to strong public opposition from the public, and from this Party in particular, some 42 changes have taken place. And the Party to my left had not very much to do with these changes. There were 42 changes, Mr. Speaker, roughly one-quarter of the provisions had to be changed, because this Government never stopped to look before it leaped. Four jumps forward, one jump back for the Canadian economy. In the meantime, confusion and chaos.

Back in December, 1981, I spoke on the Small Businesses Loans act which was directly affecting the budget at that time. I would just like to read from the record because I believe it is very interesting. It is on page 14135 of *Hansard* for Wednesday, December 16, 1981 and it reads:

> This budget is a destroyer of initiative. It is a destroyer of any form of elitism. It is the work of warp-minded bureaucrats who cannot define the meaning of the work risk and who have never met a payroll. I am including the so-called finance minister, unfortunately. Any self-respecting minister of finance in the federal system of government that we know, any self-respecting minister who has had such public opposition of the budget and its contents from the public and from business, any minister who has made such wide-ranging changes in the tax system without consulting small business, any minister who has made a $600 million mistake, any minister who has made three major changes as an admission of error, would and should resign.

Since then, we have had 39 more changes. These changes from November 12 to December 18 include MURBs, reorganizations, reserves, capital cost allowances, soft costs work in progress, restricted interest expenses, retiring allowances, accrual of interest income, IACCs, small business bonds, loans to non-residents and employer housing loans, prescribed rate of interest, DPSPs, life insurance, life insurance policy holders, contractual commitment, airline passes, jet fuel, fiscal arrangements, charitable foundations, federal sales tax, capital cost allowances. All of these have been spoken on at length by my colleagues. Then there have been changes with regard to the automobile standby charge, corporate distribution tax, forward averaging, IACCs, life insurance, all on June 28, 1982. The litany of horrors goes on and on.

As I sat in the House, Mr. Speaker, and heard these three previous budgets, as a small businessman I could not believe the confusion and contradictory nature of the changes and proposals which have had such a serious impact on small

business in this country. I would remind the Members opposite that 65 per cent of the businesses in this country are classified as small businesses, and these businesses are the most penalized because of the inept handling of finance by this Government. This is one area which I can speak on from personal experience. Seeing and hearing these proposals—many now rescinded but most still in place—I could almost feel a personal vendetta by the Minister of Finance toward my small business and my employees, not to mention the farmer or the insurance man, etc. Let me illustrate.

• (1740)

Many small-businessmen and farmers, who planned on setting aside funds for their retirement, will suffer as the result of the abolition of the IAACs. The 12.5 per cent dividend distribution tax and the half year convention on capital cost allowances, a subject which has been gone into in great depth here this afternoon, will hurt small-businessmen. Married couples, who now each own a dwelling, usually a home and a cottage, will now be subject to capital gains taxes on one of the residences. The proposed tax liability for directors will discourage individuals from serving on boards of directors. Employees will now be penalized by the inclusion in taxable income of all interest subsidies from an employer, and there will be a deterrent to education through the restriction on education deductions. Employees who have the use of an employer-owned or leased automobile for personal use will now be taxed according to a complicated formula. If I have time, Mr. Speaker, I would like to go into that in great detail.

The Government is penalizing the one thing in this economy of ours which works, that is sales. A person who uses a car on company business will generate sales, which in turn generates production, and that is what we so desperately need in Canada. Canadians will no longer be allowed to deduct interest on loans taken out to purchase registered retirement savings plans. Accrual taxation of life insurance, while watered down from the initial proposal, remains a deterrent to potential purchasers.

In addition to the disastrous effects this Bill will have on the Canadian business community, it raises problems for individual Canadians. The language of the Bill is so complex as to be virtually incomprehensible. It is the most complex piece of legislation since the woebegone days of 1971 when there was supposedly tax reform. I believe Canadians deserve more. They deserve a taxation Act they can know and understand, one which is written in simple style. They do not need an Act which requires the skill of a Philadelphia lawyer to interpret every word and nuance. They do not need tax consultants to explain what it means. Just to give you an idea of what I mean, Mr. Speaker, let me quote from page 58a of the Act as follows:

Clause 20: (1) and (2). The amendment to subparagraph 44(1)(*e*)(iii) and the new subsection 44(1.1) would implement paragraph (36) of the Income Tax Motion, which is quoted in the note to subclause 12(6).

Subparagraph 44(1)(*e*)(iii) at present reads as follows:

And on and on. That should really make Canadian taxpayers understand what it is all about. In particular, they do not need two Ministers of Finance in a row going flip-flop in their minds over the tax system, making these 40 some odd changes to date. Of course, those who suffer the most under these regressive measures are low-income Canadians who gain nothing from the lowering of marginal tax rates, and who will lose more proportionately from partial deindexation. The non-deductibility of interest on money borrowed to purchase RRSPs will certainly discourage personal investment. The Government's plan to tax benefits resulting from share purchase loans will reduce the trend toward employee share ownership. Because this Bill will deny registration for future deferred profit-sharing plans which allow an owner, such as myself, to qualify as a beneficiary of the plan, many small, owner-managed firms will not bother instituting such plans, leaving both owners and employees without job related retirement income.

I would like to take a moment, Mr. Speaker, to touch on one of the most important segments not addressed in this budget, the right of Canadians to own property and to have a tax reduction for the ownership of that property. I would like to address this as the blurb on MURB. Among those groups in society which are in drastic need of some direction and assistance from Government are homeowners and home buyers. The Progressive Conservative Government proposed making mortgage interest payments and municipal property taxes a deductible expense from taxable income. This program would have provided a major stimulus to the economy and would have aided thousands of Canadians who have a strong desire to own their own homes. I ask people to think about the fact that that program would have been coming into its final year, and think of what it would have done for those myriads of Canadians who have the ideals I have just stated. At the time the Government scoffed at the idea and rejected this important program out of hand. But what did the Government offer as an alternative? This is the interesting part. On 18 separate occasions in this House—and I have *Hansard* with me documenting what I am about to say—in the period from November 13, 1980 to November 16, 1981, the then Minister responsible for housing, when queried on the sorry state of housing in Canada and the Government's do-nothing attitude, referred each and every time to MURBs as the magic solution. *Hansard* makes very interesting reading. Every time we asked him about housing, he stood in his place and said: "MURB, MURB, MURB". Well, where are the MURBs? They have been cancelled, and so has the chance of Canadians for mortgage relief. Where in this Bill, Mr. Speaker, is there any mention of programs which will be of benefit to homeowners or home buyers? Where is the tax relief we had planned to offer? Nowhere.

We were successful, in one of the points I mentioned, in deferring the tax from the wholesale level where the Government wanted to place it, rather than on the manufacturing level where it now rests. When the Minister of Finance could not explain exactly how the measures were even going to be put in place, he said that the change would be 1 per cent or 2

per cent to make up the difference from the wholesale level. He said it was completely equitable. He said there would be no increase in the Government's take. Can you think of anything as ridiculous? There is a profit between the manufacturing and wholesale levels, and when you tax the lesser, who is the winner?

An Hon. Member: The Government.

Mr. Stewart: Absolutely. These figures I am going to quote will give you an idea of what I am talking about. Does the Government realize that in addition to the people who are classed as wholesale merchants there are about 5,000 establishments classed as agents and brokers? In 1978, the last reported year, their accumulated gross sales amounted to $16.3 billion. Given the growth over the past ten years it would be safe to assume that today we have between 26,500 and 30,000 wholesale establishments in the country made up of wholesale merchants, agents, brokers, etc. When you add tax at that level, you can understand just what is going to happen to our tax system. More and more will be grabbed by the Government. No respect for the Laffer curve, no respect for what economists in this country are saying about the need for increased productivity and incentives. In 1978, the last year for which we have complete statistics, wholesalers bought $53.9 billion worth of goods, sold those goods for $70.6 billion, and had the tax been in effect then, wholesalers would have had to pay federal sales tax on the difference. Three years ago that difference was approximately $17 billion. Who would have been the winner? Who would have been the loser? The Canadian taxpayer.

Let us look for a moment at that place, as I mentioned before, where everything happens, the point of sale. Nothing in the free world happens until something is sold. It is sold by a salesman, and in today's world this country runs on rubber and petroleum. This salesman must ride in a car. His selling helps the manufacturer increase productivity and, simply put, the circle keeps on widening and we derive taxes. But you cannot keep taxing that poor salesman until there is no incentive left. Often the commissions cannot cover what this Government has done to the salesman who drives the company car.

I would like to read into the record, Mr. Speaker, a letter from the Association of Canadian Travellers which I received. It reads as follows:

• (1750)

Dear Mr. Lalonde:

RE: LEGISLATION PROPOSED—PERSONAL USE BENEFITS OF A COMPANY OWNED VEHICLE

Our Association of 7000 Commercial Travellers feel you should reconsider the proposed Legislation and consider the increases if necessary within the 6% and 5% Guidelines at this time.

It is of great concern that this type of Legislation was placed on all individuals driving employer-owned autos without the advice of Professional Salesmen, "The Commercial Traveller". I am sure your Department Adviser did not research this area.

This Legislation requires study because there should be several degrees of Benefit for the various Salary levels. You could also have asked the families of Commercial Travellers of the Benefits to have a Company Car filled with Advertising, Sales Record Books, Samples, which have to be moved before personal family usage is possible. You might find that Travellers do not go for Sunday Drives. You might find that many Travellers end up with Medical problems from excessive driving.

A Company Car is worse than your own because the driver personally has to pay the parking lot dents. Most Companies will not allow the Salesman to put on a Trailer Hitch to pull a Holiday Trailer. You cannot add Tape Decks or Air Conditioning with all Firms, as these are luxuries.

The regulations seem to treat everyone regardless of circumstances in the same manner. It is completely ridiculous that a Commercial Traveller should pay in Taxable Benefits, over 3 years, for his working vehicle. A Car is a tool of his trade, like the plumber and his tools.

What would be next—tax the desk in an office because all Canadians don't have one. Tax all Office Workers because they have access to a Photocopier, a Typewriter, or the Postage Meter, etc.

Personal Insurance is high because of theft, i.e. Samples must be taken into the Motel room because some products freeze or would be stolen.

A great many Commercial Travellers that work in the Food, Drug, and Service Areas that have an employer supplied vehicle presently earn less than our Postal Workers. Many of these same Travellers will not even get the 6/5 because of the Economic downturn. Many Travellers are being asked to reduce outside trips, use less expensive Hotels, and are being advised there will be no raises this year at all.

In conclusion, our Association believes that the Standby charge, as proposed is excessive because it is based on the value to employer and not the net Benefit to the employee.

We support the suggestion by our fellow Commercial Travelling Organizations that effective date of this Legislation should be postponed until the 1983 Taxation year.

Yours truly,

A. D. McIntyre.

I most heartily concur with that letter, Mr. Speaker. This tax is not fair and is not imposed equitably. As proof of that let us make some assumptions about the use of a company owned automobile. First, we will assume that the capital cost was $10,000; second that it is company owned; third, that the operation cost is ten cents per kilometer, and fourth, that the cost of operating a standard size car is 18 cents per kilometer. Using the 12,000 kilometer rating that the Government wants to impose, the taxable benefit of the standby charge would be $2,400; operating charges would be $1,200; the cost of operation, taking 12,000 kilometers at 18 cents per kilometer, would be $2,160 and the excess taxation to the travelling salesman, who is producing trade for the country, would be $1,440.

When this became evident in my firm, Mr. Speaker, how many salesmen do you think were knocking on my door asking for a raise? It is totally inflationary and is opposed to what we are supposed to be accomplishing.

If we want to use a lesser amount for the standby charge below 12,000 kilometers, we can work with 10,000. In that case, the taxable benefit would be $2,000, operating charges, $1,000, cost of operation for 10,000 kilometers at 18 cents per kilometer, $1,800 and the excess taxation $1,200 or 66.6 per cent. The Bill is repulsive to individual Canadian taxpayers and small-businessmen, Mr. Speaker. I wish it could be withdrawn but I am sure that is a pipedream.

I should like to close by repeating something that I have said many times in this House and outside, Mr. Speaker. You cannot bring about prosperity by discouraging thrift; you

cannot strengthen the weak by weakening the strong; you cannot help the wage earner by pulling down the wage payer; you cannot help the poor by destroying the rich; you cannot establish sound security on borrowed money; you cannot keep out of trouble by spending more than you earn; you cannot build character and courage by taking away man's initiative and independence; you cannot help men permanently by doing for them what they could and should do for themselves—and that means without regressive taxation, Mr. Speaker.

The words of Lincoln are as good today as when he wrote them.

Mr. Deputy Speaker: According to the rules of the House there is a period for question and answer. The Parliamentary Secretary to the Minister of Finance (Mr. Fisher) has the floor.

Mr. Fisher: Mr. Speaker, I should like to inquire about the irritation the Hon. Member has expressed about some of the changes in the tax measures. I will take, as he did, the example of the federal sales tax measures and point out to him that these reforms were introduced at the suggestion of such organizations as the Canadian Manufacturers' Association. This tax change is intended to help Canadian manufacturers and to remove a discrimination that favours imported goods. When we introduced this idea, the Association asked for additional time to consider the proposal. That was granted. Now the Hon. Member uses this, among other things, as an example of retreat and confusion and insensitivity on the part of the Government.

Perhaps he would like to tell us if he would rather we listened to him and thereby create enormous confusion, or listen to such bodies as the Canadian Manufacturers' Association, which he purports to represent.

Mr. Stewart: Mr. Speaker, if the tax at the wholesale level is equitable, perhaps the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) could explain why it was imposed at the wholesale level, but not on tobacco products. That is a multi-billion dollar business and the tax could easily be collected from the manufacturer but would be difficult to collect from the wholesale tobacconist, and why does the Government not impose the liquor tax in the same way?

The Hon. Member should consider how much more simple it would be to devise a scheme of collecting those taxes on imported products at the manufacturing level instead of at the wholesale level. Perhaps the Hon. Member did not hear the odds that I gave regarding the manufacturers and wholesalers. The simplistic answer to the problem is the one that has been traditional. It is only the Liberals who walk away from the traditional without any thought; Conservatives take a really good look before making fly-by-night changes. Customs duties could be brought up very simply to go along with manufacturing. That would leave wholesalers alone.

This should be examined from the point of view of the small-businessman. Usually they are not computerized while manufacturers are, and a simple entry into the computer will handle this for them. Most small businesses are not computerized and it means that a tax has to be added on to each invoice, in the case of drug sundries and other things.

The Hon. Member said that he did not know what a combine was; I would suggest that he does not know what small business is either.

Mr. Deputy Speaker: The Parliamentary Secretary to the Minister of Finance for a short question.

Mr. Fisher: Mr. Speaker, I am a small-businessman, like the Hon. Member. I should point out to him that the questions he has raised are the same ones that the CMA, CFIB and the Chamber of Commerce raised. That is why we suggested that there be a longer period available for a re-examination of the proposals. Even the Hon. Member has an opportunity to consider input, as the implementation of the proposals have been delayed. We welcome his ideas, and I will get a reply for him on cigarettes and alcohol.

I should like to ask the Hon. Member how he justifies attacking the process of listening to ordinary Canadians and calling the Government confusing and insensitive when it does listen to them and to the associations that represent them.

Mr. Stewart: Mr. Speaker, long before any of this came up I sat on a commission that considered a White Paper that was sent to the federal Government years ago. It contained not one representation, but dozens. The only person who listened to us was Mr. Rodriguez who represented Nickel Belt at that time.

I should like the Hon. Member to understand how deep this goes. Those representations were made and I should like to show the Hon. Member the letters I received—

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

TRUST COMPANIES—ACTION TAKEN BY MINISTER. (B) QUERY RESPECTING ROLE OF MINISTER

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, on January 26, I had occasion in this House to ask a question of the Minister of State for Finance (Mr. Cosgrove) regarding the affairs of Greymac, Seaway Trust and the other companies that are now under receivership or seizure by officers of the Government of Ontario.

• (1800)

The whole problem in relation to these trust companies has been expressed by Hon. Members on this side and, indeed, the general public. It is of major concern to the Province of

Ontario right now. It has been bothering the House of Commons and its Standing Committee on Finance, Trade and Economic Affairs for a number of months, indeed, years.

The Government is responsible under the Constitution for banks, banking, money supply, interest rates and the various powers which go along with the creation and management of money. Consequently we have several organs of Government which are supposed to be responsible to be our policemen and to manage these affairs. We have a Trust Companies Act and a Loan Companies Act and a director. We have the Canada Deposit Insurance Corporation which insures deposits to $20,000, and hopefully that will soon be $60,000 to protect those who deposit in loan and trust companies, banks and so on. We have an Inspector General of Banks. In addition, we have the actions of the Bank of Canada and the efforts which are supposed to be made by the Minister of Finance (Mr. Lalonde) and his Department. All these actions are supposed to ensure for the people of Canada that our financial system is sound and secure.

Unfortunately there have been real stirrings, particularly in this session of Parliament, with respect to these financial institutions. The House will recall that earlier this year following a motion there was a special reference to the Finance Committee with respect to banks and bank profits. Very soon that Committee became a bank solvency committee, not a bank profit committee. In accordance with its deliberations, the Committee made reference to increasing deposit insurance to $60,000 and other recommendations to Government, all with the view to increasing the security of our financial system.

The House will also recall that when the Bank Act was before it, the former minister of state for finance gave solid undertakings, both in the House and in Committee, that he would introduce new loan and trust company provisions before the House. All we have had is a White Paper on the trust company matter, but no new statute or proposal from Government.

This matter has become quite serious. Seaway and Greymac are both federal corporations with respect to their mortgage operations. They were incorporated during the life of this Parliament. They are now in trouble. The Government has known of some of the problems for over a year. The Government has known that the officers behind Greymac in particular were involved in trying to get control of the Canadian Commercial Bank. There have been concerns expressed to the Government on the problems of Astra Trust and ReMor. The Government knows of the problems of Argosy. Prior to all this there were problems with British Mortgage and Trust and Atlantic Acceptance.

The whole question of the stability of our financial institutions is at stake. Every day that goes by with the Government stonewalling questions in the House concerning Seaway and Greymac, what it is doing and where it stands, causes further concern to depositors and others who want to deal with trust companies, loan companies and banks. In the view of this fact, the Canada Deposit Insurance Corporation Bill now before the House should be expedited. Because it cannot be expedited unless the Government undertakes that this House will have a complete inquiry by a special committee into the activities of loans and trust companies generally, and into the activities of the Canada Deposit Insurance Corporation and the Inspector General of Banks particularly, I say to you and the House, it is absolutely essential that the Government take its responsibilities seriously and deal very quickly with new methods of regulating and controlling those who have the right to take deposits from the public, make mortgage loans and generally operate our financial system as financial intermediaries. The whole question of our system of finance is at stake. The Government has been hiding. We have had sleeping policemen on the job. There are problems and it is time for the Government to do something about them.

• (1805)

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, because Crown Trust Company, Greymac Trust Company and Seaway Trust Company are provincially incorporated, the federal Department of Insurance has no jurisdiction over their activities. Greymac Mortgage and Seaway Mortgage are federally incorporated mortgage loan companies licensed under the Loan Companies Act and supervised by the federal Department of Insurance. The activities of Greymac Mortgage and Seaway Mortgage have been monitored by the Department.

The Loan Companies Act stipulates that the licence of each mortage loan company shall expire on March 31 of each year and may be renewed from year to year, subject to any qualification or limitation that the Minister considers expedient. The Act also stipulates that the licence may be renewed for any term less than a year.

I can report that since March 31, 1982, for a number of reasons, the licences of Greymac Mortgage and Seaway Mortgage have only been renewed for successive periods not exceeding two months. I can also report that as early as April in the case of Greymac Mortgage and July in the case of Seaway Mortgage, limitations were placed in their licences aimed at severely limiting any significant growth in the amount of money the companies could accept from the public. Subsequent to that time, further limitations were placed on the companies' licences and additional action was taken to protect the position of their bond and debenture holders.

On January 7, 1983, the Superintendent took control of the companies' assets, pursuant to Section 73 of the Loans Companies Act, and reported to the Minister, pursuant to Section 73.1 of that act, that in his opinion the companies' assets were not sufficient, having regard to all circumstances, to give adequate protection to their bond and debenture holders. Before the Minister may take any action in respect of this report he must give the companies an opportunity to be heard; that process is now in progress.

Concerning the provincially incorporated Crown Trust, Greymac Trust and Seaway Trust, and the reason why the Canada Deposit Insurance Corporation has agreed, if necessary, to lend them funds on a secured basis to meet their

liquidity needs, all three companies are members of the Canada Deposit Insurance Corporation. One of the powers of the Corporation is to lend member institutions funds to help them meet their liquidity needs. In addition, because the three trust companies are member institutions, the CDIC stands ready to meet its insurance commitments to the companies' insured depositors, should that be necessary.

• (1810)

NORTH ATLANTIC TREATY ORGANIZATION—CANADIAN NAVAL CONTRIBUTION. (B) MODERNIZATION OF VESSELS

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, I rise this evening in reference to a question I asked of the Minister of National Defence (Mr. Lamontagne) on January 31, concerning the status of our destroyers and the DELEX Program. I pointed out during my question that the Canadian Navy is unable to participate fully in NATO exercises because of the unsuitability and age of the equipment. I am concerned tonight with my supplementary question which was:

Madam Speaker, my supplementary question is directed to the same Minister. We are spending over $200 million on a destroyer life extension project, as he knows, to extend the life of 16 ancient destroyers.

Gatineau has just come out of the DELEX Program, a 24 year old vessel having its life extended another eight years. It does not provide for, nor has it had installed any form of anti-missile capability. The lessons of the Falklands point to the necessity of that. These ships will not be able to defend themselves in the event of hostilities. Will the Minister tell us why they are only doing half the job of modernizing those vessels?

In answer, the Minister of National Defence stated:

Madam Speaker, the Hon. Member should know that behind the policy of the DELEX Program, which is a program to modernize our vessels, we are cognizant of the time that we will in fact be able to use these vessels. For the old class of 56 and 57, for example, we will refit them so that they can be used for another seven or eight years, until the new frigates are in service. There is no use spending millions of dollars on something that we will not be able to use in five or six years. However, on the newer class frigates there will be a more complex DELEX Program so that they will be useful for a longer period of time. It is just a question of judgment.

It is not the confusion of the answer that bothers me as much as the fact that, for a considerable length of time yet to come, we will be unable to have any naval vessels which can defend themselves in conventional, non-nuclear war. In the case of a non-nuclear war, Canada would be assigned two major roles; the anti-submarine warfare role and protection and reinforcement convoys. Any future war is likely to be over quickly enough that it will be a "come as you are" war. We will not have time to build ships after the war starts. The Falklands conflict gave military and political leaders some insight as to what can happen, and we should have learned some lessons from it.

Let us consider what the naval forces in the Western world are likely to confront in any future war. I would like to illustrate part of the Soviet capacity of surface ships and submarines. Concerning Cruise missile carriers, there are 50 Cruise-missile-carrying nuclear powered submarines in the Russian fleet at the present time. There are 20 Cruise-missile-carrying diesel-electric powered submarines in its fleet. The Soviets have just deployed a new KIROV class destroyer which carries 20 long range, or 500 kilometre range, Cruise missiles. In addition, there are 26 guided missile cruisers, 38 guided missile destroyers, and 28 guided missile frigates in the fleet.

The largest Soviet surface ship is the Kiev-class aircraft carrier. Two have been deployed and two more are under construction. The Kievs are armed with anti-ship Cruise missiles, anti-submarine and over-the-horizon target acquisition helicopters, anti-aircraft missiles, anti-submarine rockets and missiles, and the FORGER vertical and short-takeoff-and landing aircraft.

The common factor in recent Soviet naval developments is increasing size. Larger than their predecessors, these new ships and submarines have larger weapon magazines and greater endurance. The Soviet Naval Air Force has been receiving the supersonic swing-wing backfire bomber, which is equipped with AS-6 anti-ship missiles. That missile has a range of more than 200 kilometres. To complement the anti-ship missiles, the Soviet Union has developed and deployed two types of low-orbiting satellites for global ocean surveillance.

Having regard to ship defence, what must any modern fleet need? It needs patrol aircraft for reconnaissance. It would also be well advised to have the Airborne Warning and Control System Aircraft. This is one of the things Britain found itself desperately short of during the Falklands war. A fleet must have long range air defence missiles to attack enemy launching platforms, anti-submarine weapons such as ASROC, which is a Mark 46 torpedo on an unguided rocket, and uses a homing device to find submarines to a depth of 11 kilometres, modern depth charge launchers and ASW helicopters. A fleet needs short range point defence, such as anti-missile missiles to shoot down attacking missiles, or a sophisticated electronic countermeasures system to jam the missiles' guidance system, or a chaff dispenser. We have none of these. It also needs close in automatic gun systems.

What does Canada have? We have 23 destroyers, of which three are not operational, and only four of the remaining 20 are modern. By the time the six new patrol frigates have all been delivered, in 1991, Canada will have a ten ship navy.

The youngest ship, apart from the DDH-280s, will be an *Annapolis* class, which was produced in 1964. The DDH-280 has been fitted with the Sea Sparrow system which, as Commodore Healey told the Standing Committee on External Affairs and National Defence, has a very limited capability against second generation missiles. I notice that an advertisement for the Sea Sparrow states, "The Sea Sparrow has successfully intercepted missiles as well as Cruise missile type targets and has proved its ECCM capabilities". I must say that there is a certain amount of puffery in that advertisement, because the type of missiles that they can intercept are not the Exocet. In fact, Canada has no protection for its ships against the Exocet or any other sea skimming missile.

Canada's contribution to the Supreme Allied Command Atlantic this year will be the 26-year old HMCS *Margaree*, which has no missiles and 1960s technology. The Destroyer Life Extension Program relates to 16 destroyers. First will be the *St. Laurent* class which has six vessels, 27 years of age at

the present time. They will not get any new equipment but the hull and machinery repairs will keep them safe. The *MacKenzie* class has four vessels, 21 years of age. The improved *Restigouche* class has four vessels, 25 years of age and the *Annapolis* class has two vessels, only 19 years of age, and they are going to treat them the same as the improved *Restigouche*.

• (1815)

Just in closing I might say that the Deputy Minister of Defence at that time, on May 18, 1982 said:

> The DELEX will not be fitted with a missile-to-missile capability ... Their main capability is still in the anti-submarine role. If you ended up in a surface-to-surface action where they could run into that type of missile, they would be in very great difficulty.

I look forward to whatever the Parliamentary Secretary can say that might comfort me in this matter.

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I will first of all touch on the DELEX program. Quite frankly, it is rather surprising to hear the Hon. Member's concerns in this regard. The Hon. Member knows that the DELEX program was in the departmental approval process between 1977 and 1980 and in fact received Treasury Board's final approval in January 1980 when the Hon. Member was Minister of National Defence. I wonder if it has escaped the Hon. Member's notice that it was he who approved the DELEX program.

From the outset, the DELEX program was constrained in order to accommodate the expenditure within the DND envelope; while still permitting the continued allocation of funds for new equipment; such as the Canadian patrol frigate.

While the total cost of the DELEX program, when completed, will be in the area of $200 million, I think it is important to point out that these funds will be spread over 16 ships. The funds were assigned as follows: all 16 ships, regardless of age, went through a thorough refit, thus ensuring that they could safely proceed to sea for some additional years beyond their projected retirement date. Approximately $80 million of DELEX funds were allocated to this expenditure. The remaining funds were assigned to ships in order to maintain a combat capability for their remaining life, and were assigned to individual ships on the basis of how much longer we anticipate that they would have to remain in service before new ships could replace them.

In this division, or allocation of combat capability funds, the *St. Laurent* class, our oldest ships, received nothing. The *MacKenzie* class received approximately $7 million per ship; the improved *Restigouche* class received approximately $17 million per ship and the *Annapolis* class, our newest steam destroyers, received approximately $19 million each.

It is true that none of these older ships received an anti-missile missile system. The funds available were simply not sufficient to make major changes in old ships and preserve capital for the real requirement of acquiring new ships. However, in time of imminent conflict, such changes can be incorporated into our active fleet.

However, in dealing with these newer ships we have made several high technology improvements. In the case of *Gatineau* and the improved *Restigouche* class, it has already received most of the new DELEX equipment and will receive the remainder when it is available from the production lines. These include: (a) improved secure communications; (b) improved air warning radar; (c) upgraded gun/fire control system; (d) improved electronic warfare system; (e) a new missile decoy system; (f) a new automated link and plotting system and (g) an improved Identification Friend or Foe system. Similar improvements will fitted in the other improved *Restigouche* and *Annapolis* classes.

Mr. Deputy Speaker: I regret to interrupt the Hon. Parliamentary Secretary, but the time allotted to him has expired.

• (1820)

GARRISON DIVERSION—RESTORATION OF UNITED STATES FUNDING—REQUEST THAT MINISTER TAKE ACTION. (B) REPORTED STATEMENTS MADE BY NORTH DAKOTA OFFICIAL

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I was most distressed over the $22.33 million recently allocated by the United States Government for the continuing construction of the Garrison Diversion Project. However, I was extremely perturbed when I learned that the United States House-Senate Conference Committee had been persuaded to reinstate $4 million of funding for Garrison, originally voted against in the United States House of Representatives.

The very first legislative setback in the project's history occurred in mid-December when Congress denied the allocation of $4 million to the detrimental project. This was the only glimmer of hope for Canada's environmental welfare seen in the 18-year history of Garrison. Finally, it was felt by some, Canada had made headway in the battle to convince the United States that the irrigation project would be harmful to our waterways and Manitoba's fishing and agricultural industries.

One week later, however, the moneys were restored. As reported in the January 3, 1983 *Time* Magazine, Congressman Silvio Conte publicly stated in Washington that the driving force behind the completion of Garrison, North Dakota's Senator Mark Andrews urged the House-Senate Conference Committee to reinstate funding for Garrison or risk having him vote against their pet projects.

To toy with such matters of importance to Canada is, I feel, a disgrace. Whether the United States House-Senate Conference Committee decided to vote for or against the proposed funding is not the issue here. The fact is the seriousness of the Garrison Diversion Project and, in particular, that the proven harmful effects it will have are not being taken into consideration. Furthermore, for Senators to base the logic of their vote on the criterion of ensuring the life of their own pet projects is totally ludicrous.

For 18 years Canadians have been expressing their objections to the continuation of this project. It is a known fact that

if Garrison is completed, Canadian waters will be contaminated, causing Manitoba's industries to suffer. The project will result in a violation of the 1909 Boundary Waters Treaty between Canada and the United States, thereby totally disregarding the affirmation of the International Joint Commission. All evidence compiled on the project points to the disastrous consequences it would have on our country.

The facts have been presented time and time again. I have recommended to this House on numerous occasions the need to make representation to the United States Government, airing our valid concern and objection to the completion of the project. I have been in contact with the Ambassador of the United States, His Excellency Paul H. Robinson, Jr., obtaining his assurances that in no way would the United States violate its obligation to the Boundary Waters Treaty or ignore the recommendations of the International Joint Commission.

Still there are those resolved to completing the project with utter indifference to the outcome for Canada. In *The Globe and Mail* of November 25, 1982, Robert Wefald, the Attorney General for North Dakota stated, and I quote:

The bottom line is the project will be built if the United States Government decides it is in our best interests.

However, according to Congressman Conte and the Joint House-Senate Conference Committee, the best interests of a country are irrelevant. It is the better interests of individual Senators' pet projects which are of prime importance and which, as proven with the restoration of funds for Garrison, come first. For this reason I feel it imperative to call upon this House and ask that immediate steps be taken to ascertain the manner in which this inane situation be dealt with.

On June 9, 1982, an all-Party Committee of the House of Commons travelled to Washington and voiced the concern of the Canadian people. It has been made obvious that again we must show our opposition to this project. I agree wholeheartedly with the recommendation of my colleague, the Hon. Member for Lisgar (Mr. Murta), that this House instruct its Ministers and give an indication to the Province of Manitoba to have a committee present itself to Washington to put up a strong showing against funding for Garrison. I must stress the need for speed due to the announced $22.33 million more now allocated to the detrimental Garrison Diversion Project.

• (1825)

Mr. Jean Lapierre (Parliamentary Secretary to Deputy Prime Minister and Secretary of State for External Affairs). Mr. Speaker, I would like to thank the Hon. Member for his keen interest in the Garrison Diversion Unit Project. I would like to reassure him that this Government has more confidence in the political system of the United States than to think that, as he puts it, an individual Senator's pet project could be a base or a criterion for them to approve the project of such magnitude.

If I may give some history, Mr. Speaker, I would say that the Garrison Diversion Unit, first authorized in 1965 by the U.S. Congress, continues to be a subject of serious concern to the federal Government, as well as to the provincial Government of Manitoba. No one on either side of the Canada-U.S. border contests the fact that if the unit is built to full size it, "would cause severe and irreversible damage to the Manitoba ecosystem and, in particular, to the commercial and sport fisheries in Canada,". This quotation is taken from the 1977 International Joint Commission Report on Garrison, which concluded that, "those portions of the Garrison Diversion Unit which could affect waters flowing into Canada not be built at this time".

The IJC Report, and this conclusion, form the foundation for Canadian opposition to the Garrison Project. We firmly believe, and have so informed the U.S. Government and Congress, that Canadian and Manitoba interests can only be protected through modifications of the project, so that there are no transfers of water from the Missouri River basin into waters of the Hudson Bay basin which flow into Canada.

U.S. authorities have recognized the validity of our position and have formally stated, as has the Ambassador to the Hon. Member, that the United States will comply with its legal obligations to Canada under the 1909 Boundary Waters Treaty not to pollute Canadian waters. Thus, we should not attach much weight to statements by U.S. State officials such as those attributed recently to the Attorney General of North Dakota, or even the Senator from North Dakota, that the Garrison Project will be proceeded with regardless of Canadian or IJC views.

As Hon. Members know, the Congress appropriated $4 million for the project for the fiscal year 1983, despite an initial rejection of this funding by the U.S. House of Representatives. The level of funding proposed for the fiscal year 1984 by the administration is $22 million. While this is a very large increase in the appropriation level, it still must be accepted by Congress. Given the initial defeat of the 1983 appropriation, it is quite possible that Congress will reduce drastically or eliminate an appropriation of this magnitude.

Opposition to the Garrison Project as currently designed is on the increase. We believe that this opposition will influence the administration and Congress to be more forthcoming in finding ways to meet domestic U.S. and Canadian concerns with the design of the project. We will follow up all reasonable means to achieve this goal. We thank the Hon. Member for his continuing support.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at eleven o'clock a.m.

At 6.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, February 8, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

FAMILY ALLOWANCES ACT, 1973

MEASURE TO LIMIT INDEXATION

The House resumed from Monday, December 20, 1982, consideration of Bill C-132, an Act to amend the Family Allowances Act, 1973, as reported, (without amendment) from the Standing Committee on Health, Welfare and Social Affairs; and the motion of Mr. Hawkes (p. 21697).

The Acting Speaker (Mr. Corbin): Before recognizing the Hon. Member for Winnipeg-St. James (Mr. Keeper) to continue his speech, I should inform him and the House that the Hon. Member had already spoken for two minutes before Christmas and, therefore, under the new rules has eight minutes of his speaking time left.

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, I hope that people understand that the two minutes that you referred to are the two minutes that I spoke on this Bill in a particular debate, as before Christmas I spoke in this House, obviously, for much more than two minutes.

I am glad to be recognized to speak in this debate, but in a way it is sad because it follows the arbitrary action of the Government to impose closure on this debate. I suppose that the Government moved in that direction because the arguments that have been put forward from this side of the House are beginning to hit home and it is feeling the heat. The Government probably feels that if it allowed this debate to continue, it might feel the continuing pressure to withdraw this legislation and to change its policy of six and five as it applies to Family Allowances.

The legislation that is before us today, Bill C-132, the application of six and five to Family Allowances in this country, is fundamentally an attack on human dignity. I want to elaborate on that. It is an attack on human dignity in the sense that, first and foremost, six and five is the Government's economic policy. It is its contention that inflation is the most important problem in this country and it has demonstrated to everyone that fighting inflation is its priority. In other words, by the application of this six and five program, the Government has accepted continued unemployment for at least 1.5 million people. This figure is the official statistic of unemployment in this country. So having 1.5 million people unemployed has not yet moved this Government to make unemployment its priority. It continues with its misguided efforts at wrestling inflation to the ground, and that is what six and five is all about. Fundamentally and effectively the Government has abandoned any notion of providing employment for everyone who wants and needs employment, and has abandoned the policy objective of full employment.

In these times that is a direct attack on human dignity, because every person has a basic need to engage in productive activity. In this society in which we live, the way we distribute revenue is through the employment that we have. In our society it is necessary to have a good income in order to live a decent life and sustain one's feelings of self-worth and dignity. Six and five, as an economic policy, places the priority on fighting inflation, downgrades the importance of employment and undermines the dignity which the average Canadian enjoys.

Unemployment not only hurts the person who is unemployed, it also hurts the person who has a job. It does that because everyone is insecure in their employment, and they live in fear. To live in fear is a very negative experience and adds in no way whatsoever to the quality of life in this country.

The reason I emphasize the employment aspect of six and five, when we are talking about Family Allowances, is that it is hard to understand what the Government is doing in applying six and five to Family Allowances. In the first instance what it appears to be doing is attacking the notion of universality in social programs. In other words, it has capped the increase of Family Allowances, which is a universal program which goes to every citizen in the country. In order to deflect criticism, the Government has added something to the Child Tax Credit, which is a selective program. It has made a fundamental choice to go with selective programs as opposed to universal programs.

• (1110)

The problem with that approach in the social policy field is that it is an attack on human dignity. I say that because we know that once programs start to move down the road of selectivity, once you have to prove that you are poor before you can get social benefits, these programs have attached to them a negative stigma which says that anybody who applies is less than an equal, less than the person who does not have to apply.

This is a retrograde step in terms of social policy in this country and a direct attack on the respect that each individual receives. This Bill needs to be withdrawn. It should be put in the ashcan. The Government has to come up with better social

policies that go in the right direction, and with an effective economic policy.

One of the problems in moving this Government to withdraw this legislation is that the whole of the Opposition, the Official Opposition and the NDP Opposition in this House, are not united. The Progressive Conservative Party have taken two stands on the six and five program. That has made them ineffective in fighting this inhumane action by the Government.

When the six and five legislation first came out, the Tories voted for it. They moved in one direction. They did not seem to understand the implications of the six and five legislation, the fact that it places a priority on fighting inflation and downgrades the problems of unemployment. They did not seem to understand that this legislation would be applied to Family Allowances, old age pensions and Public Service pensions. When the specific legislation applying to Family Allowances came into the House, they reversed themselves and went in the other direction.

What message is the Government to take from that? It takes the message that the Official Opposition, the Tory Party, does not know what it is doing and cannot mount an effective attack against the Government, even though the legislation is inhumane.

Mr. Lewis: What about the polls?

Mr. Keeper: One of the Tories says, "What about the polls?" I am sure that is a reference to the fact that the Tories are riding very high in the public opinion polls right now. It is good to be high in the public opinion polls in politics, but it is also necessary and important to look at the substance and quality of legislation before the House.

One of the reasons that the Tories are in trouble now and are such an ineffective Opposition is that they always have their eye on the public opinion polls. That is why they are into a leadership convention. They are afraid that their present Leader could not take advantage of their high standing in the public opinion polls and could not take them to office.

A single-minded eye on the possibility of winning in the public opinion polls is not good enough. It leads to ineffective opposition. If the Tory Party could get its act together, make up its mind about six and five and join us in fighting this attack on human dignity, this attack on Family Allowances, we could do something about it. When the Tory Party decided it did not want legislation that affected the oil industry to go through this House, the bells rang for two weeks. If the Tories were to adopt the same attitude with regard to this legislation, we could stop it. An effective and united Opposition could stop this inhumane action and restore human dignity as a value in public policy.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, the Hon. Member for Winnipeg-St. James (Mr. Keeper) has again shown the classic socialist approach to his Party's philosophy. They truly believe that if they say something often enough, people will come to believe it as they have come to believe it. They truly are ideologues who want to remake mankind into a socialistic image, but they always get botched up when they deal with real people so that they find themselves falling behind in the polls.

• (1115)

They continually refer to this bell ringing episode as if it were an episode to save the oil industry. It had nothing to do with that at all, Mr. Speaker, because all of the Bills went through. The bell ringing incident was because the Government was trying to jam 15 pieces of legislation through in one omnibus Bill. We knew, as the Opposition, that Canadians would never be able to come in and speak properly to that Bill in its omnibus form, that it would set a precedent so that in the future the Government, in theory at least, could bring in three or four omnibus Bills per Session and pass statutes, in effect, as schedules to that omnibus Bill which would affect many, many different areas. So we let the bells ring, with no support from the NDP, until the Government agreed to split that Bill into individual parts. As you know, Mr. Speaker—

The Acting Speaker (Mr. Corbin): Order. I must draw to the attention of the Hon. Member that he is not presently speaking to the motion now before the House. I would suggest that he come to that soon.

Mr. Thacker: Mr. Speaker, Bill C-132, a Bill to amend the Family Allowances Act, is the third string in the Government's program to attack the poor people of Canada. Over the years the Government has built up these huge deficits which have led to the inflation which is now leading to the economic collapse in which we find ourselves, so people are having to cut back. We agreed with six and five as an over-all program to cut back in the future, but we certainly did not agree to the Government applying it in these specific areas. As you know, we opposed it when the Government tried to break contracts with retired federal civil servants, we opposed it with respect to the senior citizens, and we are opposing it with respect to the Family Allowances, because, Mr. Speaker, it is being applied unfairly.

As I mentioned before, the Minister herself, who receives $100,000 plus, will this year take an additional $6,500 out of the Canadian economy even though she is not working one bit harder than she was last year. We, as Members of Parliament, will be taking an additional $3,900 out of the economy in 1983, even though we are working not one bit harder than last year. Yet we expect the mothers receiving Family Allowances to take only 6 per cent when they had guaranteed to them full indexation. That is not fair, Mr. Speaker. It might seem like very little money, $17 per child per year, but that $17 to the mother who is barely at the poverty line is much more significant than the $3,900 is to you and me, because our actual cost of living has not gone up $3,900.

There is a solution, however. Had the Government been genuinely fair in treating Canadians, it would have brought in a law that said that rather than six and five, there would be a flat across-the-board payment—just to pick a figure, say,

$1,000 across the board. You and I would get $1,000 and that probably would cover our cost-of-living increase. Well, why not give that to the senior citizens, because their actual cost of living has gone up by that much?

I put that argument to the Minister a few days ago and she stood up with some response which was totally out of context. It was almost as if she did not understand the point I was making, which was that in times of hard inflation when we as a nation decide there has to be a cutback, the way to achieve that cutback is to give a flat across-the-board settlement of, say, $1,000 or $2,000. The people near the poverty line would then come up and those at the top would come down, and we as a society would get closer and closer together.

As I have argued before, the real effect of inflation where you have across-the-board settlements of 6 per cent or 10 per cent is that the rich become incredibly rich and the poor just barely inch up, so that as a Canadian society we get further and further apart. Surely during times of inflation we should be trying to come closer together, particularly when you are trying to adjust to the situation. That has been my argument, Mr. Speaker, and that is why I can stand with absolutely no hesitation and argue against the position of the New Democratic Party and say we are opposing this specific Bill even though we are in agreement with general restraint across the country. We can all agree on restraint. It is the application of it, where you have to decide whether or not you are being fair, that is important.

The NDP push this nation into huge deficits, Mr. Speaker, to the point where 25 per cent to 30 per cent of every tax dollar which comes into the federal Government now goes to service the debt. Where does that 30 per cent go? It goes to people who already have wealth. So when you build up deficits and top that with inflation, you get a concentration of wealth in the hands of people with money already, rather than the poor. That is the direct fall-out from the policies of deficit financing that we on this side have been arguing against for so many years.

• (1120)

I will continue to say that again and again and again, Mr. Speaker, because Canadians are beginning to realize that the real problem is deficits. They lead to inflation as night follows day, and inflation, as day follows night, leads to economic collapse. It has happened time and time again throughout history, in Canada and in every other country in the world, and until Canadians come to realize that, take their sovereignty back, and real limits on the power of Governments to interfere in their lives, we will continue this circle through history.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I appreciate the opportunity to speak at report stage on Bill C-132. Before I get into my prepared text I would like to take issue with my colleagues to the left, if I may very briefly, on two items.

Firstly, as to whether or not we have changed our position on restraint, I would tell my colleagues to the left that we have definitely maintained our position on restraint. We have supported the Government in the broad principle of six and five. Where we have separated ourselves from the Liberal Party is that we do not believe that the errors of the Liberal Government should be corrected on the backs of retired civil servants, senior citizens and those families who are suffering in Canada today as a result of Liberal Government policies.

As to the offer to unite with the New Democratic Party, I should tell them that we are very, very fussy as to whom we unite with. We do not fall in and out of bed as quickly and as easily as they do. While I am talking about beds, I might point out that there is one very great hindrance to any uniting with the NDP, and that is their stated policy on bordellos and licensed houses of ill repute, which policy we know from the words of the NDP justice critic. Thank you very much, Mr. Speaker, I wanted to deal with that very pertinent issue right now.

Now, as to the purpose of the Bill, the Liberal Government is planning full steam ahead, unless common sense prevails, to cap the indexing on Family Allowances to 6 per cent despite the fact that, due to its policies in the past, inflation has skyrocketed into double digits and it has done nothing about it. It is clear, Mr. Speaker, to this side of the House that the Liberal Party has not won the battle against inflation. What it did was create such economic chaos that nobody could buy anything. It won the battle against inflation by creating the chaos and making it so no one could afford to buy. That certainly brings prices down because manufacturers are not manufacturing for inventory, they are clearing out inventory.

There is no question on this side that we feel the indexing of Family Allowances to the level of inflation should be maintained. That is why my colleague, the Hon. Member for Calgary West (Mr. Hawkes), put in an amendment to endeavour to stop this Government from carrying on ad nauseam with its decision to fight inflation, and then take credit for beating inflation on the backs of the poor families of Canada. My colleague moved an amendment to remove capping from the year 1984, as an appeal to the Government and to common sense, to restrict capping to 1983. This was done because we are against the principle espoused by the Liberal Government that old age pensioners, families and retired civil servants should fight inflation. I know that is the position of the Minister and the Government but we feel it is not fair to ask them to bear that burden. As a result of Liberal Government policies, more and more Canadian families are living at the poverty level. I am not sure whether that has ever been stated as firm Government policy, but it is certainly a firm happening in the country.

• (1125)

In my riding of Simcoe North there is 33 per cent unemployment in the Town of Midland as a result of the failure of the Government to react to economic circumstances throughout Canada and the world. Having created that chaos, that hardship and unemployment, the Government feels it will

correct the situation by cutting back on the legitimate indexing of Family Allowances.

Time and time again we have suggested that there are better ways to fight the battle. We have suggested that the Minister not fight the battle of restricted Government spending by setting up the Macdonald Commission and paying $825 per day to Mr. Macdonald and lesser amounts to the other members who are not aspirants. We notice that Mr. Macdonald gets more money when he travels but we are not sure why. We are not sure that he has to travel at all or that he should even have been appointed. I would ask the Minister to have her officials calculate how many Family Allowance cheques could be maintained if we did not spend $825 per day for Mr. Macdonald and his confrères. Perhaps the Government could support the motion for capping to 1983 only if it were to dump the Macdonald Commission.

I also suggest to the Minister that the Government should tackle unemployment rather then watching the number of unemployed people increase and doing nothing about it.

It almost seems as if there cannot be a program without an acronym. We get nothing but acronyms from the Government, but no jobs. That is why the Family Allowance is needed at the minimum family income level. It would assist families to receive a cheque once a month, not a tax credit which it seems to me is worked into the income tax return and brings about a refund cheque in May of 1984. A Family Allowance cheque issued once a month is sorely needed by the families of Canada. We suggest that it is unfair, inappropriate and should not be on the cards that the families who need the money have it taken away by the Government.

I do not want to say anything more than that, Mr. Speaker. We will support the amendment proposed by the Hon. Member for Calgary West, which is made in good faith and would give the Government an opportunity to come to its senses on the capping of the indexation of Family Allowances. We will also vote against the Bill.

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, there is not a Government Member speaking to this amendment, not a Government Member standing in the last series of speakers to speak on this Bill.

This Bill caps Family Allowances. I do not support this package of legislation. It obviously sets the tone and the direction of the Government. The application of the six and five program has been brought before us in four different pieces of legislation up to this time: Bill C-124 will cap the increases allowed to wage earners, Bill C-131 will cap Old Age Security pensions, Bill C-132 which we are discussing today will cap Family Allowances, and Bill C-133 will cap indexing on pensions of retired public servants.

• (1130)

I would point out to Hon. Members that if they look at each piece of legislation in isolation, the Government may be able to give some justification to them. However, if one looks at what the Government is doing with the global package, it is plain that the Government's major thrust is against those who are vulnerable and defenseless in our society. I suggest that this is the condemnation that is at the door of the Government.

The supreme irony of this program lies in the front page article in *The Globe and Mail* of today wherein it is revealed that the new Chairman of the Macdonald Commission, Donald Macdonald, will cost the taxpayers of Canada $800 a day. That is only for the Chairman. His salary will be a minimum of $800 a day in addition to the *per diem* expenses he will receive.

Has it occurred to Hon. Members that that minimum of $800 a day is what an unemployed person receives on his monthly UIC cheque? This incredible irony shows the callousness of the Government. This is a man who receives income from the boards on which he serves of various corporations. No doubt he receives a stipend from the law firm of which he is a partner. He receives consultant fees for the work he does for corporations such as McDonnell Douglas which, incidentally, signed a contract with the Government. As well, he receives a generous pension as a former Member of the Cabinet. While he receives all this income, the poor, impecunious, poverty-stricken Donald Macdonald will be propped up with an extra $800 a day. Meanwhile my constituency office—and I am sure this is true for all Members—is besieged with telephone calls from those who are in the snags of the Unemployment Insurance Commission.

Then we have Tom Shoyama.

The Acting Speaker (Mr. Corbin): Order. I would ask the Hon. Member to relate his remarks to the motion now before the House.

Mr. Friesen: Mr. Speaker, you will remember that I introduced this particular segment of my remarks by showing the incredible irony that exists between the legislation we are discussing today, which is to cap Family Allowances for families in Canada, and what the fat cats get who happen to be friends of the Liberal Government. This Government is committing an unconscionable crime.

I want to point out that Mr. Shoyama, the former Deputy Minister of Finance who is now retired on a very generous Public Service pension, will now receive a fee commensurate to that of Donald Macdonald's. This is evidence that the attack is definitely not on the friends of the Government. It is against those Canadians who are vulnerable.

I suggest Hon. Members go back and look at the speeches made by the Minister of National Health and Welfare (Miss Bégin) when she was debating the Bill which would bring about a tax benefit at the end of the year for families. It was called the Child Tax Credit. Her plea at that time was that those receiving this Child Tax Credit were the same as those who received Family Allowances. At that time she said that they were the vulnerable ones. These people include housewives and mothers, single parents or others, in Canada. The Minister and other Members went on to say that this may be the only cheque that these people can cash if they are not single parents. The Government now says that it wants to cut

back on these cheques. When we debated the Child Tax Credit two years ago they were the vulnerable ones. Today they are expendable.

As I said at the outset, this legislation in its global sense is an attack on Canadian families, whether senior citizens, retired public servants or children. They are the ones the Government has chosen to bear the brunt of its attack on inflation.

I support my colleague's amendment to terminate this six and five program at the end of 1983 because the Government's record has shown that it is a poor planner. It cannot predict what will happen in 1984. When we have three different budget projections in one year, all of them updated and upgraded to show that the Government deficit will be even larger than its previous estimate, I do not think the Government is qualified to make projections on the restriction of family incomes into 1984. Surely if it wants to operate according to its record, it should limit itself to the year we are in. Therefore, I support my colleague's amendment to limit this legislation to one year.

Last week I mentioned one illustration of the Government's inability to plan. In November, 1981 the Government floated a Canada Savings Bond at the incredible rate of 19 per cent plus. It raised $12 billion through that bond which could have been invested in the private sector. Since interest rates plummeted soon after that bond was floated, the Government paid out more than $2 billion in interest charges which should not have been paid as a result of the interest rates dropping. The Government borrows money on the New York bond market on a three-month term whereas it borrows on the Canada Savings Bond on a one-year term. The Government is not very competent in planning what its future costs will be.

I am in favour of this amendment because it is the Government that creates inflation by its expensive operations. We now have legislation before us which prohibits the taxpayer from protecting himself from the inflation that the Government itself creates. I consider that to be wrong.

Mr. Joe Reid (St. Catharines): Mr. Speaker, I rise to speak in opposition to Bill C-132 and in support of the amendment moved by my colleague, the Hon. Member for Calgary West (Mr. Hawkes). We on this side of the House have no illusions about the result of this amendment. We know that it cannot make the Bill any more acceptable to the Canadian people, but it can go a long way to offset the damage that will be created by this Bill once it is passed by the Government.

As the Member for St. Catharines, I want to say that I am naturally very much concerned about unemployment and the poor state of the economy that exists in the St. Catharines and Niagara region. St. Catharines-Niagara has the highest rate of urban unemployment in this country. One out of every five workers is unemployed. Jobs have disappeared at the rate of 1,750 a month over the last two years.

We now have Bill C-132. We have heard many irrelevant speeches and comments from those on the Government side of the House. They say that we in the Opposition are making a mountain out of a molehill. Let me offset this argument which Government Members tend to make. We hear them ask what difference does it make? We hear them say that any mother should be prepared to contribute this part of her income to the six and five program by having her Family Allowance cheque reduced from $30 per month to $28.52 per month. Is that a hardship?

• (1140)

The response is quite simple. In the City of St. Catharines alone the loss in 1983 will amount to over $50,000 a month, and this amount will be compounded each month during the time the recipient receives the benefit. That represents nothing less than a one-year tax increase of $600,000 applied to over 22,000 families in St. Catharines, almost 25 per cent of which are single parent families.

What is even more reprehensible, Mr. Speaker, is the fact that we are not talking about wealthy families. According to Revenue Canada, the average person living in St. Catharines is earning just over $13,000 a year. The single parent trying to raise a child or children on $13,000 a year is hardly in a position to join the war against this Government's inflation. That parent is already waging a personal war without needing to do double duty on behalf of a Government that keeps spending.

The Government knows this. According to the 1981 edition of taxation statistics, St. Catharines' taxpayers paid annually an average of $3,000 each to the federal Government. In the 1982 edition, that average is down to $2,265, a drop of almost 25 per cent. Indeed, on a total net tax paid basis, and taking inflation into account, the federal Government's revenues from the City of St. Catharines has dropped by $3.4 million in just one year. This reflects the staggering rate of unemployment in our area and the poor state of the region's economy. Yet it tells a good deal more than that. It tells us that the federal Government is losing revenue from the St. Catharines' people; and this Bill, along with the attack on old age pensioners in Bill C-131, is simply a further attempt at a tax grab.

In committee, witness after witness made the point that this Bill will hurt low-income earners the most and wealthy Canadians the least. It was further pointed out that if the Government were serious about being socially and economically responsible, then tax reform was the route to follow.

Several excellent suggestions were made with respect to the Child Tax Credit, the Family Allowance Program and the tax exemption for dependants. The thrust of these suggestions was to the effect that the Government could do far more for women in general, could do more for middle-income families in particular, while not increasing expenditures and indeed would have the opportunity to cut costs.

The Government's response was typical of its attitude, an attitude that has prevailed since the 1980 election. This is our Bill, the Government says. This is the way it is, and that is the way it is going to be, is what we hear. Only one amendment has been adopted since debate began on these last three six and five Bills. That amendment was granted under threat of revolt

from Liberal backbenchers, and under the threat of closure with respect to each.

Efforts on the part of the Opposition to reduce the damage that will be inflicted by those Bills have been rewarded by a series of closure motions to cut off debate and discussion of the responsible approach to pension and taxation reform. In the case of this Bill, the Government did not even wait for the call of closure or for the axe of fall. Mothers had their January cheques reduced despite the fact that the legislation has not yet been passed. If the Government can thumb its nose at the law, then why should Canadians respect the law? Why should Canadians have trust and confidence in this Government? Why bother with the parliamentary process at all if this is the way the Government chooses to operate? Give a Bill first reading, make a few remarks and send everybody home. When will this Government respect the fact that Canadian expect their Parliament to operate in a spirit of co-operation and compromise? What we have today is rule by closure and by order in council.

My colleague, the Hon. Member for Calgary West (Mr. Hawkes), has put forward an amendment that deserves this Government's support. We will be watching in what numbers, if any, Government backbenchers will rise in support of this amendment. It is an amendment that limits the application of this Bill to one year and gives the Government an opportunity to reassess its approach and see what impact the legislation will have in that one year. Over that period of a year the Government may realize that the Bill has no economic merit, no economic impact and that it is socially regressive. Conversely, the Government may even regard the program as pure genius and wish to extend it if that can be justified. But that decision cannot be made now.

A lot can happen during 1983. To legislate for 1984 on the basis of the Government's guesstimates is completely irresponsible. We are not talking about an insignificant decision. We are not talking about an insignificant amount. Should inflation again reach astronomical heights in the last quarter of 1983 as it did in prior years, even in the months just gone by, mothers are condemned to getting by with 5 per cent protection in 1984. Surely to goodness, no Government would want to lay the foundation to such a dreadful scenario at the feet of the people of Canada, or expect that to happen and expect it to be accepted.

There is a second advantage to my colleague's amendment. This amendment takes into account the Government's own estimate or guesses about inflation. Canadians know perfectly well that inflation will not be the number one problem in 1983 or 1984. Unemployment and economic recovery have to get top priority. This amendment allows the Government to get on with that instead of fighting an ongoing battle against a third-ranked contender.

I intend to support this amendment, Mr. Speaker. If Members sitting in Government benches are in the least concerned with unemploment and with social progress, they too will support this amendment.

Mr. Les Benjamin (Regina West): Mr. Speaker, I rise to take part in this debate and to say at the outset that we too support the amendment put forward by the Official Opposition, but we are still fundamentally opposed to the whole Bill.

I have been here a number of years and this is the most outrageous effort at what I call nothing more than chiselling by the Government of all the efforts and times that I have seen this Government chisel here and there from those who can least defend themselves and from those who are most in need.

We saw an occurrence on Tuesday of last week in which the Government said it was prepared to provide hundreds of millions of dollars each year to our two national railways. The two national railways would be given hundreds of millions of dollars, and would be allowed a 39.5 per cent profit annually. I do not know of anyone who makes that kind of profit. Usually a reasonable return on investment is somewhere in the 10 per cent or 20 per cent area. Any Government which can find revenues to hand out to our two national railways and allow them to make that kind of unconscionable profit and at the same time chisel a few dollars a month from old age pensioners, Public Service retirees, Armed Forces retirees and children, surely must be some kind of obscenity. Any Government that can do that must have its priorities in reverse.

• (1150)

The Government, starting this year and continuing over the next several years, is prepared to spend $8 billion on a fighter plane which will be of little or no use to us, which will maximize profits for its manufacturers, and which will continue to escalate the arms race, but it cannot find a few dollars a month for the old, for retired public servants, for retired members of the Armed Forces, and for children. Surely that is an additional obscenity. All the Government has proven is that the money is there for these sorts of things, for unconscionable profit-taking, not making, and military equipment, but it is not there for those who need it the most.

Many of these social payments in the form of pensions, the Family Allowance and so on, are taxable. Therefore, for those in the upper middle and high income groups, the Government will tax back most, all or even more than the increases provided for Family Allowances, for old age pensioners and retired public servants. It really is not a cost to the Government for those who do not necessarily need these increases. One way or another, the Government gets it back, and then some. It is generally efficiently administered. It is a simple way of maintaining universality and seeing to it that those who need it most get it and get to keep it. Surely it is no way to fight inflation on the backs of those who not only did not cause inflation, but are also its first victims.

Mrs. Mitchell: It is child abuse.

Mr. Benjamin: The test of any civilized society is how well it treats its old, its sick and its very young. It seems to me that we are failing part of the test when we put legislation such as this on the law books of Canada. It is the most unfair and—

Mr. Althouse: Neanderthal.

Mr. Benjamin: —backward way. This is the kind of thing that Governments did decades ago. This is not the kind of thing that a Government should do if it has any real concern for who receives and who should receive the benefit of Government payments. This is the time when those people most in need should get first priority.

Every year the Government can give money in the hundreds of millions—yes, even billions—to corporations and to the wealthy, and there is little complaint about it except from a few. However, the minute one attempts to restrict those kinds of outlays by Government, one is accused of being against private enterprise and against assisting the economy to grow and so forth. We do not object to many of those kinds of payments. We think that some of them are necessary. However, if the money is available for that purpose, then surely it is available to the tune of full indexing for children, something they were promised.

One of the few good moves that the Government made in the last number of years was indexing. Of course, it was part of the New Democratic Party shopping list during the 1972 and 1974 minority Parliament, and it took that kind of leverage from both the Official Opposition and from ourselves in that minority Parliament to persuade the Government to institute indexing so that we would not blame those who were old, sick and very young for inflation—because they were its first victims—but, rather, we would in fact protect them from inflation and call on the rest of society and the rest of our economy to take part in sensible measures to control and to reduce inflation. One just does not do it to old people and to children. That is not the way to go.

Mrs. Mitchell: Unless you are a Liberal.

Mr. Benjamin: Those who call themselves "Liberals" on that kind of a matter do not know what they are talking about, because they turn out to be neither small "l" liberal nor large "L" Liberal.

Mr. Fulton: They are not talking about it though.

Mr. Benjamin: They turn out to be the most outrageous reactionaries that I have seen around here, with the exception of a few people in the Official Opposition. I find that these so-called Liberals are even just as reactionary, if not more so, than those that sit in the Official Opposition.

Mr. Prud'homme: Except you.

Mr. Benjamin: And even they agree that this is going too far. I urge the House to support this amendment and, following that, on another day to defeat the Bill.

Mr. Bud Bradley (Haldimand-Norfolk): Mr. Speaker, as I rise to address this critical issue of Bill C-132, I cannot stress enough the importance of the Government stimulating the economy but ensuring that our families are not strangled in the process. Today's Canada is looking for strong leadership and a caring Government, but I am sad to say that Canadians have been disappointed. We must work together, but not by penalizing those who can ill afford it.

The single most important thing we as Canadians possess is the family unit. It takes priority, as it should, and should be upgraded in every possible way. This Bill is not one of those ways. We would be better off without the Bill. However, as it has been forced down our throats, let us at least only try it for only one year.

I am pleased to see the NDP finally entering the debate.

Some Hon. Members: Oh, oh!

Mrs. Mitchell: Finally? Would you like to see our record?

Mr. Bradley: We heard the first NDP Member speak on this amendment after four Conservatives. Members of the NDP talk a lot. Let us hope that the action from these self-believers and self-seen supporters of those penalized people is louder than their words.

Mr. Kristiansen: I bet you we will be here to vote.

• (1200)

Mr. Bradley: Mr. Speaker, as a part of the six and five restraint program, the Family Allowances Act will set the monthly Family Allowance payments at 106 per cent of the 1982 level in 1983, and 105 per cent of the 1983 level in 1984. Monthly Family Allowance payments, which are currently $26.91 per child, will rise to $28.52 in 1983, and to $29.95 in 1984, a very small measure for the inflation that will probably be taking place. Had full indexing continued in 1983, average monthly payments per child would be some $30 at the rate of 11.5 per cent, and some $33 in 1984 at the same rate.

For most low and middle income families, this loss will be more than offset in 1983 by the one-year temporary increase of $50 per child in the Child Tax Credit program. But what happens in 1984? We have a Government Act which is to continue in force for two years and we are only offsetting it for the first year. That is why we require the amendment. The net result of this action of enriching the Child Tax Credit and partially deindexing Family Allowances is that the Government will spend more than $95 million more than it would have spent if neither program had been changed.

The Hon. Member for Calgary West (Mr. Hawkes) moved this amendment that we are now debating on the basis that he felt, and I agree, that it is impossible to predict just what inflation will be like in 1984, and therefore to project the program that far ahead was unfair to families. He also stated that the Bill should not be passed in the first place because of its attack on the Family Allowance, which is something which mothers in particular use in planning their budgets each month.

Family Allowance was initially introduced to help families or single parents raise their children. The mother always had a certain amount of money which she could set aside through the Family Allowance to provide the basic physical needs for her children. Why change that?

Does this Bill mean that we must take money from our own children in order to solve the inflationary problem of the country? Inflation has come down, but not because of six and five. The economy in this country is in terrible shape; businesses are going bankrupt and unemployment is running rampant. That is why the economy is slowing down and the inflation rate is dropping. Bill C-132 will be another slap in the face for single mothers, many of whom work at low-paying jobs. This could well be the last straw for the unlucky widow who is trying to substain her children.

Why should we require this experiment for two years? The Government has given an exceedingly shocking demonstration of insensitivity to the needs and wishes of the poor, the elderly, members of the Public Service and now children, by the introduction of Bills C-131, C-132 and C-133. What kind of Government can advocate credibility when it carries its ineptness on the backs of our children?

Although we agree that changes are necessary in the Family Allowances Act, this is not the way to go about it. Reducing a program with supposed beneficial actions should not result in added expenditure by the Government of $95 million. What is the real reason behind this Bill? It certainly is not to reduce Government spending. There has been much talk about stopping inflation. However, the battle against this much talked about enemy must start with those who are responsible for it, not mothers and children but Government. We must address the problems as they exist. Certainly we must restrain Government spending, I am in agreement with that, and I am sure Members of all three Parties of this House would agree with reduction and restraint of Government spending.

However, this Bill does not address that question. Why is the Government not looking to see where it could save money without attacking people of low income? Every piece of legislation in the restraint program attacks elderly people, people on fixed incomes, people on Government pensions or senior citizens. We should be making every effort possible to make sure that they live out the remainder of their lives in comfort and without worry, and that is not accomplished through these actions that we are taking in the House of Commons now.

There are ways to reduce the deficit and bring money into the coffers of the Federal Government without attacking the people for which Family Allowance was set up to help. As I said earlier, we need a review of our programs but patchwork legislation like this is not a review. We now have the Family Allowance program, income tax deductions for wholly dependent children, the Child Tax Credit Program and income tax deductions for child care expenses for working mothers. We have programs that were introduced one after another to patch other programs in order to correct inefficiencies in those that were first brought in. These are patchwork programs by a Government that is afraid to cut or change any one specific program because of votes.

This Government is more concerned about winning elections and getting votes than it is about making sure its programs are correct and beneficial to all concerned. Now we have six and five applied to Family Allowances, a move that will, in effect, because of other patchwork costs, cost this Government more money, as has been the case with their programs for so many years.

In closing, I would like to say to this Government, stop playing games. Either review the whole Family Allowance program or leave it alone. Just because this Government has failed, do not now ask the children of our country to wrestle inflation to the ground.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, I rise to speak in support of the amendment that has been proposed by my colleague for Calgary West (Mr. Hawkes), but most importantly I want to rise to speak in opposition to Bill C-132.

This Bill very amply demonstrates this Government's double standard. Today in the Toronto *Globe and Mail* we read about the extravagance of this Government which is proposing to pay the Hon. Donald Macdonald $800 per day and up to $925 per day plus expenses, along with the other members of his Royal Commission. That clearly demonstrates the double standard of this Government.

We are dealing here with a piece of legislation that is going to cut back on Family Allowances and on the family incomes of those families who are most in need. We have been dealing with legislation that is going seriously to impair the ability of pensioners to have a decent living and live in dignity, while at the same time we have this kind of action which can only serve to undermine any confidence that one may want to muster in support of a Government restraint program.

I think it is scandalous. The Government, in order to lead the country in a period of recession toward the road to economic recovery, in order to lead the country in terms of lowering expectations and reducing expenditures, must lead through example, not merely through rhetoric or demonstration but through example. I submit it is not leading through example when we read this sort of thing in the headlines of a national daily paper.

• (1210)

There is no question that actions like this undermine the confidence of any restraint program. I do not think there is anyone in the country who does not recognize the need for exercising restraint and lowering expectations, but the Government must demonstrate that it is serious, that it is prepared to cut waste, extravagance and non-productive expenditure. If the Government were to come clean and say: "We accept the major recommendation of the Auditor General's Report which identified very serious weaknesses in the accounting practices and expenditure of public funds", and it demonstrated that it was going to take action in that area in terms of curbing non-productive investment, the people of Canada would respond very positively and get behind a restraint program. It certainly cannot demonstrate that kind of faith and leadership by attacking a group in society that is not able to defend itself, while on the other hand being very generous to, and extravagant with, people whose needs are indeed questionable.

This Bill, like the other two Bills pertaining to the six and five program which we have been dealing with in this House, essentially hurts those who are making a major contribution to Canada in the area of families, the raising of children. Many mothers who have sacrificed a second income in order to stay at home with their children will find themselves in a situation where their income to raise their family will be cut back. I consider the limit to indexing to be a very regressive measure which hurts those at the lower income level.

We hear talk about what is going to be saved. We hear bandied about figures in the area of $250 million and $300 million. In speaking to the Bill on December 20, 1982, at page 21770, my colleague from Vancouver-Quadra (Mr. Clarke) said that according to his calculations, and considering that the higher income earners do not receive the Child Tax Credit and pay tax on their Family Allowance, the estimated saving will be in the area of $15 million after everything has been tallied up. The Hon. Member for Vancouver-Quadra who calculated this figure is a qualified accountant and very much abreast of the legislation and accounting practices. If he is correct in that assumption, it means that this federal Government, which spends money at the rate of $217 million per day or $9 million per hour, will be looking at two hours' worth of revenue going through its hands.

What this measure and its sister legislation does is basically attack two of the pillars of society, the family unit and our senior citizens. In this time of financial difficulty we should be adopting measures which will strengthen the family unit and the wherewithal of our senior citizens. No one in this House would disagree that we owe our senior citizens very much. We all recognize the importance of the family unit both in terms of the social and the economic structure of this country. The family unit is still one of the most important and basic institutions in society. It should be preserved. The integrity of the family should be enhanced, not attacked.

There is no question in my mind that the Government has failed miserably in dealing with inflation. Look at what is happening in the private sector. The Conference Board recently reported that wages in the private sector are dropping without a six and five program. Therefore, the six and five program has become a propaganda sham.

Recent Statistics Canada surveys have indicated that in the area of regulated pricing versus unregulated pricing, regulated pricing, those prices controlled by a Government commission or regulatory agency, over the past year have risen by 18 per cent, while those prices subject to the vagaries of the marketplace have risen by half that amount. When we look at that in the context of the services which our senior citizens and low-income earners rely upon, such as electricity, power, heat, energy and transportation, most of those components are regulated by a regulatory agency. As a result, those prices have increased dramatically vis-à-vis those prices that are not controlled and must respond to the marketplace.

Over the past year, the price of commuter transportation has risen by 13.6 per cent. Intercity bus fares rose by 24 per cent. Over the last two years, energy costs have doubled. Heating costs exceed those in the United States. Having regard to the fact that the Government wants to engage in a war against inflation, why is it attacking those individuals who are suffering the worst effects of inflation? The Government is attacking the problem in reverse. At a time like this it should re-examine the components which make up the formula for the agency regulators, those who regulate the prices. Therein lies the problem.

The Government could reduce the cost of energy by reducing the level of taxation. When our Party was in power, we proposed providing relief for low-income earners and pensioners. We have to look at this in two areas. We must address the real causes of inflation. Most important, we must look at the policies which have mitigated against growth in the generation of new wealth in this country. This recession has been brought on to a large extent by the Government, which has driven away investment and production and driven up Government spending and the deficit.

Mr. Howard Crosby (Halifax West): Mr. Speaker, I rise along with my colleagues to support the amendment to Bill C-132 proposed by our colleague from Calgary West (Mr. Hawkes). I should deal first and directly with that amendment because there are those who would say that this Bill C-132 amending the Family Allowances Act is totally wrong and inappropriate, and that there is no way it can be amended to give it any kind of credibility in the House of Commons or before the Canadian people.

The purpose of the amendment is to say that if you are going to make a mistake, at least do not make the mistake in two successive years; at least look at the situation after the lapse of one year. If the Government with its majority must come into this House to ram through a similar provision a year from now, it would then at least face the Canadian people with this malicious and vicious measure on two occasions rather than on one occasion.

The purpose and intent of the amendment is to say: "Slow down, Government; don't use your majority in the House of Commons to force something on the Canadian people that they do not want. Please at least have the grace and the decency to look at the matter in a year's time when, hopefully, you may not feel as disposed to use your power and authority in the House of Commons to carry out your vendetta against the young people and families across Canada in the name of restraint of Government spending."

That is the message I want to give my friends and colleagues in the New Democratic Party who constantly rise in this House, and ask: "Why did the Progressive Conservative Party support the six and five program"? I, for one, stood against the initial legislative provisions involving the six and five program. Although I agreed with the principle of restraint in Government spending, I never for one second trusted the criminals on the other side of the House who were trying to perpetrate a fraud on the Canadian people. The Government was going to reduce Government spending and it was so adamant and determined in its desire to reduce Government spending that it was going to inflict its restraints on the aged, the senior

citizens, the young persons of the country and the retired public servants. I never believed for one minute that the Government had anything but evil intentions in mind. I never believed for one minute that the Government did not intend to fool the Canadian people into thinking it was going to change its arrogant and wasteful ways. But, Mr. Speaker, you can hardly blame honest Parliamentarians for being fooled by what appeared to be an honest attempt to restrict Government spending, and that is what the Government program was supposed to do.

• (1220)

Back in June, 1982, when that program was announced, all of the measures were linked to a reduction over a period of time in the deficit caused by Government spending. If I recall correctly, the budget deficit was to be reduced to the area of $11 billion. Six months later we were told that the budget deficit was going to be in the area of $23.6 billion. Now, six months later again, we know that it may reach as high as $30 billion. That is the beginning and the end of the Government's restraint program. It is a public fraud, but everyone knows that now.

What the Government is trying to do with these closure measures is to stop us from reminding the people of Canada that the Government's six and five restraint program is a fraud. It wants to stop the debate in Parliament. It wants to get on with other things, so that those people in Canada who do not already know about this fraud perpetrated by the Government of Canada will not find out. I believe it is our duty, Mr. Speaker, to stay here as long as we can, as long as the rules of parliamentary debate allow, and keep making the same point over and over again, that the Government is not serious about cutting back on Government spending. It is not serious about trying to get the economic affairs of the country in order. All the Government is trying to do is to maintain itself in office, to maintain the power which it now exercises for all time.

Do not listen to my friends in the New Democratic Party, Mr. Speaker, who give the impression they are willing to engage in some crusade to defeat the Government in its measures, because every time that crusade arises and develops, the NDP stand up and side with the Government, allowing it to carry on in its nefarious ways. They keep supporting the Government. And I can tell the Prime Minister (Mr. Trudeau) right now, without fear of contradiction, that whenever the Prime Minister needs the NDP, they will be there to support him. No matter what they say on other occasions, they will always be there for him. We know the nature of that friendship.

The Minister of National Health and Welfare (Miss Bégin), the great saviour of our health and welfare program in Canada, has returned to the House of Commons. I suppose she went out to find out how many doctors have just left Canada because of her intentions with respect to our health programs.

Here we have a Minister of the Crown who stands in the House and says she is working for the senior citizens and the young persons across Canada, that she is trying to provide benefits for them which will allow them to live a decent life. She tries to defend this program as it applies to senior citizens and young persons, but, Mr. Speaker, it is indefensible.

In her own report she says the measure which is contained in Bill C-132 saves $115 million in 1983 and $200 million in 1984, at the expense of some 6.6 million young Canadians and 3.6 million Canadian families. That is not true. The fact of the matter is that when she juggles around with the tax credit and she moves this figure and that figure, with the aid of Government accountants, she comes out with a net loss of $95 million. Even in this very area where the Government claims to be practising restraint, it is in fact transferring the funds to a smaller group, a group which the Government controls, that it knows will support it at election time. We in this House of Commons are continuously fighting against the nefarious schemes of the Government, the purpose of which is to maintain the Government in office; in no way, shape or form do they benefit the people of Canada, nor do they accomplish anything to correct the difficulties with the economy.

I would like to deal in a very particular way with some of the problems which we have seen in this House of Commons with measures like Bill C-132. I pointed this out in relation to the provisions affecting senior citizens. What the Government is doing, Mr. Speaker, is it is taking $47 over the two-year period away from some Canadian children and it is turning around and spending $50 on other Canadian children by way of increases in the Child Tax Credit. All the Government is doing is juggling the books; it is not accomplishing anything. Canada is not back on the road to economic recovery. The Government has not created jobs, or any wealth for the nation, to support social programs. It is simply juggling the books. How stupid does it think the Opposition is? It might fool the New Democratic Party once in a while, but it certainly cannot fool the Progressive Conservative Party when it just juggles the books and pretends it is doing something for the economy and the Canadian people.

The jig is up now. People who were not previously concerned with social programs now realize that when you take $350 million or more from that level of society, all you are doing is stopping purchases in stores and stopping people from having adequate food, clothing and shelter. No one will be able to explain to me how that contributes to the economy, let alone to the advancement and social well-being of the Canadian people. Everyone is on to it. Even Leonard Shifrin, the great defender of the Liberal Party and its social programs. He said in an article that this "Rejigging child benefits won't cure the economy". So it is not my idea. It is one of the friends of the Liberal Party who has said that is all the Government is doing in Bill C-132 and its other six and five legislation. The Canadian Council on Social Development has called for a halt to this action by the Government for the reason which I just mentioned, that it is simply taking money out of the economy without benefiting anyone.

I will conclude, Mr. Speaker, by saying that what we have to do in this House of Commons, and I sometimes lose hope that

we will ever be able to do it, is work to correct the problems in Canada in a realistic way and try to resolve the problems which face the Canadian people. We are not going to do it, or even work towards it, if we allow the Government to get up in this House and present through this Parliament to the people of Canada a problem which it claims will cure the troubles of the Canadian economy, when it knows, and every one of its advisers know, that it is simply a fraud on the Canadian people. It is simply designed to give the Government the kind of hard-nosed image which people know is needed in Canada to correct the economy, so we can create wealth and support social programs.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I rise also to support the amendment of the Hon. Member for Calgary West (Mr. Hawkes), although, of course, we know that this is no solution to a very bad Bill.

I cannot help but comment, before relating my remarks to the Bill itself, on the arrogance of the Liberal Government once again. Not only did it bring in time limitation on this Bill yesterday, but it is not speaking in support of the legislation from its point of view today because, of course, there really is no argument which will support this Bill.

I would like to say particularly that we in this Party believe that it was not only extremely arrogant and unethical, but indeed illegal, that the Liberal Government under the auspices of the Minister of National Health and Welfare (Miss Bégin) sent out January Family Allowance cheques at a reduced indexing. This indexing, which should have been close to 11 per cent, was reduced to 6 per cent, and this was done before this Bill had the sanction of this House. It was done for only the children's allowances cheques. It was not done, interestingly enough, Mr. Speaker, in relation to the senior citizens' cheques. This shows, I believe, the kind of arrogance and priorities which the Liberal Government has, that it will attack children. Children do not vote; senior citizens do vote. We feel very strongly that the Government must return the money which it deducted from those cheques illegally this month to those families. It amounts to only $1.40, but it is the principle involved, and it was money stolen from the children of Canada.

• (1230)

The Minister, in one of her speeches trying to justify this Bill, said that the six and five capping on Family Allowances was really using "a sword as a psychological weapon". Those were her words. Certainly she has demonstrated how she used this sword on the children of Canada and their mothers—

Miss Bégin: I never said that.

Mrs. Mitchell: —by taking away the full indexing for the month of January before this Bill even passed the House of Commons.

Miss Bégin: I rise on a point of order, Mr. Speaker. At this stage we cannot question Members opposite, but I find it very difficult to listen to absolute misinformation. If the Hon. Member for Vancouver East (Mrs. Mitchell) says I said something, she should quote it and give the page and the date, because she is just saying what is not the truth.

Mrs. Mitchell: Mr. Speaker, I will indeed bring the reference to the House. This was said in the Standing Committee on Health, Welfare and Social Affairs. I do not have the exact page but I will certainly get it for the Minister. I will give the Minister the benefit of the doubt; perhaps she was having some difficulty expressing herself at that time, but that certainly was the phrase she used.

Certainly the feeling expressed in that phrase was demonstrated in the actions which followed. Why on earth would the Minister allow Family Allowance cheques to be reduced for the month of January when this Bill has not even passed the House of Commons? We in this Party feel that this is just another arrogant action by the Liberal Government, and certainly it shows very little sympathy on the part of the Minister for Canada's children and their mothers.

In his speech the Hon. Member for Halifax West (Mr. Crosby) referred to a columnist, Mr. Leonard Shifrin, in support of some of the points he was making in criticizing the Liberals. It is very interesting that Mr. Shifrin, in an article of January 1 in the *Toronto Star*, questioned the credibility of the Tories and their attitudes with respect to this Bill. He said that it appears that Canada really has two left-wing Opposition Parties who are opposing the six and five legislation. The NDP and the Conservatives have taken the same position on both C-132 and C-131.

Mr. Hnatyshyn: You did such a rotten job, we had to help you out.

Mr. Fulton: We always knew you were a left-winger, Ray.

Mrs. Mitchell: His questioning of the Conservative position refers to the Conservative position generally on Family Allowances.

We just heard a very excellent speech—it sounded almost like an NDP speech—a few minutes ago which strongly supported Family Allowances. On the other hand, as Mr. Shifrin said in his article, 62 per cent of Tories polled said they were in favour of reductions in Family Allowance outlays. So it seems a little hypocritical for the Conservative Party to take such a sanctimonious stand in favour of Family Allowances as a fully-indexed universal program when 62 per cent of them were in favour of reducing Family Allowances. So I suspect they are really presenting the position of the Tory Party, whatever it is, because it is very difficult to determine what that is. According to the survey, it certainly does not reflect the wishes of their Members.

Why do we as New Democrats support Family Allowances and therefore oppose this Bill very strongly? We have always supported fully-indexed, universal Family Allowances. In fact, when these allowances first came in, in the Mackenzie King era, the intention was that the allowance would be increased,

not decreased. Eventually, after a lot of pressure, full indexation was supported by all parties in the House.

We believe fully-indexed, universal Family Allowances are a basic right of Canadians, a right which has been recognized by most Canadians. Therefore, most people are opposing any cutbacks in this program because it recognizes the importance of Canada's children. I do not think I have to say again, as I have said many times, that children are one of our most important resources. It sounds a little like a cliché but it is very, very true. It is costing much more to raise children every year. Birth rates are down and I think there is a real reason why they are down.

Mr. Thacker: What is your position on abortion? What do you think of the unborn?

Mrs. Mitchell: It is because of the cost of raising children. So we believe that the baby bonus, as it is sometimes called, is a basic right of Canadians. We also like the program because the cheque is paid directly to the primary parent, usually the mother. Perhaps it should also be available to the fathers who are assuming the role of the main parent. We believe it is particularly good because the cheque is a monthly cheque and mothers depend very much on it, not just for buying shoes or jeans for children, but also to put food on the table in many families. Certainly families on social assistance or unemployment insurance find that towards the end of the month their money is gone and the Family Allowance is used to feed the whole family.

The Family Allowance cheque was also aimed at compensating wage earners who have children as opposed to those who have no children. That seems only fair; workers who do not have children do not get the allowance and they should pay a much higher rate of income tax to help cover the cost of children. We also know that the original intent of early reformers who worked hard on social security legislation in Canada always felt that the Family Allowance should be increased. I was talking recently to some experts in this field from the University of British Columbia School of Social Work, and their opinion was that the whole question of Family Allowances should be reviewed. Family Allowance should go towards covering the cost of children, whether or not families are on social assistance, are wage earners, or collecting unemployment insurance.

The Acting Speaker (Mr. Corbin): Order. I regret to inform the Hon. Member that her time has expired.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, in the riding of North Vancouver-Burnaby, according to the latest census figure, there are 22,000 youngsters. My brief remarks today are on behalf of those 22,000 youngsters and their parents. Most of them do not come from wealthy homes. With the fantastically high unemployment on the West Coast, it is a very tough time for many families. I suspect the bulk of those 22,000 children are suffering enough as it is.

This particular piece of legislation, this particular nitpicking grab of a few dollars from those who can least afford it, strikes me as indicating a certain lack of understanding of how the average family lives. A few minutes ago I looked around the Chamber and thought about the 282 Members of the House. Most of us have reached a level of success in life and had a reasonable income prior to coming here. I thought that perhaps the reason for this legislation is that this kind of suffering is an academic exercise for most Hon. Members opposite. They do not fully understand what impact this legislation can have on the 22,000 children in my constituency and the households across the nation. The impact can be severe indeed.

• (1240)

Let me go back to olden times, Mr. Speaker. I remember when I was living on a pittance and had two young children to support. I was attending university, which also explains why my income was so low. It became necessary for me to return to the university each evening to study. At that time the bus fare cost a dime. It took a total reshuffling of the family budget to clear that ten cents for the bus fare. The baby bonus cheque came once a month and helped with clothes for the two children and actually bought a little cheese for the macaroni that we seemed to have about three times a week. Therefore, Mr. Speaker, I can sympathize with the thousands of families who live that way today with not much hope for a better life.

All this legislation will do is cause hardship. Hon. Members opposite may not think a few dollars a month is important, but to the family on welfare or on unemployment insurance trying to meet mortgage payments, this is a severe blow and is going to cause a great deal of hardship. Many families will have to reshuffle what is already an inadequate budget.

We are living in a world where the dynamics of social life are changing. The number of one-breadwinner families decreases each year. There are millions of women and men who prefer to see at least one parent available to the children for more time than they have available at present. I have knocked at most doors in my part of the world. Nothing is more tragic than when a seven year old sick little kid comes to the door because it is absolutely necessary for both the father and mother to work. There are thousands of such cases.

I hold no brief for those who say that women should stay at home. I do not accept that. If a woman wants a career she should have it, but if she has a child she has a strong responsibility, as does the husband. Sometimes we overlook that.

There is another phenomenon in the dynamics of social life that is changing. Many men would prefer to be a house husband and stay home to fill that traditional role.

This legislation indicates a philosophy that holds the family not to be important. It indicates an encouragement to force more women or men to go out and work who perhaps realize that the greatest contribution they can make is to the next generation, to their own children or to their neighbour's children. But we do not encourage that.

I wonder if the Minister has ever considered that this kind of philosophical legislation means that we will spend a lot more money in other areas of social responsibility. More funds will

be needed to help the broken home, the kid who goofs off and does not get an education, the street people on Davey Street in Vancouver or Yonge Street in Toronto. All of them came from homes that in one way or another were unsatisfactory.

How can we expect someone to go to work at eight o'clock in the morning, spend a heavy day there, come home at five o'clock in the afternoon and, even jointly, prepare dinner, look after a couple of kids, read a bedtime story, put them to bed properly and listen to their problems? For someone who is tired or had the kind of day at the office that the typical Member of this House has, that is hard to do.

The Government should be doing anything it can to help parents raise their children properly. It should realize the kinds of social problems that exist, rather than contributing to problems, as this legislation will.

We might look at what has happened in Sweden. Many families there share a job, one working at it for a few days and then the other, or perhaps one works half time and then the other one works half time. If the Government could make arrangements for two mothers each to work half time on a job, it could save the money that is now being spent in the courts of the country and would help with the broken lives of the young people that one can see on any street corner of our major cities.

When we talk to these kids we find that they did not get along at home for one reason or another. It is not because they are horrible little brats of 18 or 19 but, rather, because when they were three, four or five years of age there was nobody to listen to them or to talk to them. After a long day's work the parents were so tired they could not give the attention and love that a child is entitled to and deserves. We cannot afford to continue with this kind of improper social policy. We must find the money for good programs which are so important to people.

On behalf of the 22,000 youngsters in my riding and on behalf of their mothers and fathers, I ask the Liberal Government to please reconsider and withdraw this terrible piece of legislation. The Government just has to ask any Member of the Conservative Party and he will show where millions of dollars could be saved without affecting the homes and the young people of Canada.

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I rise to participate in debate on the amendment proposed by my colleague, the Hon. Member for Calgary West (Mr. Hawkes). I take very seriously indeed the Government's six and five program as it relates to three important sectors of our economy and three very important groups of people in our society, namely, the senior citizen, the pensioner who contributed to the security he hoped to enjoy after retirement, and the children of our nation.

• (1250)

I want to say that I take this issue most seriously because all of us, as Members of Parliament, have had the daily experience of receiving representations in our constituency office from those people who have been severely affected by the recession in Canada. They have asked us the simple question of what we as Members of Parliament can do and how we can help and advise them in terms of the negative effects they are feeling because of unemployment and the devalued dollar. I stand to participate in this debate because I have seen the strategy of this Government invoking a motion, whether it wants to call it time allocation or closure, to limit debate on legislation which affects the most important segment of our society.

One has to ask why this callous and arrogant attitude has been adopted by the Liberal Party. Why do we see the spectacle today of the Liberal Members sitting mute in their place and not saying anything in support of this legislation? While I am not casting any reflection or alleging any motivation on the part of Members of the Liberal Party, I think their silence indicates why we have seen this strategy adopted by the Government. The Government House Leader has realized the embarrassment and humiliation felt by every Member in the backbenches of the Liberal Party.

Those Members do not have any basis on which to stand and support this retrograde step in terms of the children or our nation. Indeed, the political consequences to each of them is known. They know that to stand up and attempt to defend the indefensible will cause them serious problems in the next election. It is in their own self-interest that they sit there and do not address this issue as to why we should support this particular proposal.

The Minister of National Health and Welfare (Miss Bégin) herself has tried to skate around the issue by saying that we should not worry because this measure is merely symbolic. What kind of Alice in Wonderland are we seeing? The Minister of National Health and Welfare is charged with a statutory obligation to the children of this nation and their parents to see that there is no erosion of benefits paid to the children and parents of this country. For her to stand in her place and say that this is merely symbolic is not, I suggest, in the best traditions of ministerial responsibility.

When I think of the original principles of Liberalism in this country, those principles of the Right Hon. Sir Wilfrid Laurier and the Right Hon. Mackenzie King who introduced this particular concept of Family Allowance in our country, I think of how they must be rolling and whirling in their graves to see these Liberals stand up and attack the very fabric and basis of what I call a truly Liberal policy and proposal with respect to support for those in our society who most need help.

I say to those Members of the Liberal Party who are sitting there and have supported these measures that whatever your rationale is, the people of Canada instinctively know—that you have deserted the traditions of Liberalism with your support of this kind of legislation. I merely want to say to those Members of the Liberal Party who are keeping silent and not participating in the debate that I recall that at your last annual meeting one resolution that received unanimity was one declaring that the Liberal Party abhors backroom, political manipulation in

terms of policy and political activity in this country. You know what this is. This is the Keith Davey and Jim Coutts approach. It is the perceptual approach of trying to suggest that the Liberal Party is moving forward on a program of restraint. It is precisely what you voted against at your annual meeting.

The Acting Speaker (Mr. Corbin): Order. The Hon. Member should address his remarks to the Chair.

Mr. Hnatyshyn: Mr. Speaker, I would never suggest that you, revered as you are in my mind, would ever participate in manipulation of any sort. I apologize for that. I say to you, Mr. Speaker, that the Members of the Liberal Party have a very short memory in terms of the direction they received from the mainstream of their Party.

With respect to the amendment moved by my colleague for Calgary West, I think he would agree that it is a modest attempt to bring the reality of this situation to the attention of the Government. This amendment provides an opportunity to the backbenchers in the Liberal Party not to vote against their Party but to at least limit the imposition of this particular legislation. If those Members really believe in the true principles of Liberalism, I ask them what is wrong with at least making this small gesture. It is quite logical for them to support this amendment and demonstrate that, as independent, thinking Members of Parliament, they will not be the tools of this backroom manipulation and Madison Avenue approach to politics. I suggest that this amendment is very worthy of their consideration.

I think all Members of the House would agree that we must establish our priorities for Government spending. In my estimation, those priorities are for the disadvantaged of our society, the people least able to help themselves and those unable to help themselves. Those categories include senior citizens, pensioners and the children of our country. That is why I feel so strongly that this restraint program approach goes directly against those segments of our society that are least able to help themselves.

What hope is there when a Government policy is developed around the concept of looking inward and confining the expectations for our great country? What hope is there when the Minister of Employment and Immigration (Mr. Axworthy) tells the young people of our country that they will face a desperate time in terms of their future and that the Government has no policies to assure them any realization of employment in the near future?

I see that it is almost one o'clock, Mr. Speaker, and I have a few more things I would like to say. May I call it one o'clock?

The Acting Speaker (Mr. Corbin): I must inform the Hon. Member that his time has expired.

Mr. Gordon Taylor (Bow River): Mr. Speaker, this Bill is taking the bread out of the mouths of children. I can understand why the Liberals brought in closure. If you look over the list of speakers, other than the Minister and the Parliamentary Secretary, there have been three Liberal speakers on this Bill. You do not support it. I can understand why you do not want to support it. You do not want to take the bread out of the mouths of children, but you will vote for it.

The Acting Speaker (Mr. Corbin): Again, I should remind Hon. Members that they should address their remarks to the Chair.

Mr. Blais: Mr. Speaker, I rise on a point of order. Evidently from the comments that are made by the hon. gentleman on the other side, the Tories are not only having difficulty in keeping a quorum on their side, but in finding sufficient speakers to take up the time that has been allocated.

The Acting Speaker (Mr. Corbin): Order. That is not a point of order.

[*Translation*]

Order, please. It being one o'clock, I do now leave the Chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

RAILWAYS

NEW POLICY—QUEBEC FARMERS' ANXIETIES

Mr. Normand Lapointe (Beauce): Madam Speaker, for some time now there have been attempts to scare Quebec farmers with our railway transportation policy. However, at the present time, we have a mass of figures based on all kinds of assumptions, and it is therefore important for Quebec farmers to remember that this new policy is going to be scrutinized from A to Z in 1985-86, and that the decision will then be up to Parliament. The farmers have no reason to be afraid. In fact, can you imagine a Western producer getting into all kinds of new ventures—hog raising, for instance—and investing large sums of money, when the policy is going to be reviewed in two or three years? Even if Western producers did get started in the hog-raising industry, their prices would never be low enough to compete with, let alone take over, Eastern markets because of the high cost of transportation between West and East. It is as plain as the nose on anyone's face.

Perhaps Quebec farmers would like to remember how worried they were about a new dairy policy, while today, producers are quite happy with it, and in fact, it has just been

adopted by the European Common Market, because our dairy policy seems to be the best in the world.

I would therefore invite Quebec farmers to look on the positive side of this policy.

* * *

[*English*]

FISHERIES

FACILITIES AT WOOD'S HARBOUR, N.S.

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I want to call to the attention of the Minister of Fisheries and Oceans (Mr. De Bané) the concern expressed by my constituents who are involved in the fishery, a primary industry that is crumbling under the heavy hand of the present Liberal administration. A prime example is the plea made by the fishermen of Wood's Harbour, Shelburne County, where expanded harbour facilities are urgently required.

In 1982 the Small Craft Harbours Branch gave this requirement a "top priority" rating, yet as recently as January 20, 1983, the Minister informed me construction is not expected to commence until early in the 1984-1985 fiscal year, depending on other priorities and availability of funds.

How does the Minister of Fisheries reconcile this further delay in light of the statement made by his Department officials over three years ago, namely, that the expanded facilities at Wood's Harbour qualified for a "top priority" rating based on need. For the sake of the safety of the entire fleet, this work should be proceeded with immediately.

* * *

MACDONALD ROYAL COMMISSION

REMUNERATION OF CHAIRMAN

Mr. Jack Burghardt (Parliamentary Secretary to Minister of Communications): Madam Speaker, today's *Globe and Mail* carries a front page story in which it is reported that Donald Macdonald will be paid a base salary of $800 a day while on duty in his position as Chairman of the Royal Commission on the Economic Union and Development Prospects for Canada. The remainder of the Commissioners will receive between $350 and $750 a day. I have confirmed the report figures to be accurate. I have a copy of the Order in Council in my possession as proof.

I recognize fully the considerable expertise which Mr. Macdonald will bring to the Royal Commission. I understand as well that compensation for this type of service must give consideration to the renumeration the Commissioners can expect in the private sector. Indeed, Mr. Macdonald's services may merit $800 a day. However, Madam Speaker, these are exceptional times; these are difficult times. Canadians are being asked to lower their demands. In fact the six and five program which I wholeheartedly support requires and indeed legislates restraint.

In light of current conditions I doubt if most Canadians can contemplate $800 a day, let alone be expected to tolerate its payment to a Royal Commissioner. Frankly, I believe most Canadians will feel, as I do, that the "economic prospects" of the Royal Commissioners are excessive.

Some Hon. Members: Hear, hear!

* * *

AGRICULTURE

IMPACT OF ENERGY TAXES ON PRODUCERS

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, my statement concerns the effects of federal energy taxes on the agricultural industry in Alberta. These concerns have been properly drawn to my attention by the Federation of Alberta Gas Co-ops Limited which supplies heat and energy to over 170,000 rural Albertans, with a 50,000 miles of distribution system.

Energy taxes have a very negative impact on basic agricultural production costs, such as fertilizers, chemicals, plastics, and many other materials made from a natural gas base, and make up 75 per cent of the total cost of nitrogen fertilizers. Increased costs for natural gas feedstock have raised the price of nitrogen fertilizer by 41 per cent over the last two years. Presently in Canada about 5 per cent of our population grows enough food to satisfy most of our own requirements, plus providing nearly $9 billion in export commodities.

The federal Government is placing too much of the burden of energy taxation on agricultural producers who should not be sacrificed for the sake of energy excise taxes. Very visible evidence of this sacrifice has been the recent decision to close, indefinitely, Western Co-Operative Fertilizer Ltd. in Medicine Hat, after 27 years of existence. About 100 permanent jobs are affected.

* * *

FISHERIES

CALL FOR WITHDRAWAL OF CHARGES AGAINST INDIANS IN BRITISH COLUMBIA

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, fisheries management and conservation require a good working relationship between the Department of Fisheries and all user groups, including the traditional Indian food fishery. On January 12 federal fisheries people destroyed this relationship when they arrested 130 people on charges of illegally selling fish. All but one of these people were native Indians. Obviously a method of entrapment had been used that discriminated against Indian people. The presence of television cameras in the pre-dawn raid gave the whole situation an obscene carnival atmosphere.

There are many victims of this stupid action—first, the 129 Indian people who were entrapped and arrested; second, all

Indian people in British Columbia who are trying to establish their aboriginal rights in the fishing industry; third, Department of Fisheries personnel who must continue to work in a deteriorating situation with Indian people and, fourth, all Canadians who care about conservation and fisheries management.

The Minister has recognized his mistake. I now call upon the Government to drop all charges against Indian fishermen based on entrapment. The Minister of Fisheries must begin to rebuild relationships with the Indian people by involving them in basic decisions regarding the conservation and management of our fisheries.

* * *

[*Translation*]

RAILWAYS

GOVERNMENT FINANCIAL AID—EFFECT ON NEWFOUNDLAND AND QUEBEC CARRIERS

Mr. Pierre Deniger (La Prairie): Madam Speaker, I would like to draw the attention of the House to a situation that is unacceptable and that, in my opinion, requires corrective action as soon as possible. I am referring to the case of Atlantic Container Express, a marine transportation company in Newfoundland and Quebec, which is facing serious financial problems as a result of financial support being given by the Canadian Government to CN railways in Newfoundland.

Since 1979, the survival of a number of carriers has been threatened by the actions of Terra Transport, an operational division that takes care of the Newfoundland railway network. In fact, as a result of CN's financial support for this railway, rates have dropped by from 20 to 30 per cent, thus making this means of transportation more attractive than that offered by marine carriers. These rates are entirely non-compensatory. This policy is therefore harming marine shipping companies which are trying to compete however they can. For instance, Atlantic Container Express, a marine carrier which provides a service between Toronto and Newfoundland and between Montreal and Newfoundland has now lost part of its market because of unfair competition by CN.

Madam Speaker, I would therefore urge the Minister of Transport (Mr. Pepin) to bear in mind that the National Transportation Act provides that when Government support for a carrier proves harmful to another carrier in the private sector, immediate action must be taken.

* * *

[*English*]

MACDONALD ROYAL COMMISSION

REMUNERATION OF CHAIRMAN

Mr. Ron Stewart (Simcoe South): Madam Speaker, there are 1.6 million Canadians unemployed, and the nation is deeply in debt. The economy is in shambles, and the Prime Minister's (Mr. Trudeau) response is to invent a new word for relief and a new way of spelling it. He is saying to Canadians the new nine-letter word is "Macdonald", and I spell it "9-2-5 p-e-r d-a-y", $925 a day of taxpayers' money.

This Government, utterly incompetent and totally bereft of ideas, is going to pay Donald Macdonald just over $100 a day, plus expenses, for each letter in his surname, to examine why it made such a mess of things—the very same Donald Macdonald who, as one of a series of Government Finance Ministers, is directly responsible for today's economic chaos.

The very same Donald Macdonald is a director of the Bank of Nova Scotia, Boise Cascade, Dupont, Manufacturers Life, and was made a director of McDonnell Douglas just prior to the selection of that firm's F-18 fighter aircraft for the Canadian military.

The very same Donald Macdonald, having accepted the task, was given permission to quit if he decides to run for the leadership of the Liberal Party, and accepted this pork-barrel position because it provided a ready-made platform from which to launch his leadership campaign and because the appointment was a positive gesture of annointed succession from the Prime Minister.

There was a time when responsible and dedicated Canadians accepted similar forms of service to the nation at salaries of a dollar a year. That a six and five government and a man would agree to a salary of up to $192,000 a year speaks volumes about the intent and integrity of both.

* * *

• (1410)

[*Translation*]

THE ECONOMY

HIGH UNEMPLOYMENT RATE IN GASPÉ

Mr. Alexandre Cyr (Gaspé): Madam Speaker, yesterday I described to the House the economic situation in the Gaspé. Today I would like to add that the Government of Canada has spent more than $30 million in this riding under a number of job creation programs since 1960, when the winter works programs were introduced by the Diefenbaker Government.

Too often, we have subsidized unemployment instead of subsidizing the installation of facilities and infrastructures to promote the economic and industrial development of the riding of Gaspé.

Last fall, the Right Hon. Prime Minister (Mr. Trudeau) announced at the Liberal Convention that his Government would undertake major projects including roads, watermains and so on, to stimulate Canada's economic recovery and create jobs.

I am therefore asking the Government to start major projects in the riding of Gaspé in 1983—commercial piers,

fishing harbours, community and industrial airports and federal buildings, so as to put hundreds of people to work. There is room in this riding for infrastructures that fall under the exclusive jurisdiction of the Government of Canada, and now is the time to act.

Madam Speaker, the people of Gaspé deserve to have a much lower unemployment rate and a decent standard of living. After all, what do governments mean when they refer to distributive justice?

* * *

[*English*]

HUMAN RIGHTS

IMPRISONMENT OF PROFESSOR MASSERA IN URUGUAY

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, on December 15 I presented a motion to the Government requesting that it make representations to the Uruguayan Government with regard to Professor Jose Luis Massera's imprisonment for expressing political opinions. He has been tortured and held in terrible conditions in the "Prison of Torture", Libertad, Uruguay. The conditions being suffered by Professor Massera are likely to lead to physical and mental illness, and possibly death. Unbelievably, my motion was turned down by the Liberals.

I have now received further correspondence from Professor Israel Halperin, Director, International Campaign-Massera, stating that on November 11, 1982, the Government reported the First Secretary of the Canadian Embassy in Buenos Aires visited the Professor in prison and was able to talk with him. The First Secretary reported that Professor Massera's mental alertness was such that he was able to study mathematical texts sent to him by colleagues in the United States. Moreover, the Professor informed the First Secretary that his health had improved over the last several months.

The Government should be aware of the fact that this report is unforgivably misleading. It serves well the Government of Uruguay which is trying to circulate confusing statements to counter world-wide condemnation of the savage cruelty with which the Uruguayan authorities treat political prisoners.

The fact is that Professor Massera has been denied contact with scientific work, and has had no contact with any colleagues since 1975—

Madam Speaker: Order.

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MACDONALD ROYAL COMMISSION

REMUNERATION OF CHAIRMAN

Mr. Laverne Lewycky (Dauphin): Madam Speaker, the term "job creation program" took on new meaning yesterday when the Government revealed an Order in Council which will provide former Liberal Finance Minister, Donald Macdonald, with a salary in excess of $800 per day to head an inquiry into the ailing Canadian economy. Should Mr. Macdonald decide to devote a five-day week to this matter, his annual salary will be some $200,000. This move is certainly in keeping with the statement given to the House yesterday by the present Minister of Finance (Mr. Lalonde) to the effect that "the Government has put top priority on helping job creation in all sectors of the economy".

I am sure that Mr. Macdonald and his 12 Commissioners are most grateful that the Government's job creation initiatives have extended even to them. Might I suggest, however, that this money could be better spent by channelling it into job programs for the hundreds of thousands of unemployed Canadians presently struggling to survive on incomes of less then $800 per month, let alone $800 per day. For example, the so-called NEED program which, to date, has provided an abysmal 4,000 jobs out of a projected 60,000, could use these funds. Better still, given the fact that $200,000 is the basic annual government allocation for many constituencies under the Canada Community Development Program, may I recommend that Mr. Macdonald use this money to sponsor some of the worthy CCDP projects, in constituencies such as my own, which have been rejected on the basis of insufficient funding.

It is surely the ultimate irony that this squandering of public moneys is all in the name of finding a solution to the country's economic crisis.

Madam Speaker: Order.

ORAL QUESTION PERIOD

[*English*]

CANADIAN ARMED FORCES

PROPOSAL TO ESTABLISH SHORT-TERM ENLISTMENT PROGRAM

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. He will no doubt recall that last November I wrote to him supporting the idea of short-term engagements in the Armed Forces to help solve our terrible unemployment problem in the 17 to 24 age group, and to teach some useful trades, such as electronics, basic engineering, vehicle maintenance, carpentry and plumbing, radio, supply purchase and control, office procedures, man management and others. I received an answer from the Minister in January saying that the matter was under study. Could the Minister inform the House whether the Government has now finished studying and started making decisions in this matter?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, for once, probably, the Hon. Member for Victoria and I have the same views on this subject; but in any case my answer is still the same. I think that the Government has already put forward many job creation projects. As far as

my own Department is concerned, we have made several submissions to the Minister of Employment and Immigration and the matter is still under consideration by that Minister and, of course, by the Minister of Finance, who is responsible, after all, for providing the financial resources for future job creation projects coming up.

REQUEST THAT MINISTER SEEK CABINET APPROVAL FOR PROPOSAL

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my supplementary question is directed to the same Minister. It is very difficult to understand, but the Minister of Employment and Immigration in this country seems to be the main opponent of this sensible solution to what is part of the problem. With the newfound support that the Minister now appears to have among some Liberal backbenchers, will the Minister screw up his courage and tackle the Minister of Employment and the Cabinet again on this matter?

Some Hon. Members: Hear, hear!

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I feel that I have great support for this type of proposal in my caucus. I have the full support of the Minister of Employment and Immigration, and also that of the Minister of Finance.

Mr. Crosbie: What about the Prime Minister?

Mr. Lamontagne: It is a question of judging the amount of financial resources available to start a job creation program. I am sure that when the Minister of Finance tables his budget, and during his pre-budget deliberations, he will certainly take into careful consideration whatever he can do for us in the Defence Department concerning a job creation project.

SUPPORT FOR ENLISTMENT PROGRAM

Hon. Erik Nielsen (Leader of the Opposition): I have a question for—guess who?

Some Hon. Members: Oh, oh!

Mr. Nielsen: The Prime Minister. It is based on the petition which has reportedly been signed by 108 of his 114 backbenchers and which is reportedly supported by a majority of his 36-member Cabinet, urging the Government to enlist 50,000 young Canadians into the Armed Forces of our country to alleviate partially the terrible jobless situation which confronts our young people.

An Hon. Member: Good enough for Hitler.

Mr. Nielsen: I hear an interjection from the NDP to my left saying, "It is good enough for Hitler". I knew that the NDP would take that position.

An Hon. Member: War is no solution to unemployment.

Mr. Nielsen: I am asking the Prime Minister if he has any personal objections to the Government adopting the urging of that petition and the establishment of that policy which, I can assure him, will be supported by 101 Members, which, added to the 108, will comprise 209 Members of Parliament in support of that policy.

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is a matter of some satisfaction for the Government to know that action in the Liberal caucus will at last have brought unity to the Conservative caucus.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Trudeau: I know they are interested.

I would say that it is with that in mind—and I repeat the answer given by the Minister of National Defence—that the Minister of Finance and Cabinet will very seriously consider representations made by Hon. Members on this side which envisage using the Department of National Defence to create jobs and to alleviate the very high unemployment that Canadians are suffering.

• (1420)

Mr. Nielsen: Madam Speaker, I might note, before posing my supplementary, that it was the initiative displayed by the Member for Victoria (Mr. McKinnon) on behalf of this Party which was plagiarized by the petition of the Liberal backbenchers. Nonetheless we are still in support of it.

POSITION OF PRIME MINISTER

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Prime Minister has not answered my question. Does he have any personal objections to the implementation of the policy outlined in that petition?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have no objections at all to the concept. I have told my caucus members that, in effect, and I encouraged them to pursue this very interesting line of economic development in order to create employment in Canada.

I point out to the Hon. Member opposite that if the idea indeed comes from the Member for Victoria, we would be interested in knowing what facts and figures have led to the unanimous support of all the Tory caucus for this, because there are a lot of economic considerations. The cost of creating jobs in that way is higher than the cost of creating jobs in other ways. The benefits or disruptions to the Department of National Defence have to be taken into consideration. We would be very happy to have the originator of the idea supply us with all the supporting facts and figures. Why should we only create 50,000 jobs; why not 500,000 jobs?

Some Hon. Members: Hear, hear!

Mr. Trudeau: I see that even arguments ad absurdum get the support of the Conservative Members, which does not surprise me.

An Hon. Member: Now you are being absurd.

Mr. Trudeau: The Hon. Member says I am being absurd in following an idea put forward by the Hon. Member for Victoria. I am not surprised.

Mr. Nielsen: Madam Speaker, I am sure the House would be very interested in seeing those cost figures and, since the Prime Minister seems to be willing to expose them, he might table them for the benefit of all of us.

REQUEST FOR EARLY IMPLEMENTATION OF PROGRAM

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I would suggest to the Prime Minister that one way of beginning to make up the funding that would be required for the implementation of such a program would be the refraining from paying exorbitant salaries to people such as Donald Macdonald, to architects constructing embassies in the United States, and from advocacy advertising and a few other pork-barrelling policies of the Government.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Since the Prime Minister has answered that he does not have any personal objections to the implementation of that policy, and since he has the support of 209 Members of Parliament, can he assure the House that the Cabinet will implement that policy at the earliest possible moment?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member seems to have misunderstood what I said about facts and figures. He claims that it was his Party who originated this idea. I invited the Hon. Member to see the facts and figures that induced the support of the unanimous will of the Conservative caucus, a rather unusual thing.

As far as our attitude is concerned, I repeat, the Minister of National Defence has given the answer. The Minister of Finance, in constructing a budget, will be able to announce his conclusions which might or might not be along the lines suggested by the Hon. Member. It will depend on what financial actions create the most jobs in the most effective way and beneficial way for the future of Canada, and for the reducing of unemployment. That is a very complex set of questions which have to be asked in order to answer that question. I say that I have no objection to creating jobs that way or any other way. We want to create jobs in the particular way which will be least costly and more beneficial to the Canadian economy, and the way we are suggesting now may or may not have that effect.

MACDONALD ROYAL COMMISSION

REMUNERATION OF CHAIRMAN

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Prime Minister who, on a number of occasions, has asked Canadians to restrain their salary and wage demands and, where possible, in federal Government circles, to restrain their demands to six and five. He has asked the mothers of Canada to accept only a 6 per cent increase in Family Allowances this year, and less next year.

Having now been informed that his Government will be paying Donald Macdonald the obscene sum $800 a day, plus expenses, which is more money than the 2.3 million pensioners receive in Canada for an entire month, will the Prime Minister explain to this House and to the people of Canada how he can justify paying a certain individual $800 a day when he is not prepared to pay that same amount for a total month's income to a typical pensioner in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must explain to the Hon. Member that in effect all the Commissioners will be receiving remuneration possibly worth the same to all of them, something in the area of $350 a day.

The $800 is paid to the firms of three lawyers who are on the Commission, two lawyers are commissioners and one is a research assistant, and more than 50 per cent of those amounts will be retained by the firms to cover the overhead that each individual member of a firm must pay in order to be a partner of the firm. So in effect all the Commissioners will be receiving approximately the same amount, $350 a day, which is the usual amount paid in recent times to members of Royal Commissions.

REASON FOR LEVEL OF REMUNERATION

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I still believe this really does add insult to injury. Many Canadians believe that this three-year "Ronald McDonald" approach to economic planning is not needed in the first place. Now we find that we are going to be paying the participants such extravagant sums of money during these times which the Government is calling times of restraint.

I want to ask the Prime Minister, now that he has decided to pay Mr. Macdonald the sum of money that he has indicated, would it not be appropriate at least to expect a commitment from Mr. Macdonald that he will remain for three years, during the time of the inquiry, or is this the Prime Minister's way of extending the golden touch to the man he would like to see replace himself, instead of John Turner?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think there are many elements of that question which are irrelevant, and the most surprising is that the Hon. Member did not listen to my answer when I said that in effect all Commissioners will be receiving the equivalent of $350.

The supplementary amount in the case of the lawyers goes to their firms to pay for the overhead.

JUSTIFICATION FOR REMUNERATION

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I wish to pursue this with the Prime Minister. This is not part-time work on the part of Mr. Macdonald, it is pork-time work.

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: I want to ask the Prime Minister if in fact this exorbitant salary is going to be paid to Mr. Macdonald, and to all the Commissioners appointed by the Prime Minister, which amount would allow 2,000 Canadians to have extended unemployment insurance benefits for a month, or 10,000 families to have fully indexed Family Allowances for one year, how, morally speaking, he can justify this kind of salary. We are not interested in the overhead of McCarthy & McCarthy. We are interested in the overhead of people who want to heat their homes and feed their children.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member's argument seems to turn on whether the Commission is necessary or not. If he does not agree with the figures that I have just quoted, that is a matter of judgment. I just put it that that is the information that I received from the Commission, and the information which has been made public and which can be tested against recent surveys by actuaries who do say that in fact more than 50 per cent of fees received by lawyers go to pay the overhead of their offices. That is another matter.

Assuming that the information is right, the question is, do we need a Royal Commission on Canada's economic future? My deep belief and that of, I would say, many members of the public and of the informed thinking critics of the Government, is that it is time that Canadians have a Royal Commission, outside of the day-to-day preoccupations of Governments and Oppositions, to look at Canada's future, to look at the structure of governments in this country and to see whether Canada's economic future can be improved both by economic means and by constitutional or political reform to institutions.

• (1430)

This is a serious question. I am surprised that the Opposition do not think that it is important because, when they were the Government, the then Leader of the Government, the Right Hon. Member for Yellowhead, had proposed the setting up of such a commission. When the same Party are in opposition, they suddenly realize that no knowledge is better than some knowledge, which is not surprising coming from the Conservative Party.

CHAIRMAN'S FEES FROM DIRECTORSHIPS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the Prime Minister should have been here earlier to hear the Hon. Member for London West, a member of his caucus, the Parliamentary Secretary to the Minister of Communications, chastise the Government for its callousness with respect to this appointment and the amount being paid. We are not worried about Mr. Macdonald. He is going to eat because he is on the Board of Directors of, among other companies, Dupont Canada, the Bank of Nova Scotia, Boise Cascade Corporation, McDonell Corporation—

Madam Speaker: Order. I am just wondering whether that is all necessary for a question. It is a long preamble.

Mr. Hnatyshyn: Madam Speaker, I had just started the list, but I will stop here. It is a serious question. Before the Christmas recess the Minister of Finance indicated that he would take up the matter of conflict of interest. Presumably Mr. Macdonald is the independent Chairman of this great commission the Prime Minister talks about. I want to know why he is continuing to receive his fees with respect to these particular directorships? Why does he continue to represent these multinational corporations when he is purported to be independent on this commission?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, when one sets up a Royal Commission and one goes to members of the private sector to staff and fill the position of commissioners, one does it precisely because the interest and activities of the members of the private sector qualify them for the type of knowledge that will be needed to conduct a commission. If we did not want people with private sector interests, we would not go to the private sector to hire them. I have not heard the argument from the Hon. Member that to be a member of a Board of Directors of a company or to be a lawyer in a firm which is practising corporate law in the normal way disqualifies one from giving good advice to the Government on economic and constitutional matters.

Once again, if one wants to hire people from the private sector, one should take them with their knowledge, capacity, and with their activities. Otherwise one would have an in-house Royal Commission staffed by public servants whose conflicts of interest are defined by the law.

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TRUST COMPANIES

GOVERNMENT'S RESPONSIBILITY FOR MORTGAGE COMPANIES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Minister of State for Finance. Yesterday the Parliamentary Secretary to the Minister of Finance disclosed in this House that the Government knew in March, 1982, that Greymac Mortgage Company and the Seaway Mortgage Company were unsound, and put them on short-term renewals of licences, and placed severe restrictions on their activities. Will the Minister, on Motions today, explain to this House what correspondence he had with the Province of Ontario with respect to his knowledge concerning the mortgage companies, and as the Province was in charge of

licensing the trust companies, what arrangements he made and why he did not disclose to the public his concerns with respect to these companies? The Minister has been playing footsie here. He has been hiding. Will the Minister, on Motions today, explain to this House where he stands?

Madam Speaker: Order. I believe the question has been put.

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, yes, indeed. I can confirm the statements made by the Parliamentary Secretary to the Minister of Finance yesterday wherein he indicated that the Superintendent of Insurance for Canada exercised his supervisory authority with respect to the two companies which he recommended be subject to scrutiny earlier this year. I can confirm that the Department was concerned that the exercise of control over those companies reached the stage where the Superintendent recommended, under the Act, in a report to the Minister, that they be investigated as to whether in fact the licences should be continued. The hearings to look into the very issues the Hon. Member has raised are continuing this afternoon. I am sure the Hon. Member is aware that those hearings have to conclude, and that the opportunity must be given to the companies to make their case.

QUERY RESPECTING GOVERNMENT'S ACTIONS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Parliamentary Secretary told us yesterday that the Minister knew what the situation was in March, 1982. I want to know what the Minister did with respect to the trust companies which are the principals behind the mortgage companies. In other words, did he act under the provisions of Section 24 of the Canada Deposit Insurance Corporations Act to investigate the unsound lending practices of the trust companies? If not, why not? Why did he not advise the trust companies that their insurance under the Canada Deposit Insurance Corporations Act would be cancelled because of their unsound practices which he knew about in March, 1982?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, obviously the Hon. Member must be referring to Ontario trust companies, Crown Trust, Seaway Trust, and Greymac Trust. They are under the jurisdiction of the Province of Ontario. We are used to the spectacle of federal Conservatives attacking federal Conservatives. We now have the spectacle of federal Conservatives attacking provincial Conservatives.

Some Hon. Members: Oh, oh!

EMPLOYMENT

PROSPECTS FOR YOUNG CANADIANS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is directed to the Prime Minister who, the other day, called our Party reactionary—

Some Hon. Members: Oh, oh!

Mr. Waddell: —and who today says that he has no objection to the army project that was just suggested. Why does a young Canadian have to join the army to find a job in modern Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, he doesn't.

Mr. Waddell: Perhaps the Prime Minister could look at the Rooseveltian New Deal. He is old enough.

Some Hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): That's Theodore Roosevelt.

Mr. Waddell: He could look at that and see that there was some national service other than the military.

SUGGESTED CREATION OF MUNICIPAL JOB CREATION FUND

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my supplementary question is directed to the Minister of State for Finance. Did he meet this morning with the Federation of Canadian Municipalities and some of the mayors who were there? Is he prepared to agree to a real job-creation program as they suggested, namely, putting $2 billion in funds into a program for local action toward national recovery, as proposed by this group?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Yes, Madam Speaker, I did have the opportunity, with other Ministers of the Government, in the process of budget consultation, to meet with representatives of the Canadian Federation of Municipalities. There were mayors and elected representatives from all of the Provinces. Yes, they made submissions dealing with requests that there be public works projects. I had the opportunity as well of pointing out that, for example, the $2 billion put into housing in the last 24 months by this Government has resulted in an increase in housing starts last month of up to 165,000 annually adjusted. These moneys are working and there are jobs being created under the present commitment of this Government.

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TRUST COMPANIES

CROWN TRUST—PROTECTION OF DEPOSITORS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Minister of State for Finance. It

is supplementary to the questions of my colleague from Mississauga South. The Government knew that when Greymac Credit bought control of Crown Trust that the new owners of Crown Trust were the same owners as the owners of one of the mortgage companies that was being investigated by his Department under the Loan Companies Act. Since CDIC was providing deposit insurance to Crown Trust, what precautionary measures did the Minister take to protect Canadians who had their savings deposited with Crown Trust?

• (1440)

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, now we have the spectacle of another federal Conservative attacking a provincial administration of trust companies which are clearly under provincial jurisdiction.

MINISTERIAL ACTION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the Minister is showing clearly he has not read the legislation. Under the Deposit Insurance Corporation's legislation he must—not can—he must inspect these companies once a year, and he has it under his jurisdiction to go in more times if he has any doubts about the quality of a company. My question again is, since he was investigating the affairs of one of the companies which was owned by similar people, and which he had been investigating for six months, what precautionary steps did he take to protect the savings of Canadians and to protect the reserves of the Canadian Deposit Insurance Corporation?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, one of the steps which this Government obviously has taken as a result of our concern about the difficulties being experienced by depositors, shareholders and the like, in the companies which are under the jurisdiction of the Province of Ontario, was to indicate our intention of introducing a Bill in this House to amend the Canada Deposit Insurance Corporation Act, to increase deposit insurance coverage from $20,000 to $60,000. That was a move which was recommended by the Hon. Member asking the question, in the Finance Committee which studied the question of bank profits.

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THE CONSTITUTION

ABORIGINAL RIGHTS—GOVERNMENT POSITION

Hon. Jake Epp (Provencher): Madam Speaker, my question is directed to the Prime Minister. The Minister of Justice has now confirmed that the agenda for the First Ministers' Conference to be held in March has been completed. One of the agenda items is the question of aboriginal rights. Does the Government intend to put forward its position on aboriginal rights, before the Conference, in order that the native leaders can assess that position, as well as others interested in that question, or does the Government see its role primarily at the Conference as moderator or chairman rather than a protector of aboriginal rights?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, both roles are not exclusive. Obviously the federal Government will be chairing the Conference, trying to ensure its orderly development and hopefully turn it into an on-going process, because we do not expect to have all the problems solved at this one Conference. Naturally the Government will be going to the Conference also with positions which it has developed on the problem of aboriginal rights, and its general attitude and policies toward the aboriginal people.

CONFERENCE AGENDA

Hon. Jake Epp (Provencher): I would like to ask the Prime Minister, Madam Speaker, whether the Government's position is going to be made public prior to the Conference and, as well, in preparation for the Conference whether the Prime Minister intends to place on the table not only the question of aboriginal rights but other topics upon which a number of his Ministers have commented, such as restoring a veto to certain Provinces, as well as some other topics.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would defer to the Minister of Justice for the latter part of the question, but I know that in my original correspondence with the Premiers, I indicated it was conceivable that we would have part of the Conference devote its efforts to non-aboriginal rights questions. I am not sure what state the agenda is in now, but I expect we would be looking at non-aboriginal rights questions on the second day or in the latter part of the Conference.

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NATIONAL PARKS

QUALITY OF BANFF WATER SUPPLY

Mr. Gordon Taylor (Bow River): Madam Speaker, my question is directed to the Hon. Minister of the Environment in charge of National Parks. Giardia lamblia, as the Hon. Minister knows, is a stomach disease which causes vomiting and sometimes paralysis. It has been plaguing the people and the tourists of Banff Townsite for more than a year. The parasite which causes this is in the water supply and the only cure appears to be a water filtration plant. When will the Minister authorize a water filtration plant in order to protect the interests of Banff and the tourists to that beautiful area?

Hon. John Roberts (Minister of the Environment): Madam Speaker, as the Hon. Member knows, because he congratulated us for it, when this matter came to our attention we did contract to have professional advice given to us by consultant engineers on the best way of responding to this problem. That report has been received and we are acting on the recommendations which were presented to us in the report. I could give

him a more specific answer on the details, if he wishes, either by letter, or tomorrow or another day. I would have to refresh my memory on exactly what stage we are at in implementing the recommendations of that report.

IMPLEMENTATION OF STUDY'S RECOMMENDATIONS

Mr. Gordon Taylor (Bow River): Madam Speaker, I appreciate what the Minister has said. The study did indicate a water filtration plant could be achieved in a number of different ways. From the answer of the Hon. Minister, is the work which is now being done leading up to a water filtration plant or simply some more wells?

Hon. John Roberts (Minister of the Environment): My recollection, Madam Speaker, which I would like to verify, is that there was a recommendation that we proceed with alternative wells because this would be a necessary step, in any case, before the creation of a filtration plant. If I remember correctly, the recommendation is that we should proceed with that step next. We would then be able to assess whether it was necessary, as it may very well be, to proceed with the filtration plant. This was a matter of great concern several weeks ago and I would like to refresh my memory on the details but to the best of my recollection the answer I have given to the Hon. Member is an accurate one.

* * *

[*Translation*]

HEALTH

INQUIRY RESPECTING PRINTING OF CANADA HEALTH ACT

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, my question is directed to the Minister of National Health and Welfare. For some time now, Hon. Members and others have been subjected to fairly intensive lobbying by members of our health services, and I wish to ask the Minister whether the so-called Canada Health Act has been printed and circulated, to whom it was circulated and why these people are carrying out this intensive lobbying. Could the Minister also inform the House whether a bill was drafted recently or some time ago?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, there is no Canada Health Act as such. There is no bill or draft bill. Recently I had a meeting with senior officials of the Department of Justice, and we are working on this. However, I think the Hon. Member is referring to a document, bearing a misleading title, which was published, unfortunately, under the instructions of the new chairman of the Canadian Medical Association. This is extremely unfortunate, because I realize from what I have read in the press, and I have not had a chance to talk about it, that many people have been misled by this document. I am thinking, for instance, of Ontario nurses who are opposed to certain parts. However, there is no such document—I mean, it is not what it seems. The Bill, when there is one, will first be submitted to the Ministers of the provinces, as has always been my intention, and discussed with our parliamentarians.

* * *

[*English*]

FOREIGN INVESTMENT REVIEW AGENCY

PORT COLBORNE QUARRIES LTD.—ENFORCEMENT OF PURCHASE COMMITMENTS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce in his capacity as the Minister in charge of weakening FIRA. In 1978 the Foreign Investment Review Agency approved a takeover of a Canadian company called Port Colborne Quarries Ltd., by an American firm from Ohio. I have with me, Madam Speaker, a confidential FIRA document which outlines the 13 specific undertakings made by the American firm before it took over the Canadian company. It made commitments such as preserving existing jobs and creating others, increasing productivity, expanding the plant, and purchasing all equipment, goods and supplies in Canada. Not one of these major undertakings has been kept by that company. Why has FIRA not moved to enforce a contract which was made between the American firm and Port Colborne Quarries Ltd.?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I first want to thank the Hon. Member for giving me advance notice of his question. My officials have been monitoring this very unfortunate situation which has existed at Port Colborne Quarries Ltd. We are investigating with respect to the commitments which were made under FIRA and, if there is any action to be taken, we will take it.

Mr. Nystrom: Madam Speaker, I think this is an example of where foreign ownership is costing the Canadian people many, many jobs.

• (1450)

AGENCY'S ENFORCEMENT CAPABILITY

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, the enforcement branch of FIRA was recently cut back to fewer than 15 officers. The case load has gone up by some 6 per cent in the last year, which means that each officer has to monitor about 12 cases per day, which is an impossible task. It is making a joke of the enforcement procedure. In light of that, in order to strengthen FIRA and preserve Canadian jobs, will the Minister make a commitment in the House to strengthen the enforcement branch of FIRA so these kinds of situations will not occur in the future?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, if I remember correctly, about a year and a half ago my predecessor made a request to Treasury Board to

add some person years to FIRA to reduce the case load. If I am not mistaken, I think ten or 12 people were added to FIRA at that time.

Secondly, with respect to job creation and investment, pertaining to the question the Hon. Member raised with the Prime Minister a few days ago, almost 10,000 jobs have been created or protected through commitments by companies as the result of FIRA applications being approved in the last four months. If the Hon. Member and his colleagues are so interested in job creation, obviously they must be very happy with those results achieved in that period of time.

* * *

ADMINISTRATION OF JUSTICE

UNCONTESTED DIVORCE ACTIONS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is for the Minister of Justice who is no doubt aware that the Legal Aid Committee of the Law Society of Upper Canada has made a suggestion that the time has come for the law to be changed so that uncontested divorce actions do not have to be tried in the courts, the thesis being that the courts would not be clogged and the public would not be put to unnecessary expense. Has the Minister studied this proposal and, if so, has he taken any position with respect to it?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, the Government is looking very closely at this question in light of the obvious need surrounding the problems with divorce legislation and maintenance questions in Canada. I want to assure the Hon. Member that, whatever decision we make, it will be made in view of the public's need, not in view of the needs of the legal profession exclusively.

FEDERAL-PROVINCIAL CONSULTATION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, the Attorney General of Ontario, Mr. McMurtry, has told the Ontario legislature that the present system is unsatisfactory. He also indicated that he has been pressing the hon. gentleman's Government for action with respect to this matter. Are there any conferences, meetings or other proceedings under way or contemplated by the Minister of Justice with his provincial colleague, on this matter?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, as part of our decision-making process there will be very extensive consultation with the provinces in the very near future on this issue.

EXTERNAL AFFAIRS

NIGERIA—EXPULSION OF FOREIGN WORKERS

Mr. Douglas Roche (Edmonton South): Madam Speaker, my question is directed to the Secretary of State for External Affairs, concerning the expulsion by Nigeria of upwards of two million people. First, can the Minister clarify what assistance the Canadian Government has offered those people who are dislocated, and secondly, has the Canadian Government protested to Nigeria for taking this precipitous action as a consequence of the international economic situation, on the grounds that it is a precedent for other countries creating economic refugees in order to deal with their own internal economic problems?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I should tell the Hon. Member we have made an initial contribution of $100,000 to the International Red Cross. We have provided an additional $30,000 to assist in the transport of milk powder. We are now receiving an assessment from international organizations and we are prepared to consider short-term relief for the persons expelled from Nigeria to Ghana, and also a program of longer term assistance.

I understand that, in my absence, the Minister of State for International Trade expressed the concern of the Government of Canada to the Nigerian High Commissioner about this particularly rapid request to these persons to leave the country. I think it is understood in Africa that there are illegal residents in various countries and it is the sovereign right of any Government to request those in the country illegally to leave, so one cannot object to that principle. However, I think one can draw the attention of the Government to the speed with which this particular very large movement of people was requested, and the hardship which obviously followed as a result.

PROVISION OF AID THROUGH NON-GOVERNMENTAL ORGANIZATIONS

Mr. Douglas Roche (Edmonton South): Madam Speaker, the question of creating economic refugees has enormous implications for the world community. I wish the Minister would address both himself and the Canadian Government to that particular situation. As to the extension of Canadian aid, is the Minister considering involving Canadian non-governmental organizations in any capacity whatsoever?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of State for External Affairs): Yes, Madam Speaker, we are considering involving non-governmental organizations in the provision of aid. We are also considering the possibility of bilateral projects which might be undertaken.

ADMINISTRATION OF JUSTICE

REQUEST FOR JUDICIAL REVIEW OF HABITUAL CRIMINALS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is for the Minister of Justice. In 1977, when the old habitual criminal legislation was replaced by the new dangerous offenders legislation, the then Minister of Justice promised that all those sentenced under the old law would have their cases reviewed in accordance with the new criteria. This has never been done. Recently a comprehensive study conducted by U B.C. Professor Michael Jackson showed that none of the prisoners he studied—most of whom are in British Columbia—are dangerous pursuant to these criteria.

In view of the findings of this study, and, in particular, in view of the Haddock complaint on this point currently before the United Nations Human Rights Committee, will the Minister introduce legislation providing for a judicial review of all habitual criminals to determine whether they are indeed dangerous offenders under the 1977 legislation, and thereby keep the commitment made by his predecessor as Minister of Justice?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, this is an issue I take very seriously. I have met with Professor Jackson and I have devoted considerable attention to deciding on the best way to proceed. I hope it may be possible to proceed to have this matter properly examined without the need for new legislation, but in any event the Solicitor General and I will be consulting about it and we would hope to be able to make some announcement before very much time has passed.

* * *

[*Translation*]

INDUSTRY

CONSTRUCTION OF NEWSPRINT MILL IN MATANE

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. About two years ago, the Minister may recall that his predecessor, the Member for Matane and then Minister of Regional Economic Expansion, had promised that a newsprint mill would be built in Matane. Since then, this municipality has voiced its concern about the possibility that the project might be dropped. Could the Minister inform the House whether, on behalf of the Government, he intends to keep the promise made by the Member for Matane and the then Minister, and if so, could he inform the House when this project would be started, in view of the fact that we have been waiting for two years?

[*English*]

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, if I am not mistaken, a week ago Friday, was the first time I had all the documentation from the officials with respect to that project. We are now studying it. Obviously the Gaspésie is a priority for our Department and we will be seriously discussing this proposal. I have also sent a letter of invitation to the Mayor of Matane. I am willing to meet with him and his officials to discuss the possibilities of the project.

[*Translation*]

Mr. La Salle: Madam Speaker, the Minister knows full well that his predecessor committed himself on specific conditions—which a number of people will remember—to having this newsprint mill built. With a view to reassuring the people of this riding who, according to my information, are getting worried, I wish to ask the Minister if he could inform the House whether the Government is going to keep its promise to have the mill plant built, and if he is willing to meet the Mayor of Matane who asked the Minister on January 14 to have a meeting with him?

• (1500)

[*English*]

Mr. Lumley: Madam Speaker, I am more than willing to meet with the Mayor of Matane, and as I said, I have already sent him a letter. The agreement signed by my predecessor was an agreement in principle based upon a specific condition. A lot of things have happened in the industry in the interim. As I said, we would like nothing better than to have a pulp mill in that particular area, given that we do not do something that is damaging to the rest of the industry.

* * *

ELECTORAL BOUNDARIES READJUSTMENT ACT

TABLING OF REPORT OF COMMISSION FOR THE PROVINCE OF MANITOBA, 1983

Madam Speaker: It is my duty pursuant to Section 19 of the Electoral Boundaries Readjustment Act, Chapter E-2 of the Revised Statutes of Canada, 1970, to lay upon the Table a certified copy of the report of the Electoral Boundaries Commission for the Province of Manitoba, 1983.

Pursuant to Standing Order 46(4), this report is deemed to be permanently referred to the Standing Committee on Privileges and Elections.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. SARGEANT—TESTING OF CRUISE MISSILE ON CANADIAN SOIL

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise today to present a petition of which I think the Prime Minister (Mr. Trudeau) and the Secretary of State for External Affairs (Mr. MacEachen) should take special note. This petition, signed by 1,830 people, was circulated among students at 15 high schools throughout Manitoba by two students at Teulon Collegiate, Janice Moeller and Mandy Ens. These young people care about their future. They want their future to be lived in a world free from the threat of nuclear war, so they have initiated and signed this petition opposing the testing of the Cruise missile in Canada.

The petition points out that any decision by the Government of Canada to allow the U.S. to test its Cruise missile on Canadian soil will lessen Canada's credibility as a world champion for arms control and disarmament. I am especially proud of those young people for stating their views on this important issue so clearly, and I am proud today to present this petition to the House of Commons on their behalf.

MR. RIIS—CLOSURE OF POST OFFICE IN CHASE, B.C.

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I am pleased to present a 1,150-name petition from the Village of Chase, British Columbia. The petition opposes a recent decision by the Canada Post Corporation to close a downtown post office in Chase, B.C. and move it to a location in Chase Plaza.

The concern of the residents is two-fold. This move will add more than two kilometres to the distance senior citizens will have to walk to collect their mail. The major concern is that the Canada Post Corporation made no effort to seek public reaction to the decision. The residents feel that they should have been consulted directly or through their duly-elected village council.

MR. FRIESEN—RIGHT TO OWN PRIVATE PROPERTY

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I have the honour to present a petition on behalf of constituents of mine who are concerned that the Charter of Rights does not include the right to own private property. They have made the effort to collect names and have said that they believe that an amendment should be made to the Constitution and Charter of Rights, entrenching property rights in the Bill of Rights.

POINT OF ORDER

MRS. MITCHELL—EARLIER REFERENCE TO MISS BÉGIN IN DEBATE

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I wish to inform the House that the reference requested this morning by the Minister of National Health and Welfare (Miss Bégin) is on page 50:12 of the proceedings of the Standing Committee on Health, Welfare and Social Affairs of December 7, 1982, line 20:45.

Madam Speaker: Order. That is not a point of order.

* * *

CRIMINAL CODE

AMENDMENT RESPECTING PRODUCTION AND DISSEMINATION OF PORNOGRAPHIC MATERIAL

Mr. David Kilgour (Edmonton-Strathcona) moved for leave to introduce Bill C-673, an Act to amend the Criminal Code (pornography).

[*Translation*]

Some Hon. Members: Explain.

Mr. Kilgour: Madam Speaker, I am proposing a Bill to amend the Criminal Code with respect to pornography. This Bill is concerned with the issue of both child and adult pornography. I want to clarify the law. I want to set up effective sanctions and by taking an effective approach to the pornography problem, improve the situation in general.

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

* * *

[*English*]

INTEREST ACT

AMENDMENT RESPECTING MORTGAGE PAY OUTS

Mr. Paul Dick (Lanark-Renfrew-Carleton) moved for leave to introduce Bill C-674, an Act to amend the Interest Act.

Some Hon. Members: Explain.

Mr. Dick: Madam Speaker, when a Government fails to act in the best interests of its citizens, then it is the duty of the individual Member of Parliament to act so that more Canadians do not lose their homes. The Government seems to have forgotten that over 700,000 Canadians are still struggling with mortgages that have an interest rate of over 17 per cent.

This Bill would amend that provision of the Interest Act which has not been changed since 1911 and would provide that people could pay off their mortgages after one year with a three-month penalty, rather than after five years.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: 4,394, 4,551 and 4,618.

[*Text*]

VIA RAIL—SERVICE BETWEEN KITCHENER AND TORONTO

Question No. 4,394—**Mr. Beatty:**

1. What effort is made by the management of VIA Rail Canada Inc. to provide adequate space for all passengers between Kitchener and Toronto?

2. Since January 1, 1982, on what (a) dates (b) trains in either direction between Kitchener and Toronto was inadequate space provided for all of the passengers wishing to travel by VIA Rail?

3. Would any incidents indicated in the answer to part 2 have resulted in denial of service or of seating to VIA Rail customers who had booked their trips several days in advance?

4. On June 13, 1982, was the 6.15 p.m. train to Toronto delayed for more than an hour while police and VIA Rail officials tried to get up to 25 passengers to leave the train and, if so, at what time did the train leave?

5. At what time (a) was the train scheduled to arrive in Toronto (b) did the train arrive in Toronto?

6. For what reasons did VIA Rail (a) try to persuade the passengers to leave the train (b) decide to allow them to stay on the train?

7. Where did the passengers for whom there were no seats ride?

8. How many passengers were added to the train at Guelph?

9. How many passengers wanted to join the train at Guelph, but could not because of overcrowding?

10. Did the chief executive officer of VIA Rail have to ride in the baggage compartment of any of VIA Rail's trains because of overcrowding?

11. Does the management of VIA Rail feel such incidents encourage VIA Rail passengers to take the train?

12. Are efforts made by VIA Rail to compensate customers for missed connections or serious inconveniences caused by such incidents and, if so, what are such efforts?

13. What steps have been taken since June 13, 1982 to prevent such occurrences on the Kitchener-Toronto line in the future and does the management of VIA Rail feel that such steps will be adequate to prevent such incidents in the future?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of VIA Rail Canada Inc. advises as follows:

1. Travel between Kitchener and Toronto is unreserved. The only method of ensuring sufficient space for all passengers is to review previous handlings and apply a growth figure. This is done on a continuing basis by VIA Rail management.

2. Since January 1, 1982, no passengers were turned away because of inadequate space on train service between Toronto and London operating via Kitchener. Although VIA is not always able to provide seating to all its passengers, statistics are not available on individual incidents involving lack of seating.

3. See reply to 2 above.

4. Yes. The train departed Kitchener at 1922 hours, (1 hour and 5 minutes late).

5. (a) 1955 hours, (b) 2053 hours.

6. (a) The operation of train 668 is the responsibility of CN Rail and, from information provided, it was the decision of the train conductor, a CN Rail employee, to refuse passage to patrons who were not able to occupy a seat. (b) The CN official, namely the trainmaster, located at Kitchener instructed the conductor to comply with existing CN instructions contained in the General Instructions to Passenger Conductors and Trainmen.

7. Passengers were accommodated in the aisles where there was opportunity to have a handhold to ensure their balance. Some passengers also departed Kitchener in the baggage portion of the car. This is against regulations and measures have been taken to prevent a recurrence.

8. From information provided by CN Rail, there were 12 passengers detrained at Guelph and a like number entrained.

9. There were no passengers at Guelph who were unable to entrain. However, since the train was operating late and since they were aware of the overcrowding at Kitchener, there may have been passengers who availed themselves of other modes of transportation or decided to take the later train.

10. No.

11. No. It is not VIA Rail's policy to operate trains short of the seating capacity required. However, in unreserved territory and due to unforeseen circumstances, it is the policy to inform passengers when space might be available but all passengers would not be able to occupy a seat.

12. Yes. Station staff have the authority to hold connecting trains, provide restaurant facilities and/or hotel connections in instances of missed connections or serious inconvenience.

13. Canada Coach Line bus went on strike during the week previous to June 13. Also, on that particular Sunday there was a matinee performance at the Stratford Festival. While VIA Rail was cognizant of the additional patronage due to the festival, they were not aware of the number of additional passengers who required transportation because of the Canada Coach bus strike. Since June 13 an extra R.D.C. car with a capacity of 76 seats has been assigned to train 668. There have been no further incidents of overcrowding between Kitchener and Toronto.

DND—CONTRACTS FOR COMBAT BOOTS

Question No. 4,551—**Mr. McKinnon:**

1. Did the Department of National Defence award three separate contracts in the amounts of $1,426,909, $558,031 and $322,661 to Warrington Inc. of Kitchener, Ontario for combat boots and, if so, for what reason were three separate orders issued to the same firm?

2. Are the boots sold to the troops and, if so, is the Department or the Receiver General reimbursed?

Order Paper Questions

Hon. J. Gilles Lamontagne (Minister of National Defence): 1. There are only two firms in Canada with the equipment and tooling required to produce combat boots. These firms are Greb Industries Division of Warrington, Kitchener, Ont. and Sunbeam Shoes, Port Colborne, Ont. Although both of these firms may be awarded contracts based on costs and timely deliveries the Department of Supply and Services ensures that each of the firms receive at least some share of the DND business in order to retain their production capability.

The Department of Supply and Services on behalf of the Department of National Defence did award three separate contracts to Warrington Inc. in the amounts stated in the question. These three contracts constitute part of DND's combat boot requirements for 1982/83 and 1983/84 but do not cover the entire supply program for this item. Therefore, all contracts awarded for the supply of combat boots for fiscal years 1982/83 and 1983/84 are listed below:

Company Awarded Contract	Fiscal Year Requirement	Date Awarded	Amount
Warrington	1982/83	Sept. 81	$ 558,031
Sunbeam	1982/83	Sept. 81	788,000
Warrington	1982/83	Aug. 82	332,661
(Special order because of abnormally high usage of combat boots)			
Warrington	1983/84	—	1,426,909
Sunbeam	1983/84	—	515,000

2. Combat boots are not sold, but like all other items of operational and environmental clothing are an issue to entitled personnel.

HORMONE ESTRODIAL

Question No. 4,618—**Mr. Mitges:**

Is there any information or studies connecting breast cancer in women with the consumption of dairy products which normally contain the hormone estrodial?

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): From an epidemiological study in the United States*, an association was made between milk fat consumption and mortality from breast cancer. A later study in Alberta** did not show a similar association.

The estrodial content of cows' milk is extremely low and National Health and Welfare is not aware of any information relating breast cancer to the level of estrodial in dairy products.

* "Breast Cancer Mortality and Diet in the United States". Published in *Cancer Research*, 39:3628-3637, 1979, Senior author of paper Sharon Gaskell, Division of Clinical Epidemiology and Oncology, Department of Medicine, University of Texas.

** "Dietary Factors and Breast Cancer Risk". Published in *International Journal of Cancer*, 28:685-689, 1981. Senior author of paper J. H. Lubin, U.S. National Cancer Institute, Bethesda, Maryland, second author Patricia Burns, Cross Cancer Institute, Edmonton, Alberta. This study was supported by the Medical Services Research Foundation and the Alberta Heritage Savings and Trust Fund.

[*Translation*]

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

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FAMILY ALLOWANCES ACT, 1973

MEASURE TO LIMIT INDEXATION

The House resumed consideration of Bill C-132, an Act to amend the Family Allowances Act, 1973, as reported (without amendment) from the Standing Committee on Health, Welfare and Social Affairs; and the motion of Mr. Hawkes (p. 21697).

Mr. Gordon Taylor (Bow River): Madam Speaker, during the two minutes when I spoke before the luncheon adjournment, I was interrupted by the Minister of Supply and Services (Mr. Blais) on a point of order. It was not a point of order according to the ruling of the Chair, and in addition to that the Hon. Minister was completely in error. He said that on this side we were having difficulty getting speakers. Perhaps we should look at the record. This morning alone there were ten Progressive Conservative speakers but not one Member of the Government stood up to be recognized. That is a ratio of ten to none. In this entire debate only three Members of the Liberal Party have spoken, apart from the Minister and her Parliamentary Secretary. Of course, they have to be here to support the Bill; indeed, they have no choice but to support it. But only three other Members of the Liberal Party have stood to support it, the Hon. Member for York East (Mr. Collenette), the Hon. Member for Gloucester (Mr. Breau) and the Hon. Member for Algoma (Mr. Foster).

There is a long list of Progressive Conservatives and New Democratic Party Members who oppose taking bread out of the mouths of the children of this country, but it is sad that Members of the Government do not even stand up to support the Bill. But, when the time comes for the vote, however, no doubt they will vote for this legislation, which should have been withdrawn weeks ago.

Let us look at some of the facts in connection with the legislation. The Minister said that there are about 3.6 million mothers who receive the Family Allowance and then said that the indexation will not affect two-thirds of them. That leaves 1,200,000 mothers whose indexation will be affected. It is like the man who looks at a bottle of whiskey and says that it is half empty. The Minister says no, it is half full. There are 1,200,000 mothers who will be affected by this legislation.

• (1510)

Do Hon. Members realize what havoc that will cause to the great majority of those families? While some do not need the Family Allowance, each family decides how to use that benefit. Family Allowance was a declared policy in this country so that young people would have an income of their own that would be sent to the mother or the father. It was to be used for the benefit of these boys and girls. Every family has used the money in different ways.

One family I know has put that money faithfully into a trust account each month. When their children reach 18 there will be money available to send them to university or college. That family has made excellent use of the Family Allowance. Their children will receive a better education and make a better contribution to the country.

Other families must use their Family Allowance to keep bread on the table. When I was in high school I did not like returning on the first day of school, not because it was not wonderful meeting my friends after the summer vacation, but it was the day when children were given a list of books to buy. I hated the thought of going home with that list of books that we could illafford to buy. We had a large family and at that time the mines were not operating. There was no Family Allowance or other income coming in and we had to stretch our money in order to keep bread on the table. My mother went without food very often in order that the children could have something to eat. However, when I showed this list of books that I needed to buy, they found a way to scrape the money together so that I could get through school. Sometimes I would borrow books until we were able to buy them, and occasionally it was the end of October before I could get them all. Fortunately, I had understanding teachers who knew I could not afford the books, but through the sacrifice of my brothers and sisters and my parents I eventually got them.

Parents who are sending their children to colleges and universities today are faced with a great problem. They must buy books and clothes for their children. There are also tuition fees and other fees at particular colleges or universities, as well as for room and board. These expenses cause great worry to the parents in this country. Now their Family Allowances may be cut. This will affect those children in high school and those who enter university before they are 18 because their future education will be jeopardized. In other words, the future of our young people is being affected by this legislation.

If the Government needs money, I can think of a dozen better ways to get it than taking it from the young people of this country who are the future of this nation. Our young people should be encouraged to get an education, but this measure will only encourage them to quit school and try to get a job since it will be difficult for their parents to supply their books, clothing and other needs.

Young people are proud. When I went to school many boys wore long trousers when they went to high school. I did not get a pair of long trousers until I got to grade 12. I was embarrassed many times because I did not have long trousers like the other kids. I came from a mining camp and others came from the east end of Drumheller, but I always had sympathy and help at home.

This Government is telling mothers that it will not longer give them this allowance. It will take away an average of $17 per child over a year. That $17 is enough to buy three or four of the books that the child needs. It is enough to buy milk for the baby. Some may say "What is $17?". I remember when I thought $1 was an awful lot of money. I remember the time when I wished that I had 25 cents in my pocket. That $17 does not sound like much when one receives a big salary, like $800 a day for Mr. Macdonald. Incidentally, he will not even pay his own expenses. He will get $125 to eat out at the Imperial Room, of course, not at the greasy spoon down the street where many others have to eat.

This Bill is completely wrong because it attacks the wrong people. If we need the money, why do we not take it from some of the Government's advertising budget? I received a letter today from an editor of the *Cochrane Times*. She asked me what the cost of all this advertising was. She said that she was throwing these advertisements into the wastepaper basket. Here it is, a fancy card in big envelopes. These are being mailed out to many people. I suggest that not even one out of 200 stop to read it.

Furthermore, the Government has set up this Law Reform Commission. Has the Government yet followed one precept that this committee has recommended? The committee has only made recommendations, which is misleading. People will think that this is the law but it is not. It is only what the commission thinks should be the law. While the Government spends thousands of dollars on this type of document, it is taking the bread out of the mouths of the kids in order to keep the Government operating. It is a shameful act by this Government.

I see you are indicating that I have one minute left Mr. Speaker. I am almost through. I would not only like to see this legislation through, but thrown out. I ask Liberal Members, since they did not speak, to vote against this legislation and show the people of this country that they will not take the bread out of the mouths of the children.

• (1520)

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, once again, I think the Member for Bow River (Mr. Taylor) always manages to find

the right word to express his sentiments. However, he should be careful not to let his eloquence become pure rhetoric. I think all Members of this House want family allowances to be granted to those who need them. I also believe that this Government has always preferred to grant family allowances on a universal, rather than a selective, basis. After listening to the Member for Bow River, I feel that his rather unusual approach may give the impression that the present Government intends to remove family allowances, a measure aimed at helping families by providing them with a supplement so that their children can get an education and have a decent standard of living. It is perfectly normal and legitimate that Members on both sides of the House should try to safeguard a measure that was introduced after a long struggle, namely, the family allowance, to ensure that families get the maximum benefit.

However, I believe that for the information of the House, I should perhaps point out that the difference between what would have been given under full indexing, and what will be given with indexing capped at 6 per cent, is not more than $1.40 per child per month. The fact that the previous speaker made such a big issue of this merely goes to show that he is overly fond of dramatizing the situation. Certainly, it would have been more attractive to grant full indexing, and even more, to the families that need it most, but if the tax burden is to be shared by all Canadians more or less equitably, it was necessary to find a way to help all Canadians get out of the recession without undue difficulty, so that the 6 and 5 program as applied to family allowances is just as fair as when it is applied to old age pensions or all public service employees. In addition, many provincial governments and private enterprises have adopted the same measure to fight the effects of inflation.

Mr. Speaker, at this stage, it is important to make the point that if we succeed in bringing the inflation rate down from 12 to 9, from 9 to 6, and then to 5 and 3 per cent, the 6 and 5 program will automatically cease to exist. What really matters is not the six and five program. The important thing is to bring inflation down to zero, because the six and five program in itself is meaningless unless we intend to reduce inflation gradually down to nothing. One important fact—and I am convinced that my colleague opposite will agree with me—is that Canadian families want to see an end to inflation, mindless of the six and five restrictions. They are hoping that our economic system will be rid of inflation once and for all. That is important.

Hon. Members opposite should stop dramatizing in this House and wasting hours in needless debates on this Bill, because they are not helping the Government of Canada and the people in our ridings. As I said earlier, an amount of $1.40 per child will be deducted from the monthly allowance cheque, and that will work out to about $13 a year. But there is something else which may be even more significant since family allowances help a family meet its expenses. I am referring to the child tax credit, something which the Hon. Member for Bow River (Mr. Taylor) and some of his colleagues could have mentioned.

The child tax credit was implemented three years ago and it will not be affected by this Bill. To enlighten Hon. Members, I would add that the child tax credit enables a family to save $400 per year per child, non taxable, in addition to the family allowances mentioned earlier. In my opinion, the tax credit is basic, quite valuable and more important even than the family allowances. Hon. Members might be interested to know that two thirds of our Canadian mothers are entitled to the child tax credit which enables their families to get that additional assistance from the Government.

When Hon. Members opposite say that this Bill is totally unfair to families, and histrionically claim that we are depriving those families of much needed social benefits, I think they are on the slippery slope towards demagoguery and ought to be more careful. Naturally, the ideal solution would have been to let Canadian families enjoy full indexation and provide them with as much help as possible. As in anything else, however, expectations are unlimited, but the ability to pay is limited indeed. That is why we have to make a choice. I think that anyone in this House who honestly looks at this measure and makes a non-partisan judgement on it will readily admit that justice is being well served. The only thing that might be said is that it would have been desirable to have full indexation, but even if we had agreed to that, families and workers in Canada would have been worse off in the long run. In an economic system undermined by inflation, which year after year is eroding the purchasing power and boosting prices to the extent that each month families are faced with higher prices for food and clothing, I think that if the rates were to stay at 20, 12 or 14 per cent, the first who would unjustly be most affected are those we want to protect today.

I believe, Mr. Speaker, that when you really think about it, the Government has no alternative but to cut back the so-called full indexation of benefits which we have had for four years and which have caused prices to nearly double in eight years and played havoc with our economy. If we compare Canada with some other industrialized countries, we realize that their action is perhaps much more drastic than ours because they are trying to completely abolish family or social assistance. If we look at the extremely drastic measures proposed by the United States and at the action taken in Germany and even in France, it is very easy to see that the action taken here does not come near what has been done in other industrialized countries of the free world. These are the things we should consider instead of trying to make political gains over a reduction of $1.40 per child in the basic amount of family allowances. I believe that the complementary legislation which will provide a non-taxable tax credit of $400 per child for two-thirds of Canadian mothers more than compensates for the $1.40 which each family will lose every month per child because of the six and five program.

On the other hand, Mr. Speaker, if we look to the future, we can see that the six and five program will, in the long term, provide more purchasing power for the goods which a family needs. Moreover, Canadian families will then have full value for their money, and this is what Canadian men and women have been asking for two or three years. They want to have once more a balanced purchasing power based on the income generated by their wages and industries. As a matter of fact, this is the real problem in Canada. We cannot simply say that because of some piece of legislation a certain group in our society will temporarily be deprived of a minimum amount compared with another group. What is important is to know whether this minimal amount represents less than the income which people will have because our economic system will no longer be affected by inflation. In other words, what is important is to determine whether a child tax credit of $400 a year really represents a purchasing power of $400 and whether these $400 are worth more than $500 because with $500, people can only purchase goods for a real value of $350 or $400. That is the problem of inflation we face at the present time. It is this inflation the Government is trying to fight in an effort to put more money in the pockets of Canadians than there is at the present time. Otherwise, inflation will increase and everyone will lose more every month and every year.

In conclusion, Mr. Speaker, my speaking time being very limited, I simply want to invite Hon. Members to support this Bill because, in the long term, it will be of benefit to all Canadian men and women.

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, we are today debating the report stage of Bill C-132, an Act to amend the Family Allowances Act, 1973. This really should be called "an Act to cut the baby bonus". The Government is again using the sledge-hammer tactic of limiting debate. In effect, the Government is forcing closure in order to get this dangerous and degrading Bill out of public scrutiny.

This sledge-hammer drives home yet one more of the six and five coffin nails. First we had Bill C-124, which broke Government contracts negotiated with its own employees concerning wages and salaries. Then we had Bill C-133, which cut the pensions of former public servants who had already paid for their pensions. Then came Bill C-131, which cut the pensions of the poorest group of Canadian seniors, many of them widows. Now we have Bill C-132, which will cut the baby bonus Canadian mothers receive to clothe and feed their children. This Government has used its power to attack the poorest and most defenceless sectors of our society.

It is interesting that as we debate this Bill today which will cut payments and support to mothers we had the announcement, to which reference has already been made that a former Finance Minister is to get $800 a day or, as someone has calculated, if he worked five days a week he would receive approximately $200,000 a year to head a Royal Commission. This Royal Commission will study our economic situation, which is bleak, to a large extent because of the mistaken policies of the Liberal Government of today of which he was a Member.

Mr. Keeper: You don't need $800 a day to know that.

Mr. Orlikow: I predict the coffin nails which the Government is driving home are the nails that will seal the coffin in which this Liberal Government will be buried the first time Canadians have the right to vote.

Some Hon. Members: Hear, hear!

Mr. Orlikow: What about an alternative to this Government? Many Canadians believe that the Progressive Conservatives are the alternative. The views of that leaderless Party on issues such as Family Allowance are less than inspiring. Last spring, the spring of 1982—

• (1530)

Miss MacDonald: Where were you in committee?

Mr. Orlikow: —the Conservative Party held a policy conference. Its members did not discuss resolutions. They were afraid to do that, to show how divided they were, so they issued a questionnaire. One of the questions concerned Family Allowance, and 62 per cent of the delegates at that conference supported reductions in Family Allowances. Only 5 per cent felt that Family Allowances merited an increase. That is the real thinking of the Conservative Party.

What people watching this Parliament will see is the leaderless, right-wing, pseudo-Reaganites in the Official Opposition trying to pretend opposition to a Bill which they themselves might have sponsored if they formed the Government, and the Liberal Government cutting and slashing at mothers and pensioners in order to please their supporters in the corporate boardrooms and in order to pretend that they have a program to deal with the problems of unemployment and inflation.

Is six and five a serious economic program, as people in Canada are being told by the Liberal Government? If inflation is down, it is not because of six and five. If inflation is down somewhat from what it was last June when the Government brought in six and five, it is down for two reasons which have nothing to do with six and five. It is down because we and rest of the world are in a profound recession, and it is down because international oil prices are coming down so markedly. The Government knows that, and Government documents made public some time ago revealed that the program was conceived, more than anything, as a public relations campaign to give the Government a veneer of action while shifting the pressure for economic problems to the private sector. The terrible human costs of this cynical venture will, of course, be borne by those who are not organized to strike back, namely, mothers and pensioners.

It is argued that the cuts will not affect those who cannot afford it. It is a specious argument which does not consider the fact that the base on which Family Allowance increases are based will be reduced from now into the future, and that with its $50, one-shot increase in the Child Tax Credit, the Family

Allowance benefits will become selective. They are no longer a universal right as they have been since they were first implemented, but they come closer to being a handout for the really poor.

Family Allowance payments are now $26.91 a month. This guarantees Canadian mothers some cash to deal with the needs of raising children, to provide their clothes, food, school expenss, etc. This Bill will reduce Family Allowances from what they would have been by $16 in 1983 and by $35 in 1984. The Government argues that those most in need will be sheltered from this real decrease in Family Allowance payments by the one-year increase in the Child Tax Credit of $50. On the face of it, families with children will not lose any money. That is true, in an absolute sense, but our national social security system will lose an immeasurable amount because the base for future Family Allowance increases will be permanently reduced from here to eternity and, further, the amount lost will be paid back to some on a selective basis.

It has already been mentioned that, of the more than 3.5 million Canadian mothers who receive Family Allowance, 2.5 million also receive the Child Tax Credit. This country has accepted Family Allowance as being a universal right since we first began the program. With the Child Tax Credit, we divide those needing help into two camps; those with some need and those with more need. With this Bill, we would move closer still to making a permanent two class system, a ghetto type Family Allowance. One might say that with a ghetto type Family Allowance, we would be able to do more for the really poor, but as soon as one splits mothers into two groups, those who receive it and those who do not, those who do not will lose interest in the whole program.

We say that this program must not be used for selectivity. If some in the upper income brackets do not need the benefit of assistance which they receive from the Family Allowance Program, the money should be taken back from them through the income tax system. That is the most effective and stigma-free way to accomplish that objective.

Some Hon. Members: Hear, hear!

Mr. Orlikow: The poor who receive the Family Allowance will never make up the losses in these payments which this Bill will inflict. It cuts away at the shelter of those with low incomes and those with fixed incomes. We need to protect them from inflation, not to increase their payments, but simply to meet the day to day price increases which inflation represents.

The Liberal Member who spoke just before me tried to imply that this is not nearly as bad as what many other countries are doing. The Government is again trying to spread the illusion that Canada is one of the big spenders in terms of social programs, yet David Ross, in a book entitled "The Working Poor", which was published in 1981, states:

> Using 1974 data, Canada ranked thirteenth of seventeen OECD countries when expenditures on income maintenance were expressed as a percentage of gross national product.

Therefore, we do not have a great deal of which to be proud. We are not in the forefront. We are just one of many countries which are trying to do the right thing and, in this case, we are obviously doing the wrong thing. We need more progress in order to catch up with other countries.

This piece of legislation takes us two steps in the wrong direction. Family Allowance is the only program we have that acknowledges the cost of parenting and recognizes the importance of children to Canadian society. It is estimated that it takes $500,000 or more to raise a child, counting out of pocket expenses, the extra hours of labour by parents and the income the mother could have earned if she had not interrupted her working career. In the end, this huge investment benefits society as a whole, rather than the parents. However, in comparison with this huge expense, the Family Allowance is a very small amount, and to reduce this amount even by a little bit is, as I have said, both illogical and unjust.

A couple living in one of Canada's largest cities is poor if they have an income under $11,800. If they have a child, they require an additional $4,000 in income. Family Allowance supplies much less than $4,000 a year, less than 10 per cent of that requirement. Yet it is precisely that kind of program which the Government, in its heartless and unthinking way, proposes to cap.

It is for the reasons which I have already indicated that we intend to vote against the Bill, as we have done until now.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I was rather touched by the crocodile tears which were wept by the Hon. Member for Winnipeg North (Mr. Orlikow) over the social policy of the Progressive Conservative party. I can tell him that I would be even more touched if I found that some of the efforts which he expended were put into coming to committee occasionally and discussing social policy measures so that he would know who takes part in what and who puts forward amendments, to which the NDP will not even give support when they would do much to improve social legislation in this country.

Some Hon. Members: Hear, hear!

Mr. Fulton: Name one, Flora. Hypocrite.

Miss MacDonald: What we have seen in the last few days, indeed in the last few weeks, has been a determined effort by the Government to push social legislation of a detrimental nature through the House at any cost. We have seen this with Bill C-133, which was the Bill to limit the indexation of pensions of superannuated public servants and Armed Forces personnel. We have seen it with Bill C-131, when the Government cut off debate on the Bill to limit the indexing of old age pensions of every senior citizen in this country over the age of 65. Today, and on Thursday, the Government wants to cut off debate on the Bill which is before us, Bill C-132, which will limit the indexing of Family Allowances paid to some 3.6 million Canadian families, which affect almost seven million children in this country. Those are the Bills on which the Government is boring in and saying, "You cannot debate them

any longer". They are not the only ones. There is a host of other bills. No matter how complex or complicated the measure, the Government stills says, "Cut off debate". Now I understand why they are doing this, because in doing so the Government is openly admitting that the way it runs the economic and social programs of this country simply does not bear scrutiny. That is why it wants to cut off debate. It believes it would be much better to stop people from talking, to limit investigation, to restrict witnesses, and to tie down Liberal backbenchers so that none of them get up to speak. One lone Liberal backbencher gets up to speak once in a while.

• (1540)

The Government will do anything at all to get unnecessary and uncalled-for legislation through the House. That is what we are finding here this afternoon, with limitation on the report stage of Bill C-132, because the Government has been unable to explain, right from the very outset of this Bill, why it is singling out one or two social programs for attack in its over-all restraint program, legislation that is aimed against children and legislation that is aimed against the elderly of this country.

I do not know, and the Minister has not been able to explain, the backbench members have not been able to explain, and the Parliamentary Secretary to the Minister who is in the House has not been able to explain, why these particular Canadians are expected to bear the brunt of the Government's battle against inflation. Why should they be singled out when the Government does not impose the same restrictions on its Government advertising, on its ministerial travel, or on its consultants? These are not treated the same way. The government goes on as if there was all the money in the world to spend.

The Hon. Member for Manicouagan (Mr. Maltais), when he spoke, made the comment that the Government has no other choice but to zero in on the elderly citizens and the children of this country. The Government has no other choice, he says. There must be a great many people in this country today, a great many senior citizens, a great many mothers, who are wondering, with amazement and perhaps with great anger, why the Government grabs a few measly dollars from them at the same time that it pays $800 a day plus expenses to Donald Macdonald and other members of the Royal Commission. Why is it going to take away the few dollars, that the Hon. Member for Manicouagan spoke about, from children of this country so that Donald Macdonald can be paid $800 a day? That is exactly the equation. That is what we are seeing. Take the money from the elderly, take the money from the mothers and children, and give it to Donald Macdonald so he can live off the fat of the land at $800 a day.

I can tell the Hon. Members opposite and I can tell the Government that $800 a day is the total income that many old age pensioners have for a two month period. They have to get by on that over a two month period, not one day or a week or two weeks, but for two months that is all they get. The Government says we have to take away a few of their dollars each month to make up that $800 to Donald Macdonald.

Do the Hon. Members opposite realize that $800 would do for a single Family Allowance cheque? It would pay that Family Allowance cheque for two and one-half years, that $800 for one single day. That is the equivalent, that is what it would be. The Member for Manicouagan (Mr. Maltais) says the Government has no other choice. The Government has a lot of choices. It does not have to pay that kind of fee to a member of a Royal Commission. It does not have to take the money from children and from senior citizens in order to pay out that kind of money, not only $800 a day but $125 a day in expenses. That is incredible; it is just appalling.

Canadians are not prepared to put up with that sort of thing. There are a great many more senior citizens in this country, a great many more mothers of families in this country than there are Royal Commissioners, and those people will be speaking out against the Government because of these measures, on an ongoing basis, and the Government will hear far more from them than it ever does from a few Royal Commissioners.

When Bill C-132 was in committee, we heard from a limited number of witnesses, and I just want to list who they were because it gives some idea of the kinds of organizations and the people who are concerned about this particular Bill being put forward by the Government and about the restraints that are being placed on families and on the elderly. We heard from The Canadian Council on Social Development, from The Ottawa Women's Lobby, from The University Women's Club of Ottawa, from the Ottawa Council for Low Income Support, From the Canadian Advisory Council on the Status of Women and from the National Action Committee on the Status of Women.

It is obvious that many of these witnesses appearing before us spoke out on behalf of families in this country, and every one of them condemned the measures that the Government is taking both in this Bill and the Bill limiting the indexation of old age pensions. Every one of them condemned the ad hoc methods of the Government in restricting these particular programs. Many of the witnesses felt that the time was long overdue for an over-all review and examination of our total income support and retirement income policies.

I want to tell you what Terrance Hunsley, speaking on behalf of the Canadian Council on Social Development, said. He appeared before the Standing Committee on Health, Welfare and Social Affairs on December 13, last. He said this:

—I am concerned about the overriding influence the recession might have on social policy development. We are witnessing that influence in Bill C-131, Bill C-132 and Bill C-133. To a certain extent, all these initiatives appear to be inspired by a perceived shift in political opinion, rather than by rational policy development. Of course, this is a very dangerous way to develop priorities, since perceptions can be illusory—

He went on to say this, and I will finish with this quote. He said:

—we would recommend two types of social policy initiatives. The first is to review and adjust existing programs in order to seek maximum efficiency, and to eliminate areas of social injustice.

That is what he recommended and that is what we have been recommending throughout, not this ad hoc approach but a total review of all programs so that we can eliminate the inequalities and injustices that still exist in our social programs.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, we are here debating again one of the three Bills that are zeroing in on those segments of the population that can least afford it and that should be the least penalized. Having brought the Public Service and the pensioners to their knees, the Government is now turning to the families. With the Public Service, the Government has broken a contract. With the old age pensioners, I would say they have broken faith, and I think a good many would agree with me there. Therefore it is only natural that the families come next.

As was mentioned by the previous speaker, there are 3.6 million families and 7 million children who are going to be affected by this Bill. I agree that the amount is not great. I believe the difference will be about $1.60 a month with a 6 per cent increase rather than 11 per cent.

• (1550)

My colleague, the Hon. Member for Calgary West (Mr. Hawkes) introduced this amendment in the belief that it would make it a little less punitive. The intent of the amendment is to remove the capping for the year 1984. Unfortunately, it leaves in place the capping for 1983 which is still unacceptable to this Party. I hope that Members across the way will see how hard we have been going on about this and they will change their views. However, judging from past performance, it will not work that way.

As I mentioned, closure has been imposed on each of the three Bills. Closure has been brought in on this Bill and, with the Government majority, will receive third reading sometime Thursday evening. It will then go to the Senate where it will receive the stamp of approval. Families, single parents and those in the low-income bracket will feel this slight decrease in the amount they were to receive originally. I repeat that there are other ways in which the Government can get additional revenue.

Compared with certain Government expenditures, the amount that will be saved as a result of this Bill is insignificant. The Government has been practising—that's a joke—has been preaching about the need for restraint, and the ceiling of six and five per cent. However, time and again Government expenditures in different Departments have increased by 23 per cent. The Government tells Canadians to stay within six and five, and then squanders money at 23 per cent.

Highlighted in the news today is the amount to be paid to a former Minister of Finance, the Hon. Donald Macdonald. He is certainly not in the lower-income bracket. He is associated with one of the most prestigious law firms in Toronto, in fact in Canada. He was attracted to this Royal Commission with a stipend of $800 a day, plus up to $125 a day expenses. I presume he will set his own work hours. When you are hired on that kind of basis, you may as well work five days a week. In fact, the odd time there may be overtime. Possibly this contract allows time and a half for overtime, or even a higher percentage.

This Royal Commission is to look into the problems facing the economy of Canada. We know what the problems are. One of the greatest problems is this Government which has not been able to produce. That is most important. Literally millions of dollars will be spent on this Royal Commission before it comes down with some great pronouncement three years down the road. That money could be used for programs that will provide jobs now.

The Prime Minister (Mr. Trudeau) was asked earlier to comment on the suggestion that many young people might be interested in joining the Armed Forces for a two-year period. Not only would they receive excellent training, but many could be taken off unemployment insurance. It would be of great assistance to those just coming out of school with no job and no unemployment insurance. Again, the money could be spent in a much more advantageous manner. Let the Family Allowance remain constant.

There are many other areas where this money could be taken from. The Government is hitting approximately half the population when you include the senior citizens, families, pensioners including civil servants, RCMP and Armed Forces pensioners who have contributed greatly to our economy. They worked hard and now they are being singled out.

This amount of a dollar something a month or $13 or $14 annually is not great. It is insignificant. The Minister responsible for this must have had great misgivings when it was suggested by Cabinet. Why is this segment of the population being hit harder than other segments?

None of us like the income tax, but it is the most fair tax. There is no question about that. Additional taxes should be imposed on those who are wage earners. The federal Government is well aware that income tax revenues have dried up considerably, with over 1.5 million people unemployed. In his wisdom, the previous Minister of Finance decreased the amount of tax from 62 per cent to 50 per cent.

I see that you are about to rise, Mr. Speaker, so I will conclude. The Government should get the money from those who earn the most and leave the Family Allowance alone.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, it is interesting to rise to speak to this Bill. It is almost seven months since the former Minister of Finance announced in his June 28 budget that we would be going to six and five. It is interesting that when the Bill finally goes through, the old age pension increase will be reduced by 50 cents a month, and with this Bill, the decrease will be $1.40 to $1.50 per month. That is the difference between what the Government will be paying out and what it would have paid out given the present rate of inflation.

What happened is that the inflation rate came down to the 6 per cent level. Therefore, the differences are very small, especially in the old age pension where there are quarterly

increments. We are at the point where the amounts become very small.

For some of these things we have a system of gauging inflation that is extremely archaic. At this stage we talk about an inflation rate of 9.5 per cent. That is made up of something less than 6 per cent for the last two or three months plus 11.5 or 12 per cent for February, March and April of last year. We have an index which is based on all of those 12 months. Most other countries limit that period and also project into the future. So that one, I believe, could see an inflation rate, especially since we do not expect any oil increases this year, which would be in the area of 4 per cent or 5 per cent, and perhaps even less than that. It is ridiculous for this House to be sitting at this stage some seven months after the fact, dealing with a Bill which in many ways has actually achieved what we attempted to achieve.

• (1600)

I would like to see this Bill passed today so we could get on to other legislation, particularly since once this Bill is completed we can begin to talk about Bill C-139, which will make it possible to pay the Child Tax Credit, the extra $50, to those families who are going to need it. The people who need the $1.40 or $1.50 a month very badly will receive their $50 per child. This is the kind of thing which has to be done, but we are unable to pass this Bill because of these other three Bills which have been in Parliament since the end of October, as I recall. This is at least the third time I have spoken on one of these Bills, and it shows how slow and antiquated our rules of Parliament are. It is certainly not the Government's fault that there is so much time spent in getting Bills like this through.

I believe there is a much larger issue here which has to be fought. I listened very carefully to the latter portion of the speech of the Hon. Member for Kingston and the Islands (Miss MacDonald). Because I have a feeling that when she speaks on this subject she speaks with a good deal of conviction and feeling, I do not belittle what she says at all, but I have the feeling she should be saying the things she is saying to Members of her own caucus. I have the feeling that if that kind of thing had been kicked around two weeks ago in Winnipeg, we would have received some strange results, because I believe there are a lot of people in that milieu who would say, "Look. We should get rid of Family Allowances. There should not be universality. We should just give it to those who need it and that is it." And the universality argument is one, I believe, which has to be brought up.

We are one of the few Government which has not really cut back in social services in any significant way. The last time I spoke on one of these Bills, I mentioned that the President of the United States, President Reagan, went to Houston in June. He spoke to 3,500 people who paid $1,000 a plate for lunch. At the same time, the State of Texas was putting out a brochure saying that no one should come to Texas for welfare because they would get $34 in food stamps and $34 in welfare a month. That is not the kind of Government we have in this country, and I do not want to see that happen. Yet, I hear some rumblings among the neo-Conservatives, the Reaganites around this country, that that is precisely what should happen.

We in this Party had a major debate on that subject at our last convention. We were almost unanimously in favour of universality on all of these subjects and in favour of maintaining the Family Allowances across the board. I believe it is important that we maintain social services in this country in a full way. These are the real issues in this debate.

There is a segment in our population, and I do not deny them their right to speak, of those who would abolish these things, who would like to get us back to a medical system similar to the one in the United States. I believe that that argument is one which we must continue to keep in front of us. We on this side of the House believe very strongly that universality is a basic right of Canadians. The Family Allowance is part of that, as is the old age pension and our public medical services, and so on. These are the kinds of things which we will defend. In spite of the fact that we have a recession and a large deficit, we have not in any material way cut back in those services.

I am very concerned about the direction in which we are all moving and I feel impelled very strongly to talk about how we can spend a good deal more money than we are spending on the services as well as on creating jobs to make sure that Canadians are able to afford the basics of life. It seems to me that at this stage we have to begin to pay a lot more attention to the kind of rhetoric which we hear about our deficit being a dreadful thing and how the economy is going to be destroyed by such large deficits, and so on. I would remind you of a recent study carried out by the University of Toronto Institute of Policy Analysis which looked at our deficit, and this is what people are complaining about in terms of social services. The study showed that our deficit is a short-term, not a structural, deficit. They took the recession out of the economy and found that without a recession we would have a small surplus, about $1.2 billion this year. On the other hand, a similar kind of study on the American economy would show the deficit was in the order of $60 billion to $90 billion after you remove the recession. Therefore, if this is a short-term deficit, a recession deficit, most of it caused by declining revenue and not so much by Government spending, then it appears to me at this stage of the game it should not be a reason for not going ahead and spending large amounts of money in job creation. I am talking about $6 billion, $8 billion or $10 billion. I would suggest this has to be short-term spending, not long-term, so it does not become a part of a permanent structural deficit. We should use this money in such a way that we can create the maximum number of jobs for people who basically need them and not, as someone suggested, so that we could decrease taxes.

I believe one of the problems we face right now is we have to redistribute money to people who will spend it. There is far too much saving in our economy, 13 per cent, 14 per cent of our Gross National Product. If we are going to achieve the kind of equity and support for people on lower incomes and create jobs for Canadians, we are going to have to make sure that money gets to the people who will spend a good portion of it.

Mr. Bruce Halliday (Oxford): Mr. Speaker, here we are again. This is the third week in a row that we find ourselves debating a Government proposal on social legislation under the restrictions of time allocation. We went through the debate on the pros and cons of that yesterday. Today we are on the more narrow part of the report stage, debating an amendment by my esteemed colleague behind me, the Hon. Member for Calgary West (Mr. Hawkes), on the wisdom of changing this iniquitous legislation by reducing the capping to one year only. We thereby avoid prolonging the erosion of the base which is going to keep up the Family Allowance payments in the future. If the Government sees fit to accept this amendment I am sure it would help all the families and children across Canada and they could carry on in the years ahead with a lesser erosion than they would have under this present Bill. I compliment my colleague for Calgary West on seeing the wisdom of advocating such an amendment. I hope the Government sees the light of day.

The last speaker from the Government side, the Hon. Member for Thunder Bay-Atikokan (Mr. McRae), devoted most of his deliberations today to the issue of universality. Before I heard him speak, I had already planned to comment about that because yesterday the Minister, in speaking to her motion for time allocation, seemed to launch into a tirade against the Official Opposition on the issue of universality. Both I and my colleague, the Hon. Member for Bruce-Grey (Mr. Gurbin), and perhaps others, have in the past tried to teach her a few lessons about plain, ordinary English—I dare say even French, too—and the meaning of the word "universality". I dare say there is no difference in either language. The Minister has a somewhat bizarre understanding of what universality actually means. Of course, she is torn between the divergent and mutually exclusive concepts of universality on one side, and her desire to help those who need it most on the other side. But it is absolutely impossible to have both at the same time. There is just no way. As you read the Minister's speeches from day to day, or even on the same day, you will find her saying first one thing, and then advocating the opposite.

• (1610)

As an example, before she got very far into her speech on time allocation on Bill C-132 yesterday, she accused the Official Opposition of wanting to abolish the concept of universality. Let me at this point establish the definition of universality, Mr. Speaker. According to the Oxford Concise Dictionary, universality is something applicable in all cases. Well, at the present time most of the Government's programs are not applicable in all cases. The Guaranteed Income Supplement, which is becoming a greater part of the Old Age Security system, becomes less and less a universal program because it takes over a greater proportion of the payments made to the elderly. The same is happening in the Family Allowance program where the Minister, by cutting the Family Allowance component of the total contribution made to families, is moving further and further away from what used to be the concept of universality. But the Minister refuses to recognize that.

Let me use universal suffrage as an illustration. I am sure the Minister would agree that the concept of universal suffrage is something that gives each person, male or female, one vote. When the Minister talks about universal social programs, she is not talking about everyone getting the same thing; she is talking about everyone getting perhaps $1, and then a decent amount being given to those who need it most. I am not arguing with the validity of helping those who need it most, but the Minister must not try to ride two horses at the same time because it is impossible to have a universal program and at the same time give the same benefits, as you do in universal suffrage, to the same people. It is just impossible, but the Minister does not seem to be able to grasp that at all.

Yesterday, Mr. Speaker, after attacking us on the problem of universality, she said she was dealing with the issue of the importance of fighting inflation and the six and five program, this big marketing program we have been subjected to across Canada. In discussing the first objective of fighting inflation the Minister said, and I quote from page 22572 of *Hansard*:

> But we must not do this on the backs of those most in need, who in this case are the mothers.

But that is exactly what she is doing. Although she says she must not do it, she turns around and attacks the Family Allowance Program, the one progressive part of the total aid to families' program. This is just another indication of the duplicity and willingness to attempt to convey a message to Canadians about something which in fact is not being done through legislation of this Government.

One can go on and talk endlessly about a number of issues related to this Bill C-132 and its impact on families across Canada. It is affecting mothers and children in particular. It strikes out at the ones who are least able to defend themselves. It was pointed out to me a few minutes ago by my colleague, the Hon. Member for Calgary West, that one aspect which has not been mentioned is the attack on families through the institutional care given to children who cannot be handled at home. This capping of the Family Allowance is going to affect all these institutions in Canada where children are housed because they receive these benefits. They are going to suffer a relative reduction in remuneration from the federal Government, and they are among the ones who can least afford it. Many of these institutions are in desperate straits now, and this will throw an added burden on them. It is just another example of the thoughtlessness of the Minister in attacking that part of society least able to defend itself. The situation has probably been most ably described by Terrance Hunsley, executive director of Canada Council on Social Development, who said before the Committee:

> After 1983, in which low-income families will receive a one-time bonus payment of $50 per child, they will begin losing over $30 per child on a permanent basis and this loss is, in fact, indexed. In 1985, it will be about $36 per child—

The Minister seems to think there is some virtue in this Bill because it is going to help save money for the federal Government and therefore help in the fight against inflation. Well, the statistics seem to suggest about one twentieth of 1 per cent of total federal budget spending is going to be saved by virtue of Bill C-132, or something in the order of $10 million to $15 million. So it is very difficult to see how we are going to get any effective change in inflation as a result of this Bill.

In conclusion, I just want to say that when the Minister goes on the attack about universality, she forgets the words of Shakespeare when he said, "Methinks the lady doth protest too much". Finally, I would like to quote Louise Dulude of the National Action Committee on the Status of Women who appeared before the Committee. She said:

> We feel these changes will do three things—or would do three things; there is still hope. One, they would endanger the integrity of the Family Allowances Program. Two, they are unfair towards parents in general and mothers in particular. And three, they represent a step backward in establishing a coherent family income policy in Canada.

Thank you, Mr. Speaker.

Mr. Bill Blaikie (Winnipeg-Birds Hill): This afternoon I would just like to make a few comments on all the accusations and counteraccusations between the Liberal spokesmen and the Conservative spokesmen about the commitment of either of those Parties to the principle of universality. When it comes to universality, I think the level of hypocrisy is higher on the Conservative side than it is on the Liberal side.

• (1620)

Perhaps I should start by referring to a question that I put to the then minister of National Health and Welfare on November 5, 1979. I asked the Hon. Member for Rosedale (Mr. Crombie) who was then Minister, if he could assure the House that the principle of universality in Family Allowances would be upheld. He replied, "I cannot give the Hon. Member the assurance he seeks." He went on to say that all social programs, and particularly those of a universal nature, would be under review because that Government was looking for ways to spend the money in the social envelope more efficiently. In doing so, the Conservative Government was following the trend that, in all honesty, must be said to have been developed before it came to power. That was the trend toward an ever increasing fascination with the notion of selectivity in social programming instead of universal social programming. At that time the Minister claimed, and I think with some justification, that his Department—

Miss Bégin: That is not true.

Mr. Blaikie: —was continuing the review that had begun prior to the Conservatives coming into office.

The Minister of National Health and Welfare (Miss Bégin) says that is not the case. In any event, it is true that within the Liberal Party and the Conservative Party there has been a growing fascination with the idea of increased selectivity in social programming.

Regardless of what you think of the principle of universal social programs, Mr. Speaker, only the New Democratic Party has been consistent and unambiguous in defence of them. Some may want to contend with the position we have held on this matter, but it is not a position that is advanced one day and hidden the next, depending on whom we happen to be speaking to. We advance the notion of universal programs and call for the protection of those now in place, not just because of the economic benefits that accrue to those who receive them—in this case the mothers and children—but because we believe universal programs are a way of saying something about the kind of society we want Canada to be and the kind of community we want Canada to become.

We want a community in which things like family life, through Family Allowances, like a dignified standard of living for the elderly through old age pensions and like post-secondary education and health care, are available to all. There are things that we want to provide to Canadians because they are Canadian. Every member of the Canadian community is entitled to them. We do not want people to receive Government assistance because they are poor or are have-nots being helped by the haves. We think this is too individualistic a view of what community means. We believe that universal programs are the better way to distribute those benefits to which all Canadians are entitled.

We are worried not just because of the amount of money that is being taken from families through a reduction in the increase of Family Allowances; we are also worried that when universal programs like this are altered then the objective value of them is eroded in terms of their place in the total social policy of Government. Furthermore, the public perception of the value of the programs is also eroded. People will come to see—as they should, given the actions of the Liberal Government—that these programs are, in the view of the Government, discretionary and might be endangered as part of an over-all and, in this case, ad hoc, inadequate, economic strategy. This could lead to an uncertainty which is very damaging.

The Bill before us deals with Family Allowances and it will affect the certainty with which families can regard the support the Government will extend to them in the future. It is also true of the erosion of the universality of the Old Age Security payments through the imposition of six and five.

At a time when we ought to be encouraging those who can afford to do so to take early retirement where it is appropriate, so that jobs could be made available in the work place we will find that those whose company pension is not indexed and whose only indexed pension is Old Age Security, are going to be reluctant to retire early. The guarantee that at least one element of their retirement income would be protected against inflation has been removed through the imposition of six and five on the OAS, which is a breach of trust on the part of the Government. I think of the people in my riding who retire from the CNR. They do not receive an indexed pension, although they should. The OAS is all they can rely on for protection against inflation.

I am interested in the whole debate on universality versus selectivity, Mr. Speaker. The Conservative Party should get its act together and do a favour to the Canadian political process

by deciding where it stands on the issue. In my view, through the whole six and five debate, that Party has been particularly two-faced. Maybe it is suffering from a genuine schizophrenia, but in any case, its Members have been talking out of both sides of their mouths regarding six and five.

I recall that the Conservatives often called for that kind of program when they were in opposition, and they seemed intent on bringing it in when they were in Government. History robbed them of the opportunity, however. But it is not unusual for the Conservative Party to have two spokesmen on every issue, however. They have people for the Crow and people against the Crow; people for low interest rates and people for high interest rates; people for human rights in Central America and the Hon. Member for York-Peel (Mr. Stevens) who supports all the right-wing regimes in Central America that violate human rights. They have people, only a few, mind you, who are against testing the Cruise and a whole bunch of people who are for testing the Cruise, including their leadership. They have people who are for medicare, but who never ask a question on medicare in the House except in a way that is complimentary to Tory provincial Governments that systematically undermine medicare. They have two policies on Crown corporations—two policies on almost anything you can imagine. In some ways, I admire this diversity within the Progressive Conservative Party. Perhaps it is their way of trying to move us closer to a congressional system of government. It certainly makes it difficult for the Canadian people.

• (1630)

Hon. James A. McGrath (St. John's East): Mr. Speaker, I believe that this Bill, which will obviously pass through the House at third reading because it is now going through a time allocation procedure, will impose an economic hardship on many children in this country. I also firmly believe—and this happens to be the position of my Party since we believe in the concept of universality—that we will look back on this day as the day when the Government decided to do away with that concept of universality. That is exactly what this Bill does. It tampers with the original principle behind Family Allowances, that they shall be universal.

Of course, we know that Family Allowances were originally introduced to help offset the economic burden of raising a family and to help give people who were raising families some reasonable degree of equality of opportunity.

As one of my colleagues has already said, this Bill will also impose an unfair burden on some institutions in this country that care for children. For example, there is an orphanage in my constituency that cares for boys of all religious denominations. It is operated by the Order of Christian Brothers. This legislation will cause them serious problems because it will unfairly cut into their income. This happens at a time of serious downturn in our economy. They have seen their public support diminish by virtue of high unemployment, high inflation and the general deep recession which the country is presently going through. From all points of view, this is a mean, cruel and unfair Bill which should never have been introduced. Certainly it should never have been subject to time allocation or closure.

Let us look at the context in which this Bill was introduced. A few days ago, Statistics Canada released its unemployment figures. Those figures indicated that unemployment in Canada has risen by 100,000. There are now 1.6 million people officially unemployed in this country. When one takes into account the hidden unemployed, those who have given up hope of looking for a job, there are two million people unemployed in Canada in real terms.

My Province has the highest rate of unemployment. It is over 17 per cent. That unemployment problem, with all of its social implications, is compounded by the fact that the duration of the recession and the longevity of unemployment has meant that there are 100,000 unemployment recipients a month who are coming off UIC because their benefits have expired. Where do those people turn? They have no choice but to become subject to a means test and apply for welfare.

That is the context and time frame within which we are considering this Bill. Among the two million unemployed and the 100,000 who are coming off UIC benefits every month, I would suggest that it is not unreasonable to say that many would be heads of families. Again, this will erode their ability to care for their families. This is a mean and niggardly thing for this Government to do.

If I did not participate in the debate on this Bill, my conscience would bother me as, I am sure, the conscience of the Minister of National Health and Welfare (Miss Bégin) must be bothering her today. This Bill is not consistent with the social conscience that we recognize the Minister has and that she has brought to her portfolio up to now. I do not believe that she is at all happy about this Bill. I do not believe she is happy about doing away with the principle of universality. I do not believe that she is happy about the application of the six and five formula to this country's very important social benefit.

We may say that the amount of money concerned is not very much. Hon. Members can argue that it will be made up by the Child Tax Credit. However, many people will not qualify for the Child Tax Credit. Many lower and middle-income Canadians will not receive enough from the Child Tax Credit in the long term to make up for the loss in the Family Allowance benefits. What does this mean for unemployed people with large families? It means that their children may have to go without a pair of shoes. It means that their children may have to go without adequate clothing. In many instances it means that children in this country will have to go without an adequate diet. That is one of the consequences of long-term unemployment today and the expiration of unemployment insurance benefits. It is a consequence of the burden that has been placed on some of the poorer Provinces that have had an increase in the number of welfare recipients and decrease the benefits to some. There are many families that are facing hardship and are no longer able to cope in terms of being able to clothe their children adequately and provide an adequate diet.

The figures show that we still have double-digit inflation. Of course, the perverse argument would be put forward that this is the reason for the six and five formula. It will not hurt a Member of Parliament very much to hold him or her to a 6 per cent increase. As a matter of fact, 6 per cent of $100,000 amounts to a $6,000 increase. However, it becomes a very cruel act to hold a $26 a month Family Allowance benefit to that six and five formula. It means that the family will be deprived of the indexing that will allow it to offset the detrimental effects of inflation in a small way. The high cost of food, shelter, clothing and transportation which can be seen in the Consumer Price Index every month is what imposes the hardship on the people who have the burden of raising families today.

Quite frankly, I just do not understand the concept behind this Bill. I am ashamed that this Government would not only introduce this Bill but impose time allocation on it. Poor people have to pay inflated rates for clothes. Poor people have to pay inflated rates for footwear. Poor people have to pay taxes. We see taxes going up. Municipalities have had to raise property taxes, and those taxes are going up constantly.

In my Province the sales tax has risen from 11 per cent to 12 per cent. Sales taxes are going up in all Provinces across the country. Tuition fees are going up as well. Yet we hear the Minister of Employment and Immigration (Mr. Axworthy) tell the young people of Winnipeg not to expect jobs this summer because of the slow progress in an economic turnaround. There will be hundreds of thousands of young Canadians coming on to the job market in April and May who will have no jobs or income to support themselves for another year of university or no way to offset the burden on their families because they could not get a job last year. That is the mess that has been created in this country.

I can understand the rationale behind trying to curb inflation by bringing expenditures under control. Perhaps at another time we can bring unemployment under control. The argument might even be made for capping indexing of Family Allowances. I say to you, Mr. Speaker, and through you to the Minister that there is no argument that can support the introduction of this Bill at this particular time, because the reverse is true. Instead of bringing in a Bill to cap Family Allowances to six and five, we should be providing additional help to families that are faced with the burden of double-digit inflation, increased shelter costs, increases food costs, increased taxes, increased tuition fees and the additional burden of young kids not being able to find jobs to help finance their university and post-secondary education. I believe this is a cruel and an unnecessary bill. I think the Minister of National Health and Welfare should be ashamed of herself for bringing it in at this time.

• (1640)

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I had no intention to rise in the House this afternoon, but because of the time allocation, I want to make a positive contribution regarding this Government's refusal to listen to the Canadian people as a whole.

It is a fact that in committee, several organizations have reminded the Minister responsible and other Government Members that this bill is not most timely at this time, in view of the present economic conditions. The previous speaker has dealt with some quite specific and relevant points, and in the name of a true social justice, I feel he was right in calling on the Government to withdraw this Bill because of the present economic conditions.

At a time when Canada is faced with record unemployment, how can we honestly support this legislation designed to cut government spending? Having experienced and witnessed this Government's gross mistakes and mismanagement, how can we help cut its spending at the expense of those who can least afford it? How can we co-operate and at the same time support its decision to save money on the backs of small wage earners and have-nots? Mr. Speaker, the Right Hon. Prime Minister (Mr. Trudeau) has urged us repeatedly to help him bring about his so-called just society. I feel that words such as honesty and justice have become meaningless for the Government.

Mr. Speaker, it is on behalf of some 6 million Quebecers that I rise today to tell the government, like so many of my colleagues who have done a great job, that this legislation is not good enough. How callous Government Members must be if they can turn a deaf ear to our appeal on behalf of the millions of Canadian families and children who will be affected. They will ask, of course, why we are making such a fuss about a few dollars. On the very day when we are asked to reduce the incomes of Canadian families at the risk of causing even more harships to our children, the Prime Minister informs us with a smile that a certain Mr. Macdonald will only be paid $800 per day to carry out a study over the next two or three years.

Mr. Speaker, the Canadian people who can see and hear us will finally realize what are the priorities of the Prime Minister and his colleagues. One may readily admit that $800 a day is not an unduly large amount nowadays, and yet the Government will deduct from the mother's family allowance $1.40 a month for each child, something which will affect millions of families.

Mr. Speaker, it is our duty to warn the Government that it has breached every rule of common decency, and that is why I chose to speak this afternoon because I do have in my riding families who simply cannot accept this legislation. We know full well that there are essential needs and minimum limits which must be respected, and we have to keep in mind the current economic situation, unemployment, difficulties and hardships which this Government has created as a result of its mismanagement and its deliberate unemployment policies over the past 15 years. Remember that we had 300,000 people unemployed then as compared with two million today. And the

Government comes up with such inhuman and cruel measures! I would think that any Member who feels a minimum of responsibility towards his constituents cannot remain silent, and I fail to understand why the Government does not listen to us when we are making representations for the benefit of all Canadians.

What we are talking about today has nothing whatsoever to do with party politics; we are talking about the minimum requirements of our fellow citizens, and the Government stubbornly insists that millions of Canadians will have to pick up the tab even though they are not responsible for its mismanagement and its wrong decisions. We saw the other day that pensioners will have to pay for the damage caused by this Government, senior citizens will also be victims of its mismanagement, and, today, Mr. Speaker, they are going after the children. I must speak up against this measure and this attitude, and I urge the Government Members to have enough decency and honesty to vote against this Bill. Mr. Speaker, I would have thought that the Minister would have been more sympathetic towards mothers. Her behaviour is a great disappointment to me and I am very sorry to see that she is still cooperating and going along with the Minister of Finance (Mr. Lalonde) and her Cabinet colleagues to penalize people who do not deserve such harsh treatment.

Mr. Speaker, these are my reasons for urging once more these Members whose ears must be plugged up to think first and foremost of serving their constituents just as I and my colleagues are trying to serve ours. They have clearly forgotten their basic duties in this House. For all these reasons, I hope that the Government will at least agree to add to the Bill the amendment moved by one of my colleagues which will somewhat improve it. However, even with this amendment, the Bill would be unacceptable on the basis of principle, justice and integrity.

Mr. Speaker, these are a few comments I wanted to make at the end of this debate in the hope that if, Government Members on the other side of the House, can but obey the Minister or the Prime Minister who are forcing them to vote for such a callous Bill, they will at least have the decency to be absent when the vote is taken. I cannot believe that these Members will try to justify such a despicable Bill before their constituents. I can hardly wait to meet them, Mr. Speaker.

Finally, Mr. Speaker, I hope that, at the last minute, Hon. Members opposite will seriously reflect on this legislation which all Canadians find totally unacceptable. It is obvious that they are trying to kill the principle of universality which they used to advocate. It is not the first time that I see them go back on their commitments. How long will this go on? Will Canadians be able to forget such despicable action? I do not think so! Because of all that we have heard today, Mr. Speaker, I hope that this Government will soon ask the people to pass judgment on their action, and we shall then see whether the Canadian people will long stand for such repressive measures. This being said, Mr. Speaker, I hope I have appealed to the feelings of some Hon. Members opposite in the best interests of the country and in keeping with the deepest sense of justice which we must show toward those who have elected us.

• (1650)

[*English*]

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to have an opportunity to put some remarks on the record with regard to Bill C-132 and to touch briefly on the history of those two Parties in relation to where they have been in recent years concerning Family Allowance. I would first like to deal with the Tory amendment which would really limit the provisions of the Bill to this year. It is a pretty weak amendment. I will be supporting it, not because I think it is a particularly useful instrument in terms of Bill C-132 and the capping of Family Allowance but, rather, because it would limit it to one year rather than two years, and really would do nothing more.

We have seen a lot of wriggling from the Tories in the last couple of days with regard to Family Allowance. We have not seen anything from those on the Government side. I think that when the Government introduces legislation, its Members have a responsibility to stand up and explain why it is so good, why it is being brought in and why it will help solve some of the problems of the country. As well, I like Liberal Members to put their thoughts on the record so that I can send copies out to Liberals in my riding so they know exactly what their Members here in Ottawa are doing for them.

One Hon. Member, representing Thunder Bay, rose and said that it is really just a few dollars and does not matter too much. However, as my colleague from Newfoundland pointed out, a couple of dollars per child per month means a great deal to many of our constituents across the country. It does mean shoes, busfare and food. It does mean whether or not a child gets an opportunity to participate in some kind of bowling club or other type of extracurricular activity.

The Liberals keep saying that the cut will amount to just a couple of bucks. However, it is not simply a question of shifty bookkeeping so that they can get a few dollars to go out and make some kind of flashy headlines that they are providing a job creation program, or whatever. It is really a violent and vigorous attack by the Government side. I will be reading some quotations to illustrate that it is coming from Cabinet. It is not supported by too many backbenchers. They do not really know what their leaders in Cabinet are up to, what the grand design is, approaching the Speech from the Throne, concerning the Government direction. However, I will be putting on the record where the Cabinet has been throwing money in the last couple of years.

Bill C-124 is something to which we must return. I think Canadians have a right to understand where the Official Opposition is coming from and where the Government has been concerning Bill C-124, because I can recall very vividly the slobbering faces of many Tories who have spoken in this debate trying to get in front of cameras, saying, "Right on, six

and five, that is what the country needs. Let us get at it". However, during that period when they were out trying to make an impression on the business community that they were right in there on six and five, they were not telling the pensioners what they had been telling us in speeches here.

My colleague, the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie), really hit the nail on the head. The Tories do have Hon. Members speaking for and against everything that comes under the sun. If they are trying to reach a certain kind of group, then they send a certain kind of Hon. Member to speak. That is the kind of immorality which has come to permeate this place in terms of political Parties, particularly the Official Opposition and the Government side, in not taking an issue and being forthright with Canadians. It is why, for the first time in Canadian history, politicians are generally seen as being in the same category as convicted sex killers. The entire institutions are coming to be seen as a black eye in Canadian society.

Government Members and Members of other Parties have a responsibility to stand up and speak on policies that they have held for 10, 20 or 30 years, not ones they have held for 15 minutes. The Tories voted for Bill C-124, but now they have come up with all kinds of excuses as to why they were for six and five a couple of months ago and why they are now consistently against it, whether concerning Old Age Security or taking money away from public servants who had paid for the indexation. They paid an extra per cent from their pay to ensure that their pensions were indexed. Money is being taken away from retired people and is actually being taken from the mouths of children. I will be speaking about that in the context of my own riding where this Bill will affect tens of thousands of children and will mean that tens of thousands of dollars every month, or half a million dollars or more a year, will be taken out of our local economy. Those small items which those children would have received otherwise are important.

It is also important to consider why the Government is going ahead with this without the approval of Parliament, just as lawyers are glad to say, "Oh, well, we think it is legal". We all know, in our heart of hearts, that if something is not passed by Parliament, it is illegal. How often will someone go before a judge in Vancouver, Ottawa, Montreal or in Newfoundland to say, "Oh, Your Honour, I thought it was legal. You must let me go"? That argument does not sell. If Parliament now tries to start selling that concept across this country, we will see incidents like the Litton bombing. We will hear people saying, "I am so frustrated with those guys. They can do one thing, but we are not allowed to do the same sort of thing.

If we are to run this institution and gain some respect across the country, we must state our positions. I have respect for the Tories to my right who have stood up time after time and have been consistent. The Hon. Member for Bow River (Mr. Taylor) is an example. Long in tooth, he has been in politics for a long time. I know exactly where he will stand, and I respect him for that. However, there are others who one day are in opposition to six and five if they are addressing pensioners or their constituents, but if they are addressing businessmen, they are in favour of it. My colleague, the Hon. Member for Winnipeg-Birds Hill, described that as being some kind of schizophrenia. Maybe it is honestly held schizophrenia, but I think there is a real need in this country for the Parties to come clean as to where they stand.

While the Official Opposition formed the Government, the press releases were pretty clear. On the front page of the *Toronto Star,* it stated, "Clark to Chop Family Allowance", and on the front page of another paper it stated, "Clark to Chop Bonus". There must be a limit to the kind of political dishonesty which goes on in this place. We know that the former President of the Treasury Board was quite open and vocal in a number of interviews that he gave. One headline stated, "Social Programs May Stop Being Universal", and he described that as "gutsy". The article stated:

> Asked if he felt the Government had "the political guts" to abandon universality, Johnston pointed to the decision to limit indexing of the basic Old Age Pension to the Government's restrained levels of six and five per cent for the next two years.
>
> That, he said, is a "very gutsy" move.

There is the attack. The attack is on the concept of universality. We know why these two Parties, the Liberals and the Tories, are combined on that. Otherwise, if we are to have universal programs and yet not have consistency, the argument could be that there are people who do not need it. I agree that people who make $30,000 to $70,000 or more a year do not require the full impact of that Child Tax Credit or Family Allowance. Because there are so many holes in the tax system at the upper end, if the Government wanted to be consistent and were able to demonstrate to the Canadian public that those universal payments would be taken back, it would mean that there would have to be an honest revamping of the top end of the tax system to demonstrate that the amount of $25 or $200 or $500 was being taken back through the tax system.

That is why that Party opposite is staying away from that subject. It is much easier to chisel away from pensioners and attack public servants by holding their wages down. The business community is the driving force. In other words, if one is not attacking social benefits, education, hospital care, medicare and that type of thing, then one must be going after the business community and saying, "Oh, you are not really paying your fair share". There is an abundance of information which should be on the record and made available to Canadians as to why the Government has opted for this "shifty bookkeeping", as I describe it. As my colleague, the Hon. Member for Kamloops-Shuswap (Mr. Riis) pointed out, the amount of money that is going to be taken away and re-shifted in this bookkeeping is about the same as the cost of a wingtip of an F-18. It is shifty bookkeeping, but it is the first part of the attack. If the rate of inflation goes up again, if interest rates go up again, we can be sure that this is not a two-year program but will be permanent. There will no longer be indexation. Children will be forced to eat less and receive less, in other areas, and we are talking here particularly about the impact on poorer families.

• (1700)

Few people are aware that Government assistance to business in the form of tax relief and grants in 1980 alone totalled $15 billion. The option to choose is either to choose to retain proper health programs and educational and social programs and turn the attention away from attacking public service employees or to choose business and military spending. That is the kind of material we need in this debate, not only honesty from the Parties involved in this debate, but also debate on where the money is to come from, from tax breaks and benefits, and so on.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, it is a pleasure to be able to say a few words on the report stage of Bill C-132 dealing with Family Allowances, and especially on the amendment that we are now considering that has been proposed by the Hon. Member for Calgary West (Mr. Hawkes). It is also pleasant to follow the knight in shining armour who last spoke, the bearded avenger of the NDP. If there was a single word of truth in what he said, I do not think I would be able to live with myself. However, the facts of the case are somewhat different.

The amendment that we have before us today would in fact split the argument down the middle. The Government has come forward with a proposal to limit the indexation of Family Allowances for a period of two years. There have been many arguments presented which indicate that this may not be the correct thing to do. We know that we would be unsuccessful in defeating the Bill, but I think there is some chance of success for passage of the amendment proposed by the Hon. Member for Calgary West. It is a kind of compromise deal, and I would urge all Members of the House to vote in favour of that amendment.

We could live with the Bill, as we propose to amend it, for a year, and after that time we could assess the effect that the reduction in Family Allowance payments has had. If we feel that the reduction has not had such a deleterious effect as some people are predicting, we could continue in that vein; and if not, we could go back to full indexation. I would hope in the spirit of compromise that all Members of this House would vote for that amendment.

I, like other Members on this side of the House, am rather disappointed that the people on the Government side have chosen not to speak this morning or this afternoon. They spoke vehemently yesterday when the subject matter of debate was closure on the issue of Family Allowances. Having achieved that, having voted to close off the debate, they no longer seem interested. I do not think that they have advanced sufficient argument to support their point of view, and I was rather hoping that this afternoon we would hear arguments as to why, in their opinion, we should not vote in favour of the amendment. These arguments have not been forthcoming, and I rather suspect they do not exist.

Yesterday, while speaking on closure on this matter, I referred to the little guys who have been thrust out onto the firing line by the Government in the so-called fight against inflation, whereas the Liberal fat cats have stayed behind the lines, at the back of the scene of action, and they have not been suffering at all on account of the Government's so-called six and five program.

Today we have seen another manifestation of that. It has come to light that, by Order in Council, the remuneration of the Hon. Donald Macdonald, who is heading the Royal Commission inquiring into the economy, is to be paid the exorbitant sum of $800 a day, and $925 a day when he is on the road. I do not buy at all the explanation given by the Prime Minister earlier in this House this afternoon when he said in fact that figure is only $400 because the other $400 goes to pay his office expenses. He could quit his law firm and he would still be making $800 a day. It is not necessary that the overhead expenses of his office be paid for by the taxpayers of Canada. That is just another illustration of the Liberal fat cats behind the lines who are not taking any cutbacks themselves, but passing those cutbacks on to the little guys at the front of the line.

I could mention also Michael Pitfield who is enjoying a nice paid holiday, and Ed Clarke, the architect of the National Energy Policy, who is enjoying himself in the south of France. There are all kinds of illustrations that can be given to underline that argument.

Apparently, the Parliament of Canada has over a number of years come to the conclusion that there is a need for Family Allowances. If that need exists, then I think it is only fair and honest that a system of full indexation be applied to those Family Allowances. I can remember the debate in this House a little over a year ago when a new budget was coming in and we were talking at that time about the indexation and there were suspicions on this side of the House that the Government was contemplating deindexation of programs such as this one and deindexation of certain aspects of the Income Tax Act and other taxation acts. At that time we had reassurance after reassurance after reassurance from the Government front benches that the Government was not considering any system of deindexation. It was not, in that budget, but a year later in comes the deindexation.

Even if partial deindexation was retained, as is proposed in this case, the value of the moneys granted by way of Family Allowances or any other scheme are very rapidly eroded. If the difference between the real rate of inflation and the indexed rate, as it is to be in this instance, is something like 4 per cent or 5 per cent, it will only take less than ten years, probably eight years, until the actual real value of those allocations has been halved.

We on this side of the House have consistently supported the idea of full indexation, whether it be applicable to the Income Tax Act or other acts, in calculating deductions against income, or whether it be in this form of payment. Without full indexation, this leads to the kind of political manipulation that we have seen before on the part of the Government. It brings in a program such as Family Allowances with an amount of money attached thereto that means something to people.

Because that amount does not keep pace with inflation and because it goes down, in real terms, that allows the Government at the time of the next election to come out with a great announcement that it is going to increase these payments. It is a way of buying votes without bringing in any real new program. We have seen that before with Family Allowances.

• (1710)

I remember a few years ago when the rate was $6 per month per child. Originally that was a reasonable amount, but it came to be worth very little. At that time the Government could have gone two ways. It could have got rid of the Family Allowance altogether. It would not have hit people very hard. On the other hand, it could do what it did at that time, come forward with a great increase to $20. I am sure that was done with electoral machinations in mind.

The Bill we are debating here today, C-132, will allow the Government to do precisely the same thing. It will allow them to engage in yet another publicity stunt at the time of the next election. If the Government was sure that the six and five program was going to work, and if it had done those things that are necessary to curb and abate inflation, if it had reduced its deficit, these measures would not be necessary because inflation would be less than 6 per cent and we would not have to cap it at that.

In closing, I should like to say that all Members of this House ought to support the amendment put forward by the Hon. Member for Calgary West and, if that fails, to go against Bill C-132.

Mr. Neil Young (Beaches): Mr. Speaker, as I rise to speak on Bill C-132, which is just another Bill in a series of Bills directed toward the Government's six and five program, I cannot help but think about the way the Government has proceeded with this piece of legislation. They are in such a hurry that they implemented the provisions of this Bill before it had even received the approval of this House. One has to wonder about the ethics of a Government which does that.

Mr. Nickerson: They don't have any.

Mr. Young: As my friend points out, perhaps they do not have any. There is certainly some aspect of truth in that.

I rather suspect, and I have had many of my constituents suggest this to me, that these six and five Bills and the whole six and five program has very little, if anything, to do with this Government pretending to fight inflation. The Government's attempts to fight inflation go back at least 14 years. I remember at that time the Prime Minister (Mr. Trudeau) making such promises as wrestling inflation to the ground, that fighting inflation was the only way to increase employment opportunities, etc. Today we still have high inflation, but now it is coupled with high unemployment. We have the worst of both worlds.

I am still waiting to see this Government come forward with real programs that actually fight inflation. We have a program that has less to do with fighting inflation than with leaving the impression in the country that there is actually some leadership, some focus, that the Government has in fact regained control of the economy when we know that the opposite is actually the case. What burns me in this whole process of the Government, responding to political demand in the country that real action and real programs be to put in place straighten out the economy, is that it has followed a course which Governments have followed over the years. When entering into a program of restraint or restraining financial expenditure, they consistently aim their attacks at those least able to defend themselves.

We saw that in Bill C-131, and we know that the seniors of this country are not a politically organized group. They are not organized to the extent that they can fight back against that kind of restrictive measure. The Government did the same to public servants. Even Government spokesmen pointed out in this House that that was because the Government believed the public servants were not very popular in this country and therefore it was safe to attack and blame them.

We now have Bill C-132 where the Government in its assessment, and probably as a result of public polling, has decided that those who are recipients of the Family Allowance are not a highly organized group. They are not organized like the banks and the corporate sector. They fought very strongly against restrictions which the Government brought down in the infamous budget of a year or so ago. Because of their political strength, they managed to persuade the Government to change those elements in the budget which they felt were detrimental to their interests. The seniors of this country do not have that kind of clout with which to fight back.

The way the Government has brought this program in, it has convinced people that under the six and five program they will receive a monthly increase in any event and that the reduction will be extremely small, probably not noticeable. At the end of that two-year period, the reduction for recipients of the Family Allowance will be a lot more than the 50 cents a month which the Government has been trying to persuade Canadians is what they will lose as a result of this legislation.

In committee the Minister explained to Canadians the Government's position in introducing the six and five program. I wish to quote from the proceedings of the Standing Committee on Health, Welfare and Social Affairs of December 7, 1982. The Minister said this:

> The Government's philosophy in the Cabinet discussion, which is what you want to understand, was made like this: In the June budget, we decided we had reached the time where the psychological dimensions of the too-high inflation we were witnessing in Canada had to be recognized and dealt with by another psychological weapon, which was a sword—and I know the words might make you smile—a sword of a national campaign of solidarity of all Canadians, mobilizing all Canadians toward cutting in half the forecasted rates of inflation of 12 and 10 to 6 and 5. It was an arbitrary—to my knowledge—choice of common purposes for Canadians to try to embark all partners into, as I said—to mobilize all partners.

I fail to see how the Government can use the sword against the elderly and children of this country to fight inflation when everyone knows the facts. Figures from the Government's own agency, Statistics Canada, clearly show that those groups being asked to mobilize with swords, tanks and everything else the Government can dream up to launch the fight against

inflation are the very victims of inflation. The reason the Government is victimizing those people further can only be put down as crass politics, sadism.

• (1720)

When we take a look at this Bill, and I would like to refer to some written notes now, we find that under the provisions of this Bill, the Government expects to save—and that is their terminology,—$155 million over the two-year period, that is, $25 million the first year and $130 million the second year. It proposes to do this by limiting indexation of Family Allowances to 6 per cent in 1983 and 5 per cent in 1984. Without the budget, Family Allowances would have been $358.44 for each child, which was $29.87 per month per child in 1983. However, under the provisions of this Bill, the amount will only be $342.24.

The Government contends that most families, in reality, will not lose any money because it is going to make up the difference by a one-shot increase in the refundable Child Tax Credit. However, Mr. Speaker, there are several problems with this logic. First, of the 3.6 million mothers who receive Family Allowances, about 2.5 million also receive the Child Tax Credit. This leaves 1.1 million families who will have their Family Allowances reduced with no compensation at all since they are not eligible for the Child Tax Credit. To qualify for the full credit of $343 per child, a family must have a taxable income of less than $26,330 per annum. For families above this income level, the total is reduced by five cents on every income dollar. For two-child families the credit disappears at the $40,000 level. For one-child families it disappears at $33,000. Even at this high income level, there are some women for whom the Family Allowance represents the only money they can call their own.

In conclusion, I would simply urge Hon. Members of the House to follow the advice of the National Action Committee on the Status of Women in their presentation to the Committee on Health Welfare and Social Affairs, that it behooves every Member of this House, Liberal as well as Tory and New Democrat, to vote against this measure when it comes up for a vote this evening and the final vote on Thursday.

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in my speech today, I would, first of all, like to draw the attention of the House, as my colleague from Joliette (Mr. La Salle) has done, to the lack of participation by Quebec Members who, with the exception of the Parliamentary Secretary for the Department concerned, failed to take an active part in the debate today. Yesterday, I think they may have shied away because of closure. They like to impose closure over there. Meanwhile, we are considering a proposal to cap indexing of family allowances at 6 and 5 per cent. In money terms, this is peanuts. It is hardly a matter of principle. Mr. Speaker, if they were really serious about wanting to control Government expenditures . . . They have programs, and it seems that within the administration of those programs, there is a limit on the number of public service employees allowed. This is a time of austerity measures, but take a look at the hundreds of people who are hired on contract. They are not permanent employees, but they are temporarily permanent. It is, in fact, a permanent situation. There is an entire sector of the population of the national capital that is employed in this way.

That is where the money is going. Here in the House, there are expenditures that could have been eliminated. Take the administration of the House. You are aware of this, Mr. Speaker, since you have been to meetings of the Committee on Management and Member Services. We have seen the level of bureaucracy that has invaded the House of Commons. It is a very expensive bureaucracy. That is why we are now providing for a larger number of Members in the House. That is going to cost us millions of dollars. In the amendments to the Standing Orders of the House, it is proposed to establish a secretariat for the Committees of the House. According to the present system, Mr. Speaker, this represents a minimum expenditure of $50,000 per committee, in other words, another million dollars, and that is only the beginning.

As my colleague from Western Arctic (Mr. Nickerson) said earlier, we must support the amendment of my colleague from Calgary West (Mr. Hawkes), notwithstanding the comments made by the Member for Skeena (Mr. Fulton), who said that we are inconsistent and were playing politics with the issue. No other amendment except this one could be proposed. It is impossible. Of course, for people who really want to simplify things the Bill is already quite simple, since you can hardly amend a Bill that only has one section, unless you want to amend a paragraph by eliminating either the 6 or the 5 per cent after one year. If you try to eliminate them in two years, the amendment will not be acceptable, because it would be a double negative. It would amount to voting against the Bill.

Quite sincerely, one may well ask what the Members from Quebec are saying at home. They are supporting the capping of family allowances. In the past, I remember it was around 1972, after the election, when we were considering funds appropriated under Governor General's warrants—I am sorry, I do not know what it is in French—which were supposed to cover family allowance and unemployment insurance benefits, the Members from Quebec were rising all over the place to attack the Opposition for having the nerve to criticize the way the funds were used, because we would be cutting off payments that Quebecers were waiting to receive. Today, those same benefits are being cut, and not a word of protest did we hear after the Government introduced this negative policy. In 1969 and 1971, when they started to implement the indexing program, they did not have the guts to deal with the problem of inflation. They did nothing, apart from indexing. They added a cushion here and a cushion there. Now the cushion is getting too big, and they want to let out some of the feathers. But what are they going to do if they fail to control inflation within a year or eighteen months? What are we going to do?

Are we going to keep on cutting? Are we going to find something else? Why family allowances? They would not dare touch veterans' pensions but here they give with one hand and take away with the other—that is called revenue transfer.

Mr. Speaker, in Canada we have now reached the point that it is becoming increasingly difficult to do business. Members of the New Democratic Party are saying that people who are in business are going to be taxed to death. People who make money because they are clever and ambitious and energetic and dedicated—they are going to have to pay through the nose. That is what they can expect. People looking for handouts, the bums who come forward and say that they need this and that, not because they need it but because they want it. That is the social policy of the New Democratic Party, closely followed by a number of Members on the Government side who feel that if "bums" and the poor ask, they should receive. These Hon. Members should have attended the public hearings of the Committee on Finance, Trade and Economic Affairs when it received representations from the public on taxation. They would have heard what businessmen had to say. If business is not good, who is going to pay the wages? If we cannot sell our products abroad and make money, how is the farmer going to make a living? All of this is involved, but it is easier to say yes, I will give it to you, than to say yes, but earn it first.

Mr. Speaker, I see you are going to rise. I just want to add, that quite honestly, the sensible thing to do would be for the House to support my colleague's amendment.

• (1730)

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, perhaps I may be allowed to take just a few minutes to shed some light on the comments the House has heard this afternoon.

Hon. Members were indignant that the Minister should impose closure on this debate. They were shouting and there were howls of rage, and now the Hon. Members opposite are accusing Members on this side of the House of not participating in the debate. We refrained from taking the floor to give Members opposite a chance to debate extensively, because they said they had a lot on their minds. Now they have been caught unawares. They have no more speakers to continue the debate. They are looking high and low, and they have the nerve to say that it is shocking we should not participate. I call that hypocrisy of the lowest order. They have been asking all kinds of questions, they have been indignant, they have been asking why the Government is imposing these restrictions on people with low incomes, and so it goes on. It is a matter of principle, and they know this. The Government has imposed the measure on all Canadians under our jurisdiction. Everything is fair and square, and they know this perfectly well. Now they are just trying to evade the issue.

I was listening to the Hon. Member for Edmonton West (Mr. Lambert), who said, in quite excellent French, that we were responding to people asking for handouts, the bums and the poor. Those were the expressions used by the Hon. Member for Edmonton West. I repeat: People asking for handouts and the bums and the poor, and he said quite clearly that we were listening to these people. When I heard those words spoken by the Member for Edmonton West, I thought: There you have the Progressive Conservative philosophy in a nutshell. That is exactly what the Progressive Conservative Party thinks of the poor and the needy. The Hon. Member also mentioned, and he certainly did not know what he was talking about, family allowances that would not be fully indexed, and once more he expressed his indignation. He ought to know that the basic exemption of $200 per child has been increased to $343, as a result of which people on very low incomes stand to benefit far more than if we had left indexing at its normal levels, without adjusting the basic exemption.

I merely wish to point out the inconsistencies uttered by the Members opposite, who all day long have been making all kinds of accusations aimed at Members on this side of the House, accusations without rhyme or reason, and then to realize that the same Hon. Members literally howled when we imposed closure, claiming that they had a lot of things to say. They have nothing left to say now, however, and they are actually surprised that, out of courtesy, we refrained from speaking to give them every opportunity to express their views. Mr. Speaker, the Member for Joliette (Mr. La Salle) was saying earlier: I was not going to speak, but I have to. Since they have nothing left to say, some time or other they will have to stop playing games. Those were my comments, Mr. Speaker.

[*English*]

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, thank you for permitting me to say a few words before you have to rise to interrupt the proceedings. I feel very much as does my colleague, the Hon. Member for St. John's East (Mr. McGrath); I am a little disappointed, and it would have been on my conscience were I not able to say a few words in regard to this important issue. It never ceases to amaze me, Sir, how we can all stand up in this House to defend certain principles and yet be so far apart in the approach we advocate to achieve these principles and goals. There is probably no one in the House who does not have compassion for children, particularly for children of families who live on fixed and low incomes. There is also a general consensus and agreement that it would not be fair to apply assistance such as the Family Allowance system unfairly. The concept of universality is pretty well accepted and recognized and promoted by all Parties. But the only universality left in the system is the universality of fear and the lack of confidence the Government has created—the universal misery it has dispensed over the last few years.

● (1740)

There are some very serious consequences of the Minister's new measure to put limits on the indexation of old age pensions and Family Allowances. Low income families in the North find it very difficult to have their incomes reduced, even by $30 or $40 per month. Their resources are taxed to the limit already. The Hon. Member for St. John's East said that some children may have to go without shoes and without proper nutrition.

An even more serious impact of these measures is that people are losing their trust and confidence in this institution and in the Government. It is quite obvious that the Government has no intention of making a firm and unequivocal commitment to the contract we have entered into with Canadians. People are developing psychological barriers, saying, "If they can take that away from me now, what about my pension when I retire? Perhaps there is something in the fine print, and the Government will rearrange its priorities so that the pension will not be there for me when I need it." They are asking about unemployment insurance, saying, "I thought I would have it if I were ever laid off, but maybe the benefit can no longer be paid because the Government is running out of money. They have to pay Mr. Macdonald $300,000 a year to study the economy and perhaps buy some more service stations to ensure Canadian content in the energy sector of the economy. Perhaps there will be all kinds of different priorities." Certainly there is now doubt about the security and the legitimacy of the social contract we all thought we had arranged for people.

The damage done by the measures now before the House will probably never be corrected, Mr. Speaker. It is little wonder to me, and it should be little wonder to the Liberals, that people are becoming cynical about this institution and about the system we thought was fair and equitable for all Canadians, especially those in need. They become cynical about the political process and the promises and by politicians. They see that when it suits their political purpose, they default on those promises.

This is a very serious measure we are concerned with, Mr. Speaker. It places the whole process in question. We shall fight this measure with all the power we have—and it is precious little as you know. The Government has no qualms about closing off debate at any time in the House, saying, "We know what is best for Canada. We know what is right. You in the Opposition are just tolerated here." This institution no longer makes policy; it no longer has control of public spending, Mr. Speaker.

I should have liked to go into detail about how devastating this measure is for families on fixed incomes and families in the North where the cost of living is one and a half times or twice that of families in the more populated areas of the country. I should have liked to demonstrate what it means to people in the North who are paying a penalty for manning the frontier. Their children are deprived of the social amenities enjoyed in more organized areas of the country.

These are very serious matters and the consequences of them will be far-reaching. I would ask the Liberals, and my friends in the New Democratic Party to come to their senses before it is too late.

Mr. Deputy Speaker: Order, please. It being 5.45 p.m., pursuant to order made Monday, February 7, 1983, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of report stage of the Bill.

Accordingly, the question is on the motion of Mr. Hawkes. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

The House divided on the motion (Mr. Hawkes) which was negatived on the following division:

● (1750)

(*Division No. 289*)

YEAS

Messrs.

Althouse	Hamilton (Qu'Appelle-Moose Mountain)	McGrath
Anguish	Hargrave	McKenzie
Baker (Nepean-Carleton)	Hawkes	McKinnon
Beatty	Heap	McKnight
Benjamin	Hnatyshyn	McMillan
Blackburn	Howie	Miller
Blaikie	Huntington	Mitchell (Mrs.)
Blenkarn	Jarvis	Mitges
Bosley	Jelinek	Munro (Esquimalt-Saanich)
Bradley	Jewett (Miss)	Neil
Cardiff	Keeper	Nickerson
Cook	Kempling	Nielsen
Cooper	Kilgour	Nystrom
Corbett	King	Oberle
Cossitt (Mrs.)	Knowles	Ogle
Crombie	Korchinski	Orlikow
Crosbie (St. John's West)	Kristiansen	Patterson
Crosby (Halifax West)	Kushner	Reid (St. Catharines)
Crouse	Lambert	Riis
Darling	Ła Salle	Robinson (Burnaby)
de Jong	Lawrence	Roche
Dick	Lewis	Rose
Ellis	Lewycky	Sargeant
Epp	MacDonald (Miss) (Kingston and the Islands)	Scott (Hamilton-Wentworth)
Forrestall	Malone	Scott (Victoria-Haliburton)
Friesen	Manly	Siddon
Fulton	Mayer	Stevens
Gamble	Mazankowski	Stewart
Gass	McCuish	Taylor
Gilchrist	McDermid	Thacker
Gustafson	McDonald (Ms.) (Broadview-Greenwood)	
Halliday		

Messrs.

Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Young—100.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kaplan
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Rompkey
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—130.

Madam Speaker: The motion is defeated.

Motion (Mr. Hawkes) negatived.

[*Translation*]

Miss Bégin moved that the Bill be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Madam Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Madam Speaker: Call in the Members. Can we dispense with the bells?

Some Hon. Members: Agreed.

The House divided on the motion (Miss Bégin) which was agreed to on the following division:

● (1810)

(*Division No. 290*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kaplan
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Rompkey
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—131.

NAYS

Messrs.

Althouse
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin

Messrs.

Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Cardiff
Cook
Cooper
Corbett
Cossitt (Mrs.)
Crombie
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
de Jong
Dick
Ellis
Epp
Forrestall
Friesen
Fulton
Gamble
Gass
Gilchrist
Gustafson
Halliday
Hamilton
(Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
Malone
Manly
Mayer
Mazankowski
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKenzie
McKinnon
McKnight
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Patterson
Reid
(St. Catharines)
Riis
Robinson
(Burnaby)

Messrs.

Roche
Rose
Sargeant
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Siddon
Stevens
Stewart
Taylor
Thacker
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Young—100.

Madam Speaker: Motion carried.

Motion agreed to.

Madam Speaker: When shall the Bill be read the third time? At the next sitting of the House?

Some Hon. Members: Agreed.

Madam Speaker: It being 6.20 p.m., the House stands adjourned until tomorrow at 2 p.m., pursuant to the Standing Orders.

At 6.20 p.m., the House adjourned, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, February 9, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

HEALTH

ENCOURAGEMENT OF BREAST-FEEDING IN THIRD WORLD COUNTRIES

Mr. Herb Breau (Gloucester): Madam Speaker, I wish to urge the Government to develop and implement, in co-operation with the Provinces, Canadian programs consistent with the thrust of the international code of marketing of breast milk substitutes adopted in May, 1981, by the member countries of the World Health Organization.

Recently a UNICEF Report indicated that, in developing countries, the difference between breast milk and bottled milk can mean the difference between life and death. It warns that bottle-fed babies are between three and five times more likely to suffer from malnutrition than breast-fed babies. It indicates a decline in breast-feeding in Third World countries which it says is condemning thousands of babies to tragic deaths. In a lot of countries this is becoming more and more of a trend.

I urge the Government, in co-operation with the Provinces, to support those organizations, those international fora which want to encourage breast-milk feeding in Third World countries.

* * *

TOURISM

EFFECT OF CHANGES IN ONTARIO FISH STOCK MANAGEMENT

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, much of the cash flow of rural Ontario comes through a tourist industry based largely on fishing and hunting, especially in Parry Sound, Muskoka, the Kawarthas, Nipissing, and Timiskaming. As the Minister of Fisheries and Oceans (Mr. De Bané) and the Minister of Indian Affairs and Northern Development (Mr. Munro) are well aware, an agreement has been signed by representatives of the Indian people and by the provincial Government of Ontario that would radically alter how our natural resources, particularly our fish stocks, are managed. I have received many telephone calls, letters, and personal visits from concerned private cottagers and resort owners.

Federal action on this matter, and the resultant uncertainty as to what the future ground rules are to be, have caused a great deal of uneasiness in rural Ontario. As this Government has failed to appreciate so many times before, uncertainty is the enemy of business, particularly small business, such as tourist operations in Parry Sound-Muskoka, because they are too small to have any clout or influence with the Government.

I am well aware that our Ontario provincial colleagues are concerned as to how far-reaching these changes may be. I am sure they will be voicing their concerns to the Ontario Minister of Natural Resources and to the Premier. I therefore call upon the Ministers responsible to tell this House just where the Government stands on this matter and whether or not this agreement will be acceded to. If so, when, and how far-reaching will it be?

* * *

[*Translation*]

RAILWAYS

PAYMENT FORMULA FOR WESTERN TRANSPORTATION DEFICITS—EFFECT ON QUEBEC AGRICULTURAL PRODUCERS

Mrs. Éva Côté (Rimouski-Témiscouata): Madam Speaker, I would like to say a few words about an event that took place in Rimouski last Monday evening, when we had the pleasure of a visit from the Minister of Transport (Mr. Pepin) and the Minister of Consumer and Corporate Affairs (Mr. Ouellet), who met with more than 500 farm producers from the Lower North Shore. I had invited this group personally to discuss the Government proposal relating to the changes in the formula for railway subsidies for the transportation of grain in Western Canada. It is true, Madam Speaker, that Quebec farm producers are worried about these changes, since they have been told that agriculture in Quebec is seriously threatened and may perhaps disappear altogether. That is just not true. The development of farming and the agricultural miracle, as they say, in Quebec was brought about thanks to the active and enlightened participation of the Federal Government and effective action by Quebec's representatives in the House. There is no reason why people should be telling farm producers in Quebec that the situation is going to change. On the contrary, we are all working to ensure the survival of farming in Quebec, and its continuing development through new initiatives. I can assure our farm producers that we shall have many more meetings with them, and I am also very pleased with the

overtures made by the Minister of Consumer and Corporate Affairs at this meeting—

Madam Speaker: Order.

* * *

[*English*]

DISASTERS

SINKING OF "OCEAN RANGER"—U.S. SAFETY BOARD FINDINGS

Hon. John C. Crosbie (St. John's West): Madam Speaker, the U.S. National Transportation Safety Board has just made its findings with reference to the *Ocean Ranger* tragedy of a year ago. Its members concluded that it could have been avoided with proper training of the crew in operating the ballast control system. They concluded that the crew were not trained to operate the back-up system. They found that the crew were not properly trained in evacuation procedures, that the launching systems for the lifeboats could have been improved, and that there should have been better thermal protection.

This raises the question of what the Canadian Government was doing in the Department of Energy in its administration and supervision of the offshore before the *Ocean Ranger* tragedy. Why did it not require better thermal protection? Why did it not require better training of the crew? Why did the regulations and administrative practices not prevent this tragedy? Those are questions that I raise, which the Government must consider.

Why has the Government refused to refer this to a parliamentary committee, as I have requested? What regulations have been changed? What procedures have been changed in the last year? Why has the Minister of Energy (Mr. Chrétien) refused to allow the House of Commons to consider what changes have now been made so that people can be assured that this cannot happen again?

It appears from the report of this U.S. Board that the Canadian Government has been negligent in its administration of safety procedures on the offshore. When is this House or one of its committees going to be put in a position to see what changes have been made since? There have been 84 lives lost, and the Government of Canada bears a heavy share of the responsibility.

* * *

BANKS AND BANKING

PENALTIES IMPOSED FOR RENEGOTIATION OF MORTGAGES

Mr. David Orlikow (Winnipeg North): Madam Speaker, prime interest rates have come down very substantially in the last year. Hundreds of thousands of Canadian families have mortgages on their homes which still reflect interest rates of between 18 and 20 per cent. Until recently banks charged a three-month penalty for those wanting to renegotiate their mortgages. They have now increased the penalties.

One of my constituents obtained a mortgage in July of last year at 18¾ per cent. In November he was told he would have to pay a three-month penalty of $2,200 to get out of it. In January he was told the penalty would be increased to $5,000. The banks are not accepting the responsibility which I believe they have as a result of the charters they have been granted. What they are doing may be legally correct, but it is certainly ethically wrong. The banks are practising out and out robbery. They are taking advantage of people in a tough economic spot with fancy, fine print, double-dealing. Other people would call it usury.

I call on the Government to take up with banks what they are doing. Since the Government is asking mothers, pensioners and senior citizens and workers to share the load and take a bit less, is it not time the banks were asked to do the same?

* * *

• (1410)

[*Translation*]

REGIONAL ECONOMIC EXPANSION

REQUEST THAT GOVERNMENT CONDUCT STUDY OF EFFECTS OF CONSTRUCTION OF ALUMINUM MILL AT BÉCANCOUR, P.Q.

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, not long ago, the Government of Quebec announced its participation in a construction project for an aluminum mill in Bécancour. The Quebec Government is about to invest $300 million with the Péchiney company in this part of the province. It is, of course, gratifying to see that the Canadian Government is showing an interest in the project and has proposed to pay for part of the infrastructures, but, coming from a region where aluminum is very important and where this year Alcan, for the first time in many years, has shown a deficit, I wish the Minister of Regional Economic Expansion (Mr. Lumley) would find out whether a market survey has been made to see whether Péchiney's move to Bécancour will have a negative impact on Alcan. Before the Canadian Government starts spending $18 million on infrastructures for a mill in Bécancour, I hope people will realize that the Government of the Province of Quebec never offered Alcan any grants to modernize its plant in my area, and other than by acquiring a controlling interest in Alcan through the Caisse de dépôt, it has never tried to convince its subsidiary, Alcan, to expand its plant, and I am referring here specifically to the plant in Alma.

I am bringing this up, Madam Speaker, because 500 jobs have already been lost in Alma at Alcan, and I think we should have more details before the Canadian Government starts funding infrastructures for Péchiney.

AGRICULTURE

FEED GRAIN TRANSPORT POLICY

Hon. Roch La Salle (Joliette): Madam Speaker, as you know, ten or more Liberal Members from Quebec promised Quebec farmers they would force the Minister of Transport (Mr. Pepin) to modify his approach to his policy on feed grain transportation. However, it is public knowledge that the Quebec Liberals entirely failed to get the Minister to change his mind. For several days, Quebec Members have been trying to support this policy as well as they can and asking Quebec farmers to look at the positive side, namely, that the clause providing for a reassessment of problems Quebec may encounter as a result of the new policy will enable Quebec to reassess the policy after four years. Madam Speaker, farmers all know that when the horse is gone, it is no use locking the stable. In the circumstances—and I may add that I want no part of the pressure being brought to bear by Government Members on Quebec farmers to swallow the Crow—I hope the Liberal Members representing Quebec will try to persuade the Minister to change his mind and change his policy, if they really want to serve the interests of Quebec agriculture.

* * *

[*English*]

HUMAN RIGHTS

SUGGESTED ESTABLISHMENT OF PARLIAMENTARY GLOBAL MONITORING COMMITTEE

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I would like to propose today that the House of Commons seriously consider the possibility of setting up a Standing Committee for the watch-dogging of human rights around the world. Everyone in this House, as well as Canadian citizens across the land, realizes that throughout the world there are many, many abuses against human rights. However, when it comes to Canada's relationship with countries in which human rights are being abused, even with respect to international trade or of aid to them, many times we are left without sufficient information and knowledge on how we can treat the situation.

There is precedent for this particular kind of activity in that in the British House of Commons there is a parliamentary group which does that particular kind of work. We made a proposal in the sub-committee on Latin America to find a way to do this. I personally believe that the only way it can be done on any kind of a continuous and secure basis would be with a Standing Committee. At this particular time, when the House is studying new Committees, I believe it would be proper to do this.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

DISASTERS

SINKING OF "OCEAN RANGER"—U.S. SAFETY BOARD FINDINGS—GOVERNMENT ACTION

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Transport. I would like to ask the Minister, in a jurisdictional sense, if he does not feel rather impotent today as a result of the humiliating experience of reading in the newspapers what the Americans have found out about the loss of Canadian lives in Canadian waters in the tragedy of the *Ocean Ranger*.

• (1415)

In replying, could the Minister assure this House that the deficiencies the United States National Transportation Safety Board found to be part of the cause of this tragedy have been corrected, that the proper safety procedures are being followed, and that proper equipment for the men on oil rigs is available, regardless of what else is going on in Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I cannot, and I am sorry about that. First of all, because this is an interim report it is only a first view on the part of the two U.S. authorities who have passed judgment. Secondly, we have not got a copy of the report yet and it would be rather adventurous on my part, or on the part of the Minister of Energy, Mines and Resources, to comment on something we have not yet seen.

ROYAL COMMISSION—POSSIBILITY OF INTERIM REPORT

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, the circumstances are incredible enough, and that answer adds another dimension. Is the Minister telling this House that the facts ascertained in the public inquiry carried on in the U.S. as to training and safety procedures, and proper equipment for the men, are not being attended to by the oil rigs still drilling in Canadian waters?

An Hon. Member: Government observers were there.

Mr. Nowlan: When does the Minister expect even the beginning of an interim report from our Royal Commission into this tragedy?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I think common sense tells us that sometimes people who write reports change views from the interim report to the final report.

Some Hon. Members: Oh, oh!

Mr. Pepin: This is normal. They acquire more knowledge between the interim and the final report, and sometimes they revise the views expressed in the interim report.

On the second point, I can only repeat what I said. It may be cricket on the part of my hon. friend to ask me a question on a report he has not seen, but it would not be normal for a Minister to answer the question on the same basis.

TRAINING OF CREWS—REGULATORY CHANGES

Hon. John C. Crosbie (St. John's West): Madam Speaker, there were 84 lives lost in the *Ocean Ranger* tragedy. One of the findings of the American board was that the tragedy could have been avoided with proper training of the crew in operating the ballast control system. This implies that Canadian regulations did not require proper training of the crew, or that Canadian inspectors failed to find out that the crew were not properly trained in operating the ballast control system. In other words, there was negligence and carelessness on the part of the Canadian authorities on the offshore.

Will the Minister direct officials of his Department or the Department of Energy to come before the House of Commons transportation committee, or natural resources committee, to tell us what changes they have implemented in the regulations concerning inspection procedures since then? What have they done to prevent a recurrence of this tragedy? What will they do to reassure the hundreds who are working on the offshore now, and their families, that that neglect has not continued?

Hon. Jean-Luc Pepin (Minister of Transport): The short answer to that is yes. Either the Minister of Energy, Mines and Resources or myself will be pleased to go before a committee to indicate what has been done since the accident happened.

APPEARANCE OF MINISTERS BEFORE COMMITTEE

Hon. John C. Crosbie (St. John's West): The Minister has replied that he or the Minister of Energy, or both, will come before a committee. Can the Minister tell the House why the Minister of Energy has consistently refused my requests of May 4, June, and July of last year—why did he write me in September refusing to have his officials come before a parliamentary committee? I am glad to see the Minister has now changed his mind. Why has it taken this number of months to have them change their minds, and are they prepared to give a commitment to come before the appropriate committee in the next several weeks to try to reassure East Coast Canadians about the situation on the offshore?

Hon. Jean-Luc Pepin (Minister of Transport): The answer I gave is justified simply by the common practice that Ministers have had, and will forever and ever, have to answer requests from committees to go with their officials or alone to answer these kinds of questions. I have not consulted with the Minister of Energy, Mines and Resources on that subject, but I am quite sure there were particular circumstances why he appeared not to have been at a committee at that particular moment when he usually is before it. I can find out why, but as a general proposition Ministers are quite willing to go before committees. Indeed, they spent a lot of time before committees.

• (1420)

REQUEST FOR REFERRAL OF REPORTS TO PARLIAMENTARY COMMITTEE

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a supplementary question for the Prime Minister, since we are dealing with two departments of Government. The loss of the *Ocean Ranger* has been the subject of three inquiries in the United States, including a Congressional inquiry and the one that released its report this week. In addition, we have the Cross Report, which is an evaluation of search and rescue. It was released last December and was critical, admitting that there is no contingency plan in place. As well as that, this week the Prime Minister released to me a further study by the Department of National Defence into an evaluation of search and rescue in the Halifax region. These reports contradict each other.

On the eve of the anniversary of the loss of the *Ocean Ranger*, would the Prime Minister assume his responsibility as Leader of the Government and at least give the Parliament of Canada a chance to see which is right, the view of the Minister of National Defence, the Cross Report, or the U.S. Commission of Inquiry?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as the Minister of Transport has said, if we wait for the final report then we will be able to judge the answers to these questions and decide who is right and who is wrong.

* * *

INDUSTRY

HOUSTON TRANSIT AUTHORITY CONTRACT—THUNDER BAY COMPANY'S BID

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. Last Friday the Houston Transit Authority made an incredible decision involving many millions of dollars. It awarded a contract for a transit system to a Japanese company even though a competent Canadian company, Cancar of Thunder Bay, submitted a bid that was $29 million less. What has the Government of Canada, and specifically the Minister, done to rectify the situation?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, that matter comes under the jurisdiction of my colleague, the Minister of State for International Trade, who is in Japan at the present time attending very important trade meetings with the European community, the United States, and Japan. I know that he is very disappointed with the announcement made by the City of Houston.

Two years ago I went to Houston and was involved in the initial stages to ensure that Canada would be considered. The

fact that a Canadian company, Hawker Siddeley (Canada), was the lowest bidder and yet it has not been awarded the contract, is indeed very discouraging. We have been in contact with Hawker Siddeley officials and were advised that they are still working on that contract as well as others in the U.S. We will do our very best to ensure that they are given fair treatment by the City of Houston.

REQUEST THAT MINISTER VISIT HOUSTON

Hon. Edward Broadbent (Oshawa): Madam Speaker, the circumstances surrounding this decision would be described as bizarre at best. This morning I checked with the transit authority in Boston which had previously purchased equipment made by Cancar in Thunder Bay. It described the Canadian product as "exceptionally reliable".

Considering that the Canadian company made a bid that was $29 million less than the Japanese, and that its product is described by another American City as exceptionally reliable, and since the Minister has already established personal contact in Houston, instead of waiting until his colleague returns from Japan would he not go to Houston to see what he could do to save Canadian jobs?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker I am sympathetic with the request of the Hon. Leader of the New Democratic Party with respect to going down to Houston. In view of discussions that we have had with Hawker Siddeley officials, that might not necessarily be the best action to take at this time because there are other contracts that they are pursuing.

I agree with the Hon. Member that Canada does not take second place to any other country in the world in terms of producing quality equipment for the urban transit industry. That is why our industry occupied over one-third of the floor space at the national convention of the U.S. Urban Transit Association a year ago. Also I was asked to open that convention, along with the Secretary of Transport of the United States.

Hawker Siddeley has been very well received in the United States, and we will do our very best to try to ensure that we have not lost this particular contract.

Mr. Broadbent: Madam Speaker, the sentiments are noble, the concern is fine, but the Minister has not told us specifically what he will do.

MINISTERIAL ACTION

Hon. Edward Broadbent (Oshawa): Madam Speaker, there are several hundred Canadian jobs at stake here for a period of five to seven years, with this contract alone. The Minister knows that if we get the contract in Houston back, and we ought to because of the competitiveness of our bid, it will open up other contracts in the United States. If we lose this contract, however, it means that we will not get others. The decision on this contract was made last weekend. Will the Minister tell the House what he intends to do to get the people in Houston to reverse their decision?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I do not quite understand the indignation of the Hon. Leader of the NDP. I quite agree about the importance of this contract. Two years ago, however, the two federal Members from Thunder Bay—not from the NDP—came to me asking me to solicit this particular contract. The Hon. Leader of the NDP is a little late in making his representation, but I agree with him about the seriousness of this situation in terms of the effects it will have on other contracts in the United States. That is why we have treated this as a priority.

* * *

• (1425)

RAILWAYS

QUEBEC ADVERTISEMENT ON EFFECT OF CROWSNEST PASS RATE CHANGES

Hon. Don Mazankowski (Vegreville): Madam Speaker, I should like to direct a question to the Minister of Transport. In last Saturday's edition of *Le Devoir* a full-page ad entitled "Farewell to the Crow", sponsored by Agriculture Canada, indicated that the new freight rate policy would not provide an advantage to western pork and beef producers. That is contrary, I might say, to the expectations of the West. How does the Minister square that statement with the statement contained in his own policy announcement contending that his transportation initiative will expand the western livestock industry by $1 billion, and the processing, packing and feed mill industries by some $350 million? Why the doubletalk?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I can square that quite easily. My hon. friend, who is very alert and knowledgeable on these matters, knows very well what I will say. There is a diversity of views in the West as to the effect of this announcement, the policy itself, on the future of the livestock industry there. There are three schools, essentially. One says that it will have the effect of only strengthening what exists there and is often in difficulties now. Another school of people say that it will do more than that, that over a period of time it will contribute a certain increase to the livestock industry in the West. A third school says that it will do more than that, that it will contribute significantly to an increase in the livestock industry. The Hon. Member can pick any one he wants, because these views are defended by very honourable people.

Mr. Mazankowski: I am not interested in the schools of thought the Minister believes are out in the West. I am interested in the Minister's own school of thought. I am interested in when the Minister will come out with a clear-cut statement, in both official languages, so that we can understand it from one region to the other, and that it is not a policy

which varies from one region to the other. That is what we want to know.

REQUEST THAT ADVERTISEMENT BE PUBLISHED IN WESTERN CANADA

Hon. Don Mazankowski (Vegreville): Madam Speaker, when will the Minister do the honourable thing and make a clear-cut statement which can be decipherable in both languages? Is the Minister, in consultation with the Minister of Agriculture who sponsored this ad, prepared to run the same ad in western Canadian Provinces as he ran in the Province of Quebec?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am quite eager to make that clear statement now. The clear statement now is that there is room for development of both the livestock industry in the East and the livestock industry in the West. My hon. friend, who was the former minister of transport, knows these things. The main reasons for that are geography and cost of transportation.

For example, there is plenty of room for the export of pork from Quebec and Ontario into the eastern United States, as takes place now, because it costs $2.50 to ship a hundredweight of pork from Montreal to New York, while it costs $10.50 to ship it from Calgary to New York, simply for geographical reasons and cost of transportation. In the same way there is room in the western United States for export of beef, for example, from the western part of Canada. The two can be very well and easily accommodated.

Mr. Mazankowski: The Minister persistently refuses to answer my question. He is simply engaging in doubletalk, which is adding to the confusion, the anxiety, and mistrust in western Canada.

PUBLICATION OF ADVERTISEMENT

Hon. Don Mazankowski (Vegreville): Madam Speaker, I repeat my question. Is the Minister prepared to run the same ad in western Canada as he and the Minister of Agriculture ran in the Province of Quebec? Yes or no?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, when I was in the West very recently I had with me a letter which the Minister of Agriculture and myself wrote to grain producers and to the livestock people of Quebec.

Mr. Mazankowski: Are you going to run the ad?

Mr. Pepin: We made that letter extensively known everywhere we went.

Mr. Mazankowski: Run the ad.

Mr. Pepin: It is available to anybody who wants it. There is no shame at all on our part. Those two approaches are easily reconcilable. I will spend some time with my hon. friend, if he has some, to demonstrate that. That will be a very easy job, the easiest I have had in a long time.

* * *

• (1430)

[*Translation*]

MACDONALD ROYAL COMMISSION

REMUNERATION OF CERTAIN COMMISSIONERS

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Right Hon. Prime Minister. Yesterday, he announced or rather confirmed that Donald Macdonald, lawyer Michel Robert and a secretary general would be receiving $800, $750 and $700 per day, respectively. In my opinion, the Prime Minister is not responsible for the levels of remuneration paid in connection with this Commission. Since he has been asking Canadians to tighten their belts for a couple of years, and the Government has forced pensioners, senior citizens and children to tighten them even more, I ask the Right Hon. Prime Minister, in the name of justice, whether today, considering public opinion, which he already knows, he will be willing to recommend immediately a reduction in these stipends out of fairness to those who are less well-off?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member always sets himself up as the defender of those who complain about there being a double standard. I suggest, for instance, that he ask his leader or former leader how much the Progressive Conservative Government was paying the Member for Vancouver Centre when she was doing a study for the Progressive Conservative Government. Perhaps he could ask the Member for Saskatoon West what his fees were when he was a lawyer. He would then have some inkling of the levels of remuneration that are common in the private sector and which must be considered if we want to recruit competent people to serve the public.

Mr. La Salle: Madam Speaker, I have a supplementary. Not long ago, in the course of a televised speech, the Prime Minister asked Canadians for their trust and co-operation. Today, he has answered my question with a question. Yesterday, I received a telephone call about these exorbitant fees which to Canadians are an absolute disgrace. Could the Prime Minister inform the House how much Mr. Robert has received in fees from the Federal Government during the last three years?

Considering all those Canadians who are worried about the situation and who think such fees are entirely unfair and in fact an obscenity, I ask the Prime Minister again, if he wants our trust and wants to keep what credibility he has left, to bring things back to more acceptable proportions by immediately restraining and blocking fee levels that are now entirely

unacceptable, considering the fact that they represent thirty times the wages—

Madam Speaker: Order.

Mr. Trudeau: Madam Speaker, I can inform the Hon. Member that I asked him to get his own information because I had already answered the question yesterday. He has contacts in the private sector. He may know what it costs to retain the services of a lawyer nowadays, especially one from one of the big law offices, like the Member for Saskatoon West. Perhaps he could ask the President of Iron Ore what he is getting. If we want to attract people from the private sector to sit on a Royal Commission and if we want qualified people, we must be prepared to pay—

Mr. La Salle: Not $800 a day, and $1.40 for children!

Mr. Trudeau: In my opinion, the Hon. Member is not only showing his surprise but also his ignorance—

Madam Speaker: Order.

I apologize to the Prime Minister, but I decided to stop this exchange because it is no longer what oral question period should be, namely, a period of questions and answers.

* * *

[*English*]

SOCIAL SECURITY

CANADIAN COUNCIL ON SOCIAL DEVELOPMENT POVERTY STATISTICS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I hope the Prime Minister will be as loquacious in answer to this question.

Some Hon. Members: Oh, oh!

Mr. Murphy: I think the Liberals are sensitive again.

Mrs. Mitchell: Poverty statistics released yesterday by the Canadian Council on Social Development are a terrible indictment of the Liberal Government's policy on economics in Canada. There were 3.5 million Canadians living in poverty in 1980 and at least a million more have been added to that total, including single parents, working parents, unemployed, as well as senior citizens. How does the Prime Minister justify the scandalous poverty situation, which has resulted from his own Government's deliberate policies of high unemployment, part-time jobs, the six and five wage controls, and the abandonment of a guaranteed income policy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am afraid I did not catch the gist of the question. The Hon. Member is asking a series of questions on Government policy. We are explaining them every day. The six and five program, for instance, has in effect succeeded in bringing down inflation from a high of 12.5 per cent to something like 8 per cent or 9 per cent now, and this percentage is still declining. We could talk of every one of our policies, including the ones we adopted when the Government was first elected, the increase in the Guaranteed Income Supplement, and these are all areas where the Government is conscious of the importance of helping first those who need help the most.

Miss MacDonald: Like Donald Macdonald.

Mrs. Mitchell: Madam Speaker, that is a very unclear, uncaring answer from a millionaire Prime Minister.

Some Hon. Members: Oh, oh!

Mrs. Mitchell: I was talking, Madam Speaker, of those people—

Some Hon. Members: Oh, oh!

Some Hon. Members: Shame!

Madam Speaker: Order. It is Wednesday again.

Some Hon. Members: Oh, oh!

Mrs. Mitchell: My supplementary question, Madam Speaker, is also for the Prime Minister.

Some Hon. Members: Sit down.

Some Hon. Members: Hear, hear!

Madam Speaker: Order, please. May I remind Hon. Members that other Members have a right to ask questions.

Some Hon. Members: Hear, hear!

Madam Speaker: The Hon. Member for Vancouver East.

REQUEST FOR PENSION INCREASES

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I am talking about the over four million poor people who are living in Canada. There are four million people living in poverty in Canada, and the Liberals are laughing, including the Prime Minister.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mrs. Mitchell: The Prime Minister did not even relate to the question on poverty, Madam Speaker.

Madam Speaker: Order, please. If the Hon. Member wants to put a question, she must do just that. She knows that anything that is not a question is bound to provoke these kinds of jibes. If she could keep to her question, I think that she would get a legitimate answer.

The Hon. Member for Vancouver East.

Mrs. Mitchell: Madam Speaker, I would like to ask the Prime Minister, after three years of lip service—

Some Hon. Members: Oh, oh!

Some Hon. Members: Order.

Some Hon. Members: Sit down.

Mrs. Mitchell: —and a 6 per cent cap on pensions, will he increase pensions above the poverty line, and is the Prime Minister also concerned about older women in the pre-pension age group who are suffering extreme poverty.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I must remind the Hon. Member as far as her first question regarding the Guaranteed Annual Income, is concerned, that the funding for all provincial and federal social programs would add up to some $8 billion, and we would pay nearly the same amount as a supplement to cover people who are now insufficiently covered by our programs. I would like to say that first of all, the country feels that this is certainly not something that should be done now. Second, one of the priorities of this Government—and the Minister of Finance has emphasized this several times since his appointment, doing so on behalf of the Government—is that as soon as the economic situation permits, there will be an increased supplement for single people.

* * *

[*English*]

SHIPBUILDING

DELAY IN AWARDING CONTRACTS

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, it may please the House to know that I have no insults for anyone, but simply a very desperate plea.

• (1440)

My question is directed to the Minister of Supply and Services, and I would ask the President of the Treasury Board to listen carefully. There are five shipyards in my riding of North Vancouver-Burnaby where unemployment is approaching 80 per cent for their workers. It is likely to go higher. The same situation exists on the East Coast.

The Government has announced that it will build six ships this year, a totally inadequate figure, of which two vessels have been tendered, two are to be tendered immediately, and two more in the month of March. In view of the tragedy facing shipyard workers will the Minister assure the House that he will insist that his bureaucrats work weekends and long into the night, and double their efforts not only to get the March tenders out immediately but also to cut the normal three-month time lag, from bids received to the award of contract, to a period of less than a month in order that those shipyard workers who have hope will get their answer as rapidly as possible?

Madam Speaker: Order. Members are making speeches. It is no longer a question period.

Mr. Epp: I have a question.

Madam Speaker: Everybody wants equal time.

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I am very pleased that the Hon. Member has raised this particular question. I do not take any exception to the fact that he has taken some considerable time to put the preamble to his question. I recognize very well the difficulty that the shipbuilding industry is facing.

Indeed, the hon. gentleman has suggested that there be an acceleration in terms of procurement in order to ensure that the shipbuilding industry can be assisted as a result of Government procurement. That is why my officials are indeed working overtime in accelerating the program. That is why we are ahead of schedule in terms of the procurement of the two 1100 class icebreaking coastal ships that we are contemplating procuring.

The hon. gentleman should follow very closely the acceleration program I am putting in place. I would be very pleased to provide him with any additional information that he requests. I would like to—

Some Hon. Members: Order.

Mr. Blais: —count on his support relating to future measures that I would want to introduce in that regard.

* * *

AIRPORTS

BOUNDARY BAY, DELTA, B.C.

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is directed to the Minister of Transport. The reactivation of Boundary Bay Airport in Delta, British Columbia, was approved by the previous Minister of Transport three years ago. For almost six months Treasury Board has been sitting on a departmental recommendation to appoint a consortium to manage that airport.

Given the unprecedented 55 per cent unemployment rate among construction workers in the Vancouver region, and recognizing that approval of a management contract would lead to immediate construction of hangars, a terminal building, a restaurant, and a permanent control tower at the airport, all at no cost to the Government, why are Transport and Treasury Board officials dragging their feet and dilly-dallying while hundreds of jobs could be created immediately if the Government would only get off the pot and make a decision?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, unfortunately my memory is not good enough to remember what happens at each of the thousand airports for which I have some responsibility. However, with respect to Boundary Bay the decision was made some months ago that the Department of Transport would go ahead and make the changes that were necessary. If my memory serves me well, there was $10 million worth of changes that had to be made before we could get someone to operate it. As far as I know, these expenditures have been made, are being made now, and we are looking for the operator.

The latest information I have is that we were on the verge of getting one. I will check this and I will send a letter at four o'clock this afternoon to my hon. friend to give him a blow by blow account of what has happened.

* * *

FINANCE

REQUEST FOR TAX RELIEF FOR FORESTRY AND MINING INDUSTRIES

Mr. Lorne McCuish (Prince George-Bulkley Valley): Madam Speaker, my question is directed to the Minister of Finance. The Minister knows that the forestry and mining industry are the principal employers in British Columbia. He also knows that these industries rely heavily on sales to foreign markets and that the loss of foreign sales has resulted, in great part, in the 20 per cent to 30 per cent unemployment figures which are prevalent throughout B.C.

The competitive edge in foreign markets has been lost, due in large part, to crushing tax measures imposed by his Government. Will the Minister now accept the fact that his Government's make-work programs just do not work in these two industries and are unacceptable to them? Will he consider using equivalent funds as tax relief to the wood and mining industries in order to allow them to operate and have a fighting chance in foreign markets?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I thank the Hon. Member for his question. I would tell him that the first consultation I had in preparation for my budget was with the representatives of British Columbia industry, particularly the mining and wood industries. Those discussions have been quite productive. I must say, however, that it is not the tax burden on those companies that has created the problems they are facing. As a matter of fact, the tax burdens on the mining and wood industries in this country compare very favourably with almost any competitor. The fact is that there has been a lack of demand generally for products of the mining and wood industries all around the world. We should recognize the situation in the world today where employment in the mining and forestry sectors has declined substantially.

As a matter of fact we are providing such comparatively excellent advantages to our industries that my hon. friend knows there are complaints in the United States that we are favouring the soft wood lumber industry too much. I am going to Washington this week where I intend to have a few words with my American friends in that regard, to ask them to pay attention to the Canadian situation and recognize that we are not unfairly subsidizing the soft wood lumber industry in this country.

* * *

PORTS

SURREY, B.C.—APPROVAL OF CONSTRUCTION CONTRACT

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the President of the Treasury Board, who may know that the port of entry at Pacific Highway in Surrey is the busiest west of his own City of Windsor. The facilities are overcrowded and obsolete. Just last week I received a letter from the Minister of Public Works saying that the design for a new structure will be completed next week. He went on to say:

> Assuming a favourable review by Treasury Board, a construction contract could be awarded as early as January, 1984 which would result in a completion date of January, 1986.

In view of the fact that unemployment in British Columbia had the fastest rate of increase during the past year, could he assure the House, the people of Surrey, and the businessmen who use that port of entry, that Treasury Board will in fact approve that construction contract so that we will face some employment prospects there, and so that the business people using that port of entry will see some cost efficiency in the operation?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, I will be very happy to look into the matter to see what can be done to expedite consideration of the submission. I note with interest my hon. friend's support for the increasing and speedier expenditure of public funds.

* * *

METRIC CONVERSION

APPLICATION TO GOVERNMENT FUEL PURCHASES

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. I understand that his Department declared on Monday of this week that mandatory metrication "obviously does not apply to the Government". We all know it is true that international standards for many items are not in metric. To say the private sector must convert despite this, whereas the Government is free to do as it pleases, is sheer hypocrisy. How

can the Minister allow this double standard, and what will he do about it?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, the hon. gentleman is dealing with a story that arose out of procurement by my Department of turbo fuel in the international market, in order to supply DND aircraft abroad. The measure that is used in the international marketplace is American gallons.

Some Hon. Members: Oh, oh!

Mr. Blais: That is why we have used that particular standard, limited to the international market. In terms of the domestic market, I can assure the hon. gentleman that all of our measures are metric.

• (1450)

REQUEST THAT IMPERIAL MEASUREMENT APPLY TO FUEL SALES

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my supplementary question is also directed to the Minister of Consumer and Corporate Affairs. Now that his Department has admitted that the world unit for some fuels is gallons, I ask the Minister will he withdraw all prohibitions against the sale of fuel in gallons in Canada.

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, the hon. gentleman should have listened to the reply that I gave to him initially. I will provide him with the details of our procurement system. In terms of international procurement, when we deal with international suppliers for DND bases outside Canada we are dealing in that context with American gallons. Inside Canada, of course, our requirements are measured in metric terms.

* * *

CONSUMER AFFAIRS

REQUEST FOR LEGISLATION TO PERMIT CLASS ACTIONS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Yesterday the Supreme Court of Canada dealt a body blow to Canadian consumers in ruling against the class action suit that over 4,000 owners of defective Firenza automobiles brought against General Motors of Canada Ltd. The Supreme Court, in dismissing this claim, stated that there is, and I quote:

—undoubtedly a need for legislative intervention in this country ... and a comprehensive legislative scheme for the institution and conduct of class actions.

Since the early 1970s the federal Government and this Minister in particular have promised to amend the Combines Investigation Act to facilitate class action suits. When is the Government finally going to bring forward these long overdue amendments to the Combines Investigation Act to permit class actions, and stop the gouging of Canadian consumers?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, like the Hon. Member, I certainly wish this session of Parliament would end so that in a new session, we could expect to consider other bills, and especially amendments to the Combines Investigation Act. To answer the Hon. Member's question, I would say that in this particular case, since what we have here is a civil suit, the provinces would have to be asked to amend their provincial legislation so as to allow civil class actions. The Hon. Member is no doubt aware that this kind of legislation already exists in Quebec, although not in the other provinces, unfortunately. I hope that the decision of the Supreme Court will be an incentive to the nine other provinces to allow their citizens to bring class actions in civil suits in the same way this is being done in Quebec.

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

BENEFITS TO SMALL BUSINESS OF CROWSNEST RAILWAY RATE CHANGES

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. As he knows, British Columbia is experiencing an excessive rate of unemployment and business failures and bankruptcies above the national average. Despite the fact that there is a mega project, the coal in the Northeast and the port development in Prince Rupert, unfortunately Canadian workers and Canadian small businessmen, in particular, are usually on the outside looking in.

I would like to ask the Minister what safeguards are being put in place to ensure that as the Minister of Transport spends $6 billion, and industrial development spends $4 billion on the upgrading of transportation infrastructure in the West, small Canadian firms and their employees will have a share of the pie. Are there tax incentives planned? Is he discussing with his colleagues the prospect of talking with the unions to ensure that average workers will get a job?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the Hon. Member poses a very good question. Our office of regional industrial benefits has worked very closely with the officials of my colleague, the Minister of Transport, on the industrial benefits for western Canada as a result of the changes in the Crow rate.

One example is the potential $418 million contract for signalling and communications equipment, which at the present time is being imported by the railways, which is an excellent opportunity for western Canada. We will try to break

these potential contracts into as small component parts as is possible to ensure that small and medium sized entrepeneurs will be able to bid on the specific contracts.

What is also important, I think, is that the business community in western Canada consider forming consortia to undertake a project of this magnitude.

* * *

AGRICULTURE

REQUEST THAT QUEBEC ADVERTISEMENT BE PUBLISHED NATIONALLY

Hon. John Wise (Elgin): Madam Speaker, my question is directed to the Minister of Agriculture and is supplementary to the subject matter that was raised earlier in an exchange between the Hon. Member for Vegreville and the Minister of Transport. It is with reference to the advertisement which appeared in the Quebec newspapers. It is clear that this leaves the impression that the Government is saying one thing in one part of the country and something else in the other.

Secondly, there is a clear impression given that western Canadian agricultural producers are going to benefit as a result of the Crow rate changes. There is no question about that. Since this ad was paid for out of the budget of the Minister of Agriculture, would he agree, to clear up this misunderstanding, and I am sure that is exactly what it is, to publish the same ad in both official languages in all the newspapers in all regions of the country?

If the answer is no, obviously the impression is still going to stand that the Minister is in fact saying one thing in one part of the country and something else in the other.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member makes mention of an ad that was placed in some papers in an eastern part of Canada. These ads are factual, they are straightforward, but the Hon. Member has not paid any attention to what the Minister of Transport has said. The Minister of Transport said that the marketing conditions, et cetera, are different in eastern Canada. For instance, pork production, which is of great concern, is exported into New York State and that part of the United States. The production is going to take place under this program, and a similar kind of an ad could be explained in western Canada just as easily, as their exports go into that great populous area, the State of California, and we want that kind of process to take place in western Canada. The people who are in livestock agricultural production know that that is what it will do for them. The Hon. Members opposite should talk to the people in the livestock industry, who are the ones who have recommended this. Of course the Hon. Members opposite do not pay much attention to anyone who recommends anything. For instance, the Canadian Federation of Agriculture unanimously endorsed Canagrex yesterday.

Some Hon. Members: Hear, hear!

Mr. Wise: Madam Speaker, that is simply a disgraceful answer. I will provide the Minister with a second opportunity to answer my question in order to clear up this confusion and misunderstanding. I am giving him the benefit of the doubt as I am sure it is not intentional.

REQUEST FOR ADVERTISEMENT PUBLICATION

Hon. John Wise (Elgin): Madam Speaker, I ask the Minister of Agriculture will he simply publish the same ad in all newspapers in both official languages in all regions of the country. I would like him to answer with a simple yes or no, which is the only kind of an answer that will clear up this matter.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, he knows—

Some Hon. Members: Oh, oh!

Mr. Whelan: Madam Speaker, if they had a leader over there I would ask him to put them in order, but—

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Whelan: The Hon. Member wants a simple answer, yes or no. He knows that there is a difference, because in Quebec the Government of Quebec has led a special propaganda program—

Some Hon. Members: Oh, oh!

Mr. Whelan: —and misinformed the people there. No Government in western Canada has seen fit to do such a thing because Governments there know that this program is going to assist agriculture and assist livestock production, and make it possible to export more.

If it becomes necessary to explain this kind of a program in western Canada, yes, we will do it by ads, but the Opposition wants us to have restraint, so we should not do this until we feel that it is necessary to move into these areas.

* * *

CANADA LABOUR CODE

PROTECTION FOR WORKERS ON OFFSHORE OIL DRILLING RIGS

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the Prime Minister. We have been waiting in this House for three years for the federal Government to introduce changes to Part IV of the Canada Labour Code, which deals with occupational health and safety.

One of the problems with the incident of the *Ocean Ranger* is that the federal Labour Code does not protect workers on offshore rigs. The preliminary report in the United States indicates that management negligence has resulted in the

deaths of 84 workers, most of them Canadian. If that happened in any other situation that would be considered a mass murder. I ask the Prime Minister when will his Government provide legislative protection under the Labour Code for workers who work on those rigs?

• (1500)

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, I reject parts of the premise of the Hon. Member's question, but I want to assure him that we on this side of the House are as concerned as anyone else about the importance of the matter. We urge the Opposition to help us in processing and passing the legislation that is before the House so as to conclude this session and initiate the next one, so that we can introduce the amendments, to the Canada Labour Code. We are as anxious to produce them as anybody else.

Mr. Murphy: You are responsible. You are a bloody murderer.

Some Hon. Members: Oh, oh!

Some Hon. Members: Withdraw.

Madam Speaker: Order. I have just consulted the list and I have to ask the Hon. Member for Churchill (Mr. Murphy) to withdraw those words. I did hear them, even from this distance. I am sure the Hon. Member got caught up in the heat of the debate and did not really mean those words. Perhaps he would like to withdraw them.

Mr. Murphy: Madam Speaker, out of respect for the rules of the House, I won't call it murder, but I will call it manslaughter.

Some Hon. Members: Oh, oh!

Some Hon. Members: Withdraw.

Madam Speaker: Order. I am sorry, but the Hon. Member has to satisfy the rules, which I can see he is quite willing to do, and must withdraw that particular word.

Mr. Murphy: Madam Speaker, I do not know what word can be used in this House, but the Government must act. We have been waiting for three years. I am willing to withdraw the specific accusation, but not the general charge of misconduct by this Government.

Some Hon. Members: Out!

Madam Speaker: I will accept this today because the Hon. Member did withdraw that particular word, but I want to remind Hon. Members that there is the material fact of pronouncing certain words which has to be dealt with. There is also the spirit behind the rules which means that Members should respect each other during debate. To use a circumstance like this to make a further charge like this is not quite proper. Strictly speaking, it is not unparliamentary, but it is not really proper. However, I will accept what the Hon. Member said.

Some Hon. Members: Hear, hear!

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the reports of the Clerk of Petitions stating that he has examined the petitions presented by Hon. Members on Tuesday, February 8, 1983 and finds that they meet the requirements of the Standing Orders as to form.

* * *

PRIVILEGE

MR. CAMPBELL (CARDIGAN)—UNPARLIAMENTARY LANGUAGE OF MR. WADDELL

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, I rise on a question of privilege. I gave notice on Monday of my intention to raise a question of privilege on the first occasion on which the Hon. Member for Vancouver-Kingsway (Mr. Waddell) was in his seat.

I refer to comments made by the Hon. Member last Thursday during my absence from the House; I apologize for waiting so long. However, this is the first occasion which I have had to raise this question of privilege. It has to do with comments made in this House by the Hon. Member on Thursday last, reported in *Hansard* at page 22481. During his comments, the Hon. Member is reported to have said:

> I am alleging that the Minister intentionally misled the House—

That is not only untrue but it is unparliamentary language. I would request through you, Madam Speaker, that the Hon. Member withdraw those comments.

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker—

Some Hon. Members: Withdraw!

Mr. Waddell: Do Government Members want to give me my chance to reply or do they want to shout me down? If they want to act like a bunch of fascists, then we are going to treat them that way. I am not replying, Madam Speaker, until I get some order.

Madam Speaker: I just checked because I could not believe what I heard; that word too is unparliamentary. The Hon. Member for Vancouver-Kingsway (Mr. Waddell) has quite a problem; he has to withdraw two expressions.

Mr. Waddell: I am prepared to withdraw the word "fascists" providing the Members opposite let me make my reply to the Minister without interrupting me.

Madam Speaker: Order. The Hon. Member had the floor. He could speak on the matter raised by the Minister of Veterans Affairs (Mr. Campbell). There were a few jibes from the other side of the House, but that usually does not deter Members from speaking in the House. They were not that loud that

the Hon. Member could not be heard; otherwise the Speaker would have asked for order. Will the Hon. Member now take the floor?

Mr. Waddell: Madam Speaker, with reference to what my hon. friend the Minister has said, in order to deal with the matter of my comments and also comments made by the Hon. Member for Victoria (Mr. McKinnon), a Member of the Conservative Party, the matter arose after my speech—

Madam Speaker: Order. We do not need a speech at this time. The only thing the House requires is for the Hon. Member to get up and withdraw the words he pronounced the other day. They are unparliamentary. I heard them from my seat. At that particular point the Hon. Member, because of circumstances in the House which I do not quite recall, seemed to be withdrawing also from his question of privilege. I think this occurred while he was raising a question of privilege. Therefore, I let the matter stand; I thought he was withdrawing from everything. However, since the Minister has raised the question and since those words have been printed in *Hansard*, it makes it quite obvious that the Hon. Member said them in earnest. He should now withdraw them. That is all I need from him today.

Mr. Waddell: Madam Speaker, I am prepared to withdraw the remarks, but I have to do it in a certain context. I just want to take 30 seconds.

Madam Speaker: The context is not necessary. The Hon. Member will withdraw now or else I will have to deal with the matter.

Mr. Waddell: Madam Speaker, I am trying to raise this matter on behalf of the old people in Canada who cannot reply. If you won't let me say it, I am not going to withdraw the remarks.

Some Hon. Members: Oh, oh!

Madam Speaker: The Hon. Member has to be fair. I was not preventing the Hon. Member from speaking. I was asking him to speak precisely to the matter which we were dealing with in the House, and that is to withdraw those unparliamentary words. Does the Hon. Member now want to withdraw his unparliamentary words and say so quite clearly?

Mr. Waddell: Madam Speaker, in the spirit of the House and dealing with the Minister, who is a very fair Minister, I am prepared to withdraw the remarks. I am asking the Minister in the spirit you referred to before to consider the problem about the confusion of veterans as to whether—

Madam Speaker: Order. Will the Hon. Member please say very plainly "I withdraw", not "I am prepared to if". There is no condition to that. There cannot be a condition. The language is unparliamentary. For the last time, will the Hon. Member please get up and say whether he wants to withdraw?

Mr. Waddell: Recognizing the fact that many veterans phone my office, recognizing the fact that they are confused about the six and five program, recognizing the fact that their cheques were delayed and they are powerless except only through me to come back to this Government, I will withdraw the remarks that I made.

Mr. Malone: Good idea.

• (1510)

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. DOMM—BROADCASTING OF PORNOGRAPHIC FILMS

Mr. Bill Domm (Peterborough): Madam Speaker, I wish to present a petition to the House today which was collected from members of the Peterborough constituency. They have signed the petition stating that they are voicing strong opposition to the announced plans of "First Choice" Pay TV to broadcast "soft core" pornographic films into Canadian homes on their Pay TV channels.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): Madam Speaker, the following questions will be answered today: Nos. 4,552 and 4,617.

[*Text*]

DND CONTRACT—G.H. WOOD & CO. LTD.

Question No. 4,552—**Mr. McKinnon:**

Did the Department of National Defence award a $15,232 contract to G.H. Wood & Co. Ltd. for "doily paper" and, if so, for what purpose will the doily paper be used?

Hon. J. Gilles Lamontagne (Minister of National Defence): The Department of Supply and Services on behalf of the Department of National Defence awarded a $15,232 contract to G.H. Wood & Co. Ltd. for doily paper, an item entirely used on trays in hospital as a sanitary precaution and to enhance meal presentation to patients.

TESTING OF MEDICAL DEVICES

Question No. 4,617—**Mr. Mitges:**

Has the Government taken or is it taking steps to test the more than 100,000 medical devices, including contact lenses, condoms, tampons and pacemakers, and, if so, what are or were such steps?

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): The Department of National

Health and Welfare is aware of the importance of ensuring that medical devices sold in Canada are safe and effective. On July 30, 1981, the resources for the Medical Devices Program were significantly increased to cope with rapidly advancing device technology. For fulfilling its mandate under the Food and Drugs Act, the Department employs several procedures such as premarket review, imposition of standards, evaluations and testing. Devices such as the prolonged-wear contact lenses, tampons and pacemakers are subject to premarket review; condoms are subject to standards.

[*English*]

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

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

Some Hon. Members: Agreed.

Madam Speaker: Stand.

* * *

MOTIONS FOR PAPERS

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

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

Some Hon. Members: Agreed.

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*Translation*]

Madam Speaker: Shall all orders listed under Private Members' Public Bills preceding No. 464 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

[*English*]

CRIMINAL CODE

AMENDMENT TO PREVENT FINANCIAL GAIN FROM CRIME

Mr. Arnold Malone (Crowfoot) moved that Bill C-664, to amend the Criminal Code (profits of crime), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, the Bill which is before you, Bill C-664, is a timely Bill in terms of the Canadian mentality towards crime at the moment. If this Bill is passed it would mean that persons sentenced for crime have the prerogative to write, to express, to act out by play or by film, their criminal deeds and those activities centering around their crimes, but any profits derived therefrom would be taxed 100 per cent. The Attorney General of the Province concerned would disburse this money to victims of crime.

In commenting on this Private Members' Bill, I feel it is important to give the background leading up to its presentation. There is a great belief in Canada today that criminals must be stopped from profiting from their heinous crimes. A few years ago as I returned to Ottawa from a speaking engagement in Prince Edward Island, upon landing at a Montreal airport I was incensed to find on the bookshelves in the airport bookstore a book entitled "Son of Sam", concerning the murders of David Berkowitz. In such a situation we have a person who has committed outlandish crimes profiting from those crimes, and doing it in a society where it is a fundamental fact, even in elementary school children's understanding of law, that crime should not pay. In a democratic society we take the view that when one goes to jail for a crime he is paying his debt to society. If at the end of his jail term he writes a book about his crime from which he profits, then in effect the debt has not been paid.

This legislation would be timely for the Canadian public, because the David Berkowitz case resulted in a New York State law being passed. Here in Canada at the present time we have two potential books: one, the recent writing of the Pierre Laporte murder story by Francis Simard and other members of the freedom fighters in the Province of Quebec; the other, of course, is about Clifford Robert Olson in the Province of British Columbia who killed many young people in that Province. Olson has said that he has hired a ghost writer to write the story of his life. These are two examples of profiting from crime.

David Berkowitz is a citizen of the United States, a person who committed his crimes in New York City. The fact that his story in the book called "Son of Sam" caused him to profit as a result of his crime stimulated the New York State legislature to put in place a law, which is now referred to as "The Son of Sam Law", which does precisely what my proposed legislation is intended to do. It takes away those profits from the person who committed the crime and such profits are used for other purposes. So we have a precedent for this particular kind of legislation.

I would like to point out, Mr. Speaker, that since I first introduced this legislation on first reading, numerous press reporters have asked me about my intended legislation, but more importantly, there have been a number of radio or television call-in shows with respect to having some kind of legislation which would stop people profiting from crime. The result of those call-in shows, was that the view was unanimous

that there was a need for some kind of curtailment of this kind of profit, with the exception of one person who asked the question: "What about a person's right of expression as guaranteed under Canada's new Constitution?" I would like to address those concerns, particularly for those who might argue or debate against the Bill.

One reason why someone would say we should not have a law which would tax away the profits of criminals—my legislation applies to those who have been sentenced to terms of five years or more—is that it would impede the right of expression as guaranteed under the Charter of Rights. I want to stress, Mr. Speaker, that in drafting the proposed legislation this was one of the things which the lawyers were asked to take into account. This Bill is not intended in any way to impede freedom of expression. Anyone may write, and there is good reason for allowing it.

I also understand the emotion of people looking at the case of Clifford Olson who would say that the person should be totally banned from writing anything at all, but I could not support that because, when one looks at restrictions on commenting on one's criminal activities, one must make the law so that it is generalized enough to be effective for any criminal activity at any period of our history.

• (1520)

To pass such legislation would impede those people associated with the Watergate break-ins from ever writing about what happened during the Nixon years. Such a denial would be an infringement on our right to know what took place in the history of our country. Had this been a universal law it would have stopped people such as Albert Speer from writing his book "Inside the Third Reich".

I think it would be the general view of Canadians that, while the facts of a crime may be heinous in nature, it is at least historically important for us to know those facts. The legislation I have proposed was drafted specifically to take that into account. My Bill will stop no one from writing about their criminal activities. What it does is to tax 100 per cent of the profits from the book and turn the money over to the Attorney General of the Province where the crime was committed—to be used to aid the victims of crime.

I believe society is ripe for legislation which will direct its attention towards victims of crime rather than simply the punishment and rehabilitation of criminals. Canadian society is ahead of Parliament in this respect and Parliament ought to take into consideration that the victims of crime, the innocent people who presumed that society was safe and the law would protect them, have a far greater right to protection than does the criminal have a right to profit.

Following the writing of the book "Son of Sam" by David Berkowitz, the New York State legislature passed a law to restrict the profiting from crime. Here in Canada Francis Simard wrote a book about the FLQ and the murder of Pierre Laporte, and Clifford Olson has said that he has hired a ghost writer to write a book about his life. Surely it is time for the Parliament of Canada, especially in light of the widespread support for the concept, to put into law the premise that, while you are free to express your thoughts, you are not free to profit from crime. If you go to jail to pay for your crime, you cannot come out of jail and turn the debt you have paid into a profit. That is unacceptable to Canadians.

In the case of Francis Simard, there are 20,000 books in first printing at $5.95 each, with a 7 per cent royalty per book to the writer. If all those books are sold, he stands to make a profit of somewhere around $8,330. This is the first printing and there could be subsequent printings. The point is that he should not be able to profit at all, not one red cent, not a nickel or dime or a dollar, from his criminal activity. It is not enough to take the view that the criminal is sorry about his crime and he therefore has a right to write about it. We have to remember that justice not only needs to be done, it must be seen to be done. I submit that the strong view of Canadians far and wide is that, no matter what the activity is, be it writing a book, a play, appearing in a film or being interviewed on television, any profit made should go to the victim.

Just this past year, Mr. Speaker, the State of New York has made a pay-out of some $50,000 to three persons who had been held captive in a bank robbery. Not only does New York have a law which prohibits the profiting from crime, but they have already had the first pay-out to the victims of crime.

I cite that example because there are some on the other side who may argue that the law is unworkable or that it is an infringement on the Charter of Rights. I submit in defence, before the argument appears, that there are already precedents in democratic countries for the withholding of profits resulting from criminal activity. The fact is that these people are still free to express themselves, to write, act in plays, give speeches or interviews, but the profits derived therefrom go to the victims of crime.

For those who believe there is a denial of rights here, we have to ask them to recall that murder involves the denial of the rights of another person. The murdered person's rights are permanently denied. Many people will take the view that we cannot impose such legislation as this because it denies the right of free expression. But Canadians everywhere are very quick to note that those who commit murder have denied forever the right of their victims to express any thought ever again. For us as a Parliament to support the criminal as opposed to his victim is to create another injustice on top of the first injustice.

Now, Mr. Speaker, the first priority is that the victim, assuming that he survives, is compensated. In the case of a murder, of course, the victim is dead. Therefore, the second priority would be that such moneys would be paid to those people wholly dependent on the victim. If that is not applicable, then the moneys would go to the estate of the victim. The fourth alternative would be for the money to go to the victims of crime in general. Finally, if none of those situations is applicable, then the money would go to those organizations whose objective it is to deter crime or reform criminals.

• (1530)

Essentially, this is a very simple piece of legislation before the House today. It allows for freedom of expression and thought. It allows criminals, sentenced to five years or more and now free, to express themselves but deters them from profiting from the crime.

The argument that the Criminel Code does not allow for compensation can be answered by saying that we should presume a lawful society and that crime is not profitable. There are precedents where people who committed robberies were paid for the value of the goods stolen, so the Criminal Code does make some provision for compensation. While it does not take into consideration the moral, physical or psychological wounds inflicted on victims, it is one of the fundamental bases of the law that in the past society has always believed that the victim of crime has not received the just attention of Government and that the person who commits the crime ought not to be allowed to profit. Our elementary school children tell us that crime does not pay because that is what we teach them; it is a fundamental truth of our society. Yet today, some crimes do pay when the story is written. Unfortunately, the more heinous the crime, as in the case of Clifford Robert Olson who killed many teenagers in British Columbia, the more the publicity that attends it. That offers the greatest opportunity for profit. What a foul system we would have if the result of the worst crime imaginable was profit; how objectionable that concept would be.

I should like to offer two short thoughts in closing, Mr. Speaker. The first is that justice must not only be done, it must be seen to be done. People everywhere believe that we should not profit from crime. Second, because Private Members are only accorded one hour for their Bills, my time will be up at 4.15 p.m. Central Time. I hope that Members will allow the Bill to go to committee. I know there is agreement for this concept on all sides of the House and amendments could be introduced to broaden or to shrink the provisions.

I know that the Minister of Justice (Mr. MacGuigan) is considering ways of achieving the same thing so let us not talk the Bill out. If we do, we side with those who believe that crime should pay. That idea would be unacceptable to Canadians. We all want a system where crime does not pay.

Mr. John Evans (Ottawa Centre): Mr. Speaker, this afternoon we are considering a Bill introduced by the Hon. Member for Crowfoot (Mr. Malone) concerning profits derived from crime. I must say at the outset that I have a great deal of sympathy for the position he puts forward. I think very few Members do not sympathize with the views he has expressed this afternoon.

As the Hon. Member has stated in the explanatory note attached to his Bill, his objective is as follows:

> To prevent persons convicted of serious offences from realizing financial gains based on the notoriety surrounding their offences and thereby making a mockery of the criminal justice system.

The explanatory note to the Bill goes on to state:

> Any profits accruing from personal appearances, media interviews or published writings would be recoverable by the provincial Attorney General, to be used for compensating victims of crime or for diverting others from criminal activities.

It is clear that the genesis of the Bill with which we are concerned today is the publicity surrounding the unspeakable murders committed in British Columbia just over a year ago. These crimes, which have led to expressions of outrage and disgust all across Canada, have understandably directed attention to the issue this Bill attempts to address. The perpetrator, Clifford Olson, has clearly stated his intention of further capitalizing on these unspeakable acts by publishing a book about them—an act that will obviously give rise to further grief and pain to the survivors of his victims.

Last autumn, the publication in Quebec of a book by one of those convicted of the murder of Pierre Laporte reinforced public attention on this issue.

In the spring of 1982, the Solicitor General (Mr. Kaplan) asserted his "opposition to criminals benefiting from their crimes; particularly from financial proceeds that could be realized from the publication of the details of their crimes". The Minister went on to indicate that possible changes to the Criminal Code were being examined in this respect in order to "prevent the miscreant from profiting from his actions, and to attack the glorification of crime through the reduction of sensational publicity". At that time the Solicitor General noted that constitutional questions involving both division of powers between the federal and provincial Governments and the Charter of Rights would have to be given careful study in the context of an examination of these options.

Since that time, work has indeed been done with respect to the various possibilities that would appear to be available. The complexity of the issues involved, identified by the Solicitor General as long ago as last May, have been remarked upon by all those who have examined this question. It is in the context of a careful consideration of the values and principles involved that we must assess the proposal put forward and the legislation we are discussing this afternoon.

While I am sure that all Hon. Members share the sense of revulsion that arises as a result of the spectacle of a convicted murderer further exploiting his victims and society at large through commercial gains stemming from publication of accounts of those crimes, it is incumbent upon us to ensure that any action we might contemplate in response to this sense of revulsion does not result in unintended, unforeseen and undesirable effects.

In examining the question raised so clearly by Bill C-664, and other suggestions similar to it, it is my contention that we must clearly identify and distinguish the various issues involved. An examination of press reports, letters to the editor, correspondence that I am sure other Members have received on the issue, and so on, reveals, it seems to me, two principal objectives which are not necessarily in harmony. The first of these objectives is that articulated in the explanatory note in Bill C-664, namely, the prevention of the evident unfairness in

an offender profiting from his crime through the royalties derived from publications about such crime.

The second major objective—and this is clearly articulated by some of the families of the victims involved—is the prevention of the publication itself of certain types of works which unduly exploit the details of infamous crimes.

In assessing whether any particular approach that may be suggested in pursuit of either or both of these objectives is suitable, we must also bear in mind other crucial interests and principles. These include the victim's right to and desire for privacy, the general interest in public decency, and the desire to afford some measure of compensation to victims of crime. Also, and in a sense working in the opposite direction, we must always consider the fundamental societal interest in freedom of expression, as well as the desirability of encouraging literature of merit.

Taking these in order, the desire of the victims for privacy is obviously a matter of public concern and militates against the right to expression of the offender. It can generally be assumed that most victims of crime lending themselves to sensational exploitation would be further offended by having the details of those events publicly exploited, especially by the publication of an account produced by the offender himself.

• (1540)

Concern for public decency is related to the issue I have just mentioned, in constituting an argument for restriction on the otherwise guaranteed freedom of expression. In essence, the point is that the public at large, not only the victim or the victim's survivors, has an interest in suppressing the publication of accounts of notorious or sensational crimes, especially when the accounts are lurid or exploitative and, further, the offender's desire for further publicity or commercial gain.

Running parallel in a sense to these concerns is the desire to provide some measure of compensation to victims of crime. A federal-provincial task force established at the insistence of Ministers responsible for criminal justice has been working over the past year to explore a number of issues and options aimed at ameliorating the plight of victims. Included among the issues they examined was that of alternative sources of compensation funding for victims of crime. Seizure and forfeiture of royalties and other proceeds payable to offenders as a result of contracts for publication of the details of their criminal activity certainly fall within this general heading. Such a model exists in a number of American states. The Bill we are considering this afternoon also makes provision to this effect.

I should like to outline briefly the issues of freedom of expression and the desire to encourage literary works of merit, both societal interests which give us pause in our consideration of actions that restrict or remove the ability of some individuals in society to seek financial gain through publication of their thoughts. As all Hon. Members are aware, freedom of expression is guaranteed by Section 2(b) of the Canadian Charter of Rights and Freedoms. This is a fundamental right all Canadians cherish. The question we must consider in the context of legislative proposals such as those contained in Bill C-664 is whether those proposals constitute a "reasonable limit ... demonstrably justified in a free and democratic society" under the terms of Section 1 of the Charter.

With respect to the final consideration to which I have referred, that related to the societal interest in encouraging publication of works having literary, historical, criminological, legal, rehabilitative or other merit, the problem is posed not so much by the particular instances which are paramount in our minds in considering this legislation, but rather by other cases which I am sure most Hon. Members would not wish to see affected by legislation of the kind presented here today. Examples of valuable works of literature produced by criminals abound in world literature throughout the centuries. To cite one recent Canadian example, we need to think no further back than a year or so ago when the Governor General's award for literature was presented to Roger Caron for his book "Go Boy".

The point I am making is that all these interests, principles and objectives must be borne in mind in assessing the various options which might be considered and, in particular, the specific option embodied in Bill C-664.

Ms. Lynn McDonald (Broadview-Greenwood): Mr. Speaker, the sentiment behind Bill C-664 is, of course, one all decent people would share. We are horrified at the thought of a murderer like Clifford Olson profiting from exploitation in books about his crimes, or in any other way. But I should like to suggest that the Bill before us goes too far. We must explore some other means of dealing with the problem.

First, I would suggest that there is a problem of jurisdiction, whether the issue should be dealt with at the federal or provincial level. The Provinces are responsible for civil rights, for property and for contracts. Compensation for victims of crime is under provincial jurisdiction; some Provinces have boards dealing with this. All these subjects come under this legislation, and it is not clear that they could not be dealt with better at the provincial level.

There have been consultations with the Provinces on the issue. So far those consultations have been inconclusive. Some Provinces would like to see the federal Government proceed, some would not. Clearly more work has to be done. This matter has to be sorted out with the Provinces.

This Bill goes too far in a number of other respects. The motivation is to prevent serious criminals like murderers from profiting from their crimes, but in fact the wording refers to any offender convicted of a crime punishable by five years or more. This could include somebody, for example, who has been found guilty of importing cannabis for personal use, a victimless crime. It could be a person who has committed a property crime without violence. A person who has spent a number of years in prison and has, to most people's satisfaction, paid his or her debt to society could be stopped in the expression of his or her experience in prison. We know that there are people

who write books as a result of prison experience. Some American criminals have gone straight and have pursued very legitimate careers in their professions. At one time they were criminals but they have reformed, have done a great deal of work, and certainly deserve to be heard on the subject.

While it is true that we want to stop exploitation of the type of situations that Olson presents us with, the far more common kind of occurrence we might be stopping is that of a person who has paid his debt to society and then writes a very modest book. We know that the profits from book writing and publication in this country are very small; they are poverty wages. To prevent somebody from being paid for that would in effect prevent the person from writing such a book.

The previous speaker referred to some important literary works written in prison. One example was Roger Caron who won the Canadian Governor General's award. I think of the example of Brendan Behan and "Borstal Boy". Would we want to prevent that type of literature from being published? The legislation simply goes too far.

Other examples of convicted offenders being prevented from expressing themselves would be a labour leader convicted of some offence in the course of a labour dispute or a person who peacefully protested the arms race but nevertheless was convicted of a crime, a crime of conscience I would suggest. Would we want such persons to be prevented from continuing their work? How could we distinguish from payment for attending a conference, writing a book or that person's legitimate work? The punishment could be far too excessive, for the person has already paid for the offence.

Third, what is wrong with this legislation is that it includes a notwithstanding section to override section 2(b) of the Charter of Rights and Freedoms. The purpose of the legislation is to deal with profiting from expression; the Hon. Member who introduced it said that the intention was not to forbid freedom of expression. If that is the case, why is there a notwithstanding section? We have a Charter of Rights and Freedoms now. We in this Party, at least, are extremely keen to see that people have free expression. We do not want to see limitation of freedom of expression. We do not want to see notwithstanding clauses in statutes before the House.

Finally, I suggest that there are other ways in which we could proceed to deal with this problem. My colleague the member for Riverdale in the Ontario House has a private members' bill modelled on successful New York legislation, the so-called 1977 "Son of Sam" law. This legislation has had some success in the United States. It is at the provincial level. It is a route that should be considered. We should not go the route we are going now without considering constructive alternatives or working out other possibilities with the Provinces.

In conclusion, normally we on this side of the House are criticizing legislation for being too little and too late. At this point I suggest we have a Bill before us which is too early and too much.

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, I am pleased to participate in the debate on this Private Member's Bill C-664 introduced by the Hon. Member for Crowfoot (Mr. Malone). He and I have sort of been a two-man team in this matter. He had a draft Bill at the time I first raised a question in the House after hearing the revolting press conference of Simard in Montreal on Thursday, November 18. I asked the Minister of Justice (Mr. MacGuigan) about this repugnant act of someone who almost takes pleasure coming on TV saying how he sincerely killed one called Pierre Laporte, and on the basis of that wrote a book.

• (1550)

With all due respect to the Hon. Member for Broadview-Greenwood (Ms. McDonald), we are not talking about literary pieces of journalism or works of art done in prison because of some cause. I agree the Bill is imperfect. It raises fundamental questions of freedom of speech. But there is no such thing as absolute freedom of speech. Already, regardless of a Charter of Rights, there are certain things that you cannot say about people. If you do, you get charged. What is more repugnant in terms of qualified freedom of speech than one who kills, goes on public television, almost gloats over his deed and because of the sensation tries to derive profit from it?

My instinctive reaction when I saw the press conference and afterwards was that anything written by a murderer should be prohibited from publication. Any person with blood on his hands should not profit from that blood. Obviously, there are constitutional questions. If an outright prohibition on publication cannot be done, then one can certainly try to do something along the lines of what the Hon. Member for Crowfoot has done, and that is to make sure the profit that follows from a publication does not go to the murderer directly or indirectly. The profit motive should be taken away.

I will not get into a philosophical debate with my hon. friend who has just spoken, but there is no doubt that the profit motive is a catalyst for many things in this world. If that profit motive were taken away in this case, you would certainly reduce the chance of this matter being a topic in public policy debates and before a public forum, as it has.

We have an interesting situation here. There is no capital punishment in Canada. That matter has been debated and has been resolved in this House. However, it is still a very subjective issue. It is a philosophic and a moral issue. That topic has emotionally torn this House apart in a way that I have not seen any other debate. Three times this subject has come up for debate and resolution since I have been a Member of this House. Each time Hon. Members get emotionally involved as to whether they stand for or against capital punishment. The question is, do you swing or do you not swing? Capital punishment always tears the soul of every Hon. Member. However, at the present time we do not have capital punishment.

We do have something called television and we do have something called political crime. That was Simard justifying the garrotting of Pierre Laporte because the crime was a political one carried out in the name of Quebec nationalism.

If you get three ingredients together, Mr. Speaker, that of no capital punishment, people killing on the pretext that the

murder is not a real murder, that it is a political crime, and with the power of television being able to sensationalize the deed immediately right across the country through a press conference, they will provoke having the issue brought to some resolution by the legislatures of the land or by Parliament.

I do not like the Bill brought forward by the Hon. Member for Crowfoot. I do not think his Bill is perfect; I think it goes too far. I agree with some of the complaints mentioned by the Hon. Member for Broadview-Greenwood.

I do not want to try to cover the whole waterfront on crime and to get into some of the philosophical issues of which the Hon. Member spoke, but I do want to talk about the one single thing that is repugnant to everybody, and that is that a convicted murderer should not profit from that murder. We should restrict ourselves to that, and it will eliminate a lot of the argument against freedom of speech.

As I said before, freedom of speech is not absolute. There are certain rules. Surely in the interest of public policy and decency to the collective sense of the community, we can extend some restriction on freedom of speech so that the murderer with blood on his hands does not profit. After all, Mr. Speaker, I know that you are a teacher of note and you are not perhaps learned in the law, but certainly you have taught many philosophical things in the classrooms from which you come. You know as well as I that the basic law of equity in the old courts of chancery and common law is that one could not come into court with dirty hands. You could not profit from a contract if you had dirty hands or if there were something in the background that affected the contract and your hands were dirty.

What hands are more dirty than those that are bloody? In the days of old without television and with capital punishment, a lot of problems of those who might potentially profit from crime were taken care of. In the old days people were not able to profit from crime. There were extreme capital punishment penalties even for stealing a loaf of bread. But even in those days with such severe capital punishment and without the power of television, fundamental decency was taken care of in the community. No one could profit from a misdemeanor or dirty hands.

You cannot be a beneficiary of a will and bump somebody off hoping to profit from it. There are many famous cases regarding insurance policies. You cannot be a beneficiary under an insurance will and in effect help to terminate the person's life who took out the insurance. You cannot hope to benefit from that insurance policy.

We are not exploring completely new ground. This ground has been covered in the law of contract, the law of insurance and the law of wills. Now we are into the law of political crime. It is murder, justified basically for political ends.

There is something rather unfortunate in this Parliament. We all know that the chance of any Private Members' Bill even to move through this stage and into committee is very slight. Quite frankly, this Bill, regardless of differences or how far it may go, whether or not it is perfect, should have a restriction in it. The Bill wants to restrict "the criminal" from profiting from a crime. In committee I would say at least we could restrict that to "the murderer". Surely that is an issue because of some of the things that have been said.

The Hon. Member for Ottawa Centre (Mr. Evans) mentioned that there are different questions of philosophy. Is it really a restriction of freedom of speech? Does it really take away a right? Does a person have a right to profit from his work when, in effect, the basis of that work is a killing? We are talking about the undue exploitation of a murder for profit. We are not talking about someone writing about the rights or wrongs of the Cruise missile or debating a political question about the importation of hash. We are talking about someone who has committed a murder, who then sensationalizes it, uses the power of television, and because capital punishment has been abolished he can profit.

Earlier I have asked that this issue be made the subject of a white paper. It should be an issue that is referred to the Law Reform Commission. Perhaps it should be a matter for a federal-provincial conference of Attorneys General.

There is a man named Olson. Thank God he is incarcerated somewhere in this land. Let us hope he remains incarcerated. He is trying to twist things around so that he can benefit in a peculiar way from the evil he has done. He has already earned too many dollars from it as far as I am concerned.

There are ways the federal Government can move today to prevent this kind of profit. As the Hon. Member for Crowfoot said, the Income Tax Act can be used. You can tax at the rate of 100 per cent. You can make sure there is a restriction put on a person's discharge to the effect that when released that person is not able to publish any works.

• (1600)

It can also be done with an amendment to the copyright law. We all know that the Provinces can also pass laws under the provincial law of property and civil rights to deal with these matters within their domain. There can be a compensation fund for the families of victims of the killer. The profits of the crime, through the authoring of a book by the killer, can be confiscated and put into the compensation fund, which would then go to the victims of the crime.

It is not beyond the House at least to move this Bill into committee so that it can hear the views of the philosophers, the Attorneys General and the public. This Parliament would be enhanced if it charged the committee with this subject.

It is a poor reflection on this House when we see that not one law similar to this in the United States has been challenged by their Supreme Court in respect to freedom of speech. The Americans have had a Bill of Rights much longer than we have. It is their first amendment. I am informed that there are presently 28 States in the United States that have the type of law that is basically incorporated in Bill C-664 which was introduced by the Member of Crowfoot.

I urge that this matter be sent to committee so that all the issues can be canvassed in a meaningful way. This Bill should

at least get into committee because, quite frankly, it will not be dealt with in any other way with all of the difficulties in federal-provincial conferences, with all the difficulties and pressures on the present Solicitor General. Unless we get this Bill to committee so it may be aired publicly, it will be an issue that will come back to haunt us again in Parliament in view of what is happening in the country. We will be doing a disservice to the country if we do not move this Bill to committee today.

I would be interested in restricting the provisions of the Bill in committee and eliminating the five-year provision. I am more concerned with the fundamental issue. I am talking about killers who have blood on their hands. Whether they try to justify it for political reasons or any other reason, they cannot justify it on the basic law that we all try to live by. If they have laws of chancery in England that are 200 or 300 years old which state that one cannot profit if one has dirty hands, at least this House should take one step forward and agree that the person with blood on his hands will not profit from any publication about an odious act.

Mr. Roy MacLaren (Etobicoke North): Mr. Speaker, one can understand the motives and the concerns of the Hon. Member opposite in bringing forth his Bill. I imagine that all Members of the House would share his basic concerns that a criminal not profit from his or her crime. However, as the Hon. Members for Ottawa Centre (Mr. Evans) and Broadview-Greenwood (Ms. McDonald) have already noted, we must take into account a number of factors, such as the constitutional jurisdiction of Parliament to enact legislation of the kind envisaged in Bill C-664. Serious consideration would also have to be given to the implications concerning the Charter of Rights and Freedoms. In addition, questions would arise about the practical effect that any action might have on the specific cases which have given rise to the real public concern so apparent at the present time.

Having noted such considerations, I should like briefly to turn to specific provisions of the Bill which give some concern. First, the provisions cast a broad net with respect to the category of convicted persons who would be brought within its terms. Similarly, it creates a broad definition for the kind of activities that are engaged in by those who would be affected by this legislation. Such individuals would be all those who have been "convicted of an indictable offence punishable by imprisonment for five years or more".

I wonder whether the Hon. Member is aware of the fact that the Criminal Code alone contains more than 200 offences falling into the category just mentioned. Many of these offences are, indeed, most serious, but I question whether the Hon. Member really intends that anyone convicted of—to pick a few random examples—defacing a mark on a piece of drift timber, neglecting to obtain assistance during childbirth, making a false statement in an extrajudicial proceeding, committing fraud upon the Government, committing assault causing bodily harm, or corruptly taking a reward for the recovery of goods or public mischief, should be subject to the kind of restrictions contemplated in the legislation.

What are those restrictions in practical terms? In effect, a reading of the legislation suggests that anyone convicted of any of the large number of offences contained in the category would thereafter be precluded from ever earning any money, unless a pardon were granted, by means of any kind of public commercial activity related in any general way to publication. The Bill explicitly makes the point that the subject matter of this publication need not bear any relationship whatever to the offence for which the conviction resulted. Thus, a member of the media, a writer or author, anyone active in radio, television, music, motion pictures or academia, who ever had any expectation of deriving a living from public appearances or participation in publications or broadcasts—no matter what the subject of those public appearances, publications or broadcasts—would have those earnings forfeited.

The obvious assumption lying behind this drastic penalty, it seems to me, is that the only possible explanation for such a person being able to derive an income from such activities is the notoriety which he or she derived by virtue of the publicity surrounding conviction for any of the hundreds of eligible offences contemplated in this Bill. This assumption is, to say the least, questionable. For example, an academic publishing a learned work in his or her field of specialization should, unless pardoned, be forced to surrender the earnings derived from that publication simply by virtue of the fact that he or she has been convicted of, say, public mischief.

One could go on to raise a number of other points or concerns with the approach taken in Bill C-664 related to its questionable consitutional validity: its Draconian effect on freedom of expression to the extent that its sponsor feels the need to employ a notwithstanding clause; its apparent retroactivity of effect, so as to apply to someone convicted of any eligible offence even prior to the passage of this Bill, and so on.

I understand that other Hon. Members wish to participate in this debate, so I shall conclude by simply reminding Hon. Members that there are several important issues and principles which must be taken into account in weighing the advisability of the particular approach suggested in this Bill. Whatever one's views as to the desirability of taking some action in respect of the publication of accounts of crimes by their offenders, the approach suggested in this legislation must be unacceptable.

The terms of the Bill are much too broad and Draconian in their effect. It may well be unconstitutional from the perspective of division of powers between the federal Government and the Provinces. It would employ, for the first time in federal legislation, a notwithstanding clause in order to overcome its obvious difficulties regarding the Charter of Rights and Freedoms. In effect, it is tantamount to automatic civil forfeiture imposed by law on a particular class of persons. It would deny such persons from earning a living through any kind of public activity, on the basis of a questionable assumption that the only reason such persons would be able to command earnings through such means is the alleged public notoriety that they have gained by virtue of a conviction for any of a broad range of offences.

If Parliament is to take action on this important issue which gave rise to the Bill presented by the Member opposite, it should not take this particular action.

• (1610)

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I wonder if I could get an indication from you of how much time I have.

The Acting Speaker (Mr. Blaker): Until 4.13 p.m.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I shall be brief. I want to say at the outset that I support wholeheartedly what the Hon. Member is trying to do with this Bill. Like my colleague from Etobicoke North (Mr. MacLaren), I believe this Bill is too broad in scope because there are situations where I do not think the penalty suggested by this Bill should apply. For instance, let us take the case of the convicted felon who spends ten years in prison and when he comes out he writes a book about his experiences, including an account of how the crime was committed. Do we then preclude him from making a profit from that work, if in fact he has been rehabilitated and is doing something positive for society?

I would, however, suggest that the Bill covers an important issue today. The Olson case made it an important issue because of the odious nature of that case and because of the odious nature of that individual. I think we should have a law in Canada that would make it impossible for that type of criminal to profit from his crimes.

An Hon. Member: Let us send the Bill to committee then.

Mr. Dionne (Northumberland-Miramichi): Therefore, if the Hon. Member would just be patient, I would like to suggest that the subject matter only of this Bill be sent to the Standing Committee on Justice and Legal Affairs for consideration and recommendation.

The Acting Speaker (Mr. Blaker): I think procedurally I have to put before the House a motion. I believe the Hon. Member for Northumberland-Miramichi (Mr. Dionne) wanted to propose an amendment which I presume was to be seconded.

Mr. Dionne (Northumberland-Miramichi): No, I did not make a motion, Mr. Speaker, but I would if I still had the floor.

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I, too, would like to indicate my support for the objective behind the Bill which the Hon. Member for Crowfoot (Mr. Malone) has put forward. However, due to the shortcomings of the Bill itself I must speak against it.

The subject matter of today's discussion is one of keen public interest, as a result of some notorious criminal acts that have taken place in Canada in the recent past.

The Acting Speaker (Mr. Blaker): Order, please. I hear some comments on my right. I am not exactly certain what happens but the Chair is obligated, pursuant to Standing Order (24(2), to interrupt the proceedings at this point because the time allotted for Private Members' Public Bills has now past.

Mr. Malone: Mr. Speaker, I rise on a point of order. I believe there is a disposition in the House to at least accept the content of Bill C-664. Since the House is an institution that can rule itself by unanimous consent, and since the Hon. Member for Northumberland-Miramichi (Mr. Dionne) has made the suggestion, may we seek unanimous consent of the House that the subject matter of the Bill go to the relevant standing committee for further study and whatever amendments that that committee so deems necessary? In this way the intent of the Bill will be put in its proper perspective, irrespective of the specific writings therein.

The Acting Speaker (Mr. Blaker): On the face of the matter, I should indicate to the House that the time allotted for the Private Member's Public Bill has expired. In the ordinary course, I think the House would want to be observant of the clock and not permit motions pertaining to the Bill to come in after the time allowed.

There was, however, some comment from the Hon. Member to my right, and I do not know what his intention was. Because I think it is important to ensure that the rights of Hon. Members are respected, if necessary I will hear the Hon. Member for Northumberland-Miramichi (Mr. Dionne). If I understood him correctly, he may wish to propose a motion, the effect of which would be that the subject matter of the Bill would be sent to committee.

I must say that from the point of view of the Chair, the time has expired. The only way I can go past that is to seek unanimous consent to determine whether or not the House is prepared to not observe the clock long enough to permit the motion that I described.

I would assume that the Hon. Member for Crowfoot would be pleased to ask the unanimous consent of the House to not see the clock for a couple of moments, for the purpose I have described, but I would have to have unanimous consent in order to proceed in that fashion. Is there unanimous consent to not see the clock?

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Shall all items listed under Private Members' Notices of Motions preceding No. 58 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

PRIVATE MEMBERS' MOTIONS

[*English*]

GRAIN

PRICE OF CANADIAN RED SPRING WHEAT

Mr. Bill McKnight (Kindersley-Lloydminster) moved:

That, in the opinion of this House, the Government should consider the advisability of setting the price of Canadian Red Spring Wheat for domestic human consumption at a minimum floor level of $7.00 a bushel without any maximum ceiling price restriction.

He said: Mr. Speaker, I already hear comments from the other side saying "you cannot have it both ways". I would just like to draw a little bit of background for the motion that I put forward.

This motion first had second reading on July 7, 1980. The background to the motion is tied very closely with a Government Bill, Bill S-6, which basically removes the legal obligation of the present Government to the tune of about $200 million that it owes western producers and which legally became due on July 31, 1980 when the so-called Two-Price Wheat Act was about to expire.

The Two-Price Wheat Act was introduced by the Hon. Otto Lang in 1974 and he stated at that time that the specific purpose of this Bill was to enshrine for a period of seven years a procedure whereby the treasury supplements payments for the domestic consumption of wheat. Mr. Lang did admit that it was in the nature of a consumer subsidy. At no time in this Bill was there any consideration of cost of production and it was to stay in effect for seven years.

Bill S-6, which is the Two-Price Wheat Act, advances the termination due date to November 30, 1978 instead of July 30, 1980, which really obligates the present Government to pay the producer what he has been receiving since December, 1978 directly from the marketplace. Without the passage of Bill S-6 the Government would legally, in effect, owe the farmers $200 million.

When I put forward my motion, the price of grain had been adjusted by the Minister presently responsible for the Canadian Wheat Board, Senator Argue. It had been adjusted upwards and the maximum for Red Spring Wheat was set at $7 a bushel and the minimum for Red Spring Wheat was set at $5 a bushel. For a bushel of Canadian Amber Durum the price was set at a minimum of $5 and there was no maximum. There was not a cap. This shows that whoever was in charge of the Bill at that time did not understand that it takes the same machinery, the same amount of moisture and the same amount of good luck from mother nature to produce a bushel of Durum Wheat as it does to produce a bushel of Spring Wheat.

On February 4, 1983 the prices received by the producers in the Canadian Wheat Board area were, for 1CWRS in store at Thunder Bay, $5.60 a bushel; for 1 CWRS in store at Vancouver, $6.11 a bushel; 1CWAD in store at Thunder Bay, $5.22 a bushel; and for 1CWAD in store at Vancouver, $5.66 a bushel.

• (1620)

It will be seen that prices have fallen drastically since last year, where they had not exceeded $7 a bushel but were within 23 cents of that price. It has not been the case in the past that the producer receives funds from the Government. It was a subsidy to the consumer at the expense of the producer.

In 1979 action was taken by the Hon. Member for Vegreville (Mr. Mazankowski) to obtain Cabinet approval to set the price of grain at a floor level of $6 a bushel, $1 a bushel above the 1980-81 crop year price for domestic grain. As we move along, we see the price of grain dropping and we see the subsidy that has been paid under the two-price wheat system. Payments to consumers between 1973 and 1978 were $396 million, whereas in the period since 1967 the federal Government made payments to producers of only $76 million. That is a difference of $320 million by which grain growers within the Wheat Board area have subsidized consumers of grain in this country.

The problem with the Two-Price Wheat Act is that at present there is no indexing to reflect the cost of production. There has never been specific legislation by which that indexing or cost of production could be placed within the Act. Under Bill S-6, the present Two-Price Wheat Act, there is no method or mechanism to put in the cost of production.

The open-ended freight rates that we as producers in Western Canada are now seeing that will be imposed upon the producers in the Wheat Board area demand that there be some consideration within the Two-Price Wheat Act for the cost of production. The present proposal of the Government is that from the 1982-83 to the 1985-86 crop years, farmers will see the cost of moving their grain increased by 91 per cent. By the way, all this is in a six and five world. The producers of grain will have to pay an additional 91 per cent by the year 1986.

That is not as bad as looking forward to the year 1990 where producers will be paying five times what they are now paying. The railroads will be receiving 1000 per cent more, or ten times the present statutory rate. It bears drawing to the attention of the House that this Government pays someone $800 or $925 a day to study the problems of the economy. I could forward names of people from every walk of life in my riding who would supply that information to the Government without cost. They have been attempting to do so over the last three years, but the Government does not appear to be paying too much attention.

The producers of grain in Western Canada wonder who is here to protect their interests. I would assume that would be the sole responsibility of the Minister responsible for the Canadian Wheat Board. However, when the announcement was made regarding the change in the statutory rate, the Hon. Senator was in Paris. I am not too sure what he was doing. Maybe he was explaining to the Common Market people that we do not have any subsidies for our farmers in comparison to theirs. I hope that is what he was doing. We found several examples. It makes one wonder who is protecting the interests of the grain producer.

The Herd Maintenance Program was originally under the purview of that Minister. It was moved to the Minister of Agriculture (Mr. Whelan) and then moved from him to the Minister responsible for PFRA, leaving the cattlemen and grain producers in Western Canada without anyone to carry their burden to Cabinet.

Several questions have been asked by my constituents regarding the same responsibility, who is responsible for the welfare of the grain producer. Corn producers were paid for the embargo on grain sold to the Soviet Union; rapeseed producers were not eligible.

The Minister of Agriculture told us the $80 million plus came out of his budget. The Minister of Employment and Immigration (Mr. Axworthy) informed us that it came out of the phantom Western Development Fund. We are not sure where it came from, and we are not sure why it was paid out in the way that it was.

As producers try to feed a hungry world, adding their efforts and labour to something we all want to see in this world—self-sufficiency and everyone going to bed with a full stomach—we see the Government working directly against that. The Government is now asking food producers to pay up to 69 cents a gallon in federal tax on fuel used to produce food in this country. I would like to run through those taxes. There is the excise tax of 7 cents a gallon, the 9 per cent federal sales tax, 15 cents a gallon, the petroleum compensation charge of 18 cents, the Canadian ownership charge of 4 cents, the petroleum revenue gas tax of 7 cents and the corporate tax of 18 cents. This totals 69 cents a gallon. Even with a rebate, it is still 40 per cent of the cost of fuel that goes to the federal Government.

I see from the Chair that my time is coming to an end.

The Acting Speaker (Mr. Blaker): I apologize to the Hon. Member; I misled him. His time will come to an end at 4.37.

Mr. McKnight: Thank you, Mr. Speaker. The problems that I am placing before the House emphasize the need for the price of domestic grain, grain consumed within the country, to be raised to the level of $7. Even looking at the change in statutory rates, the Government has proposed that the grain producers shall carry at their own expense any inflation rate up to 6 per cent. However, I do not see anything in the mechanism in the Two-Price Wheat Act to allow a 6 per cent increase per year, if that is the inflation rate, in the cost to the consumers of Canada.

Who has the ear of the Government? It is hard to dispute what a lot of producers in Western Canada are saying. It is not the producers of grain that this Government listens to but the railroads. For example, in order to get the railroads to invest $806 million in 1983, the Government is offering them over $900 million. That is broken down as follows: $313 million as an interim payment for 1983, $380 million for hopper car purchases and leases, and $278 million for branch line subsidies. That totals $971 million, and it is being given to the railroads to get them to spend $806 million to expand their capacity.

We have a great deal—I was going to use a word that may not be parliamentary—a great deal of difficulty in placing too much faith in statements made by the Minister of Agriculture and the Minister of Transport (Mr. Pepin) recently regarding the change in the statutory rate. I want to put something on the record in the hope that someone on the Government side will be able to explain it for my information and the information of those I represent. In Montreal, Quebec the Minister of Agriculture stated:

—that the Crow rate was a major impediment to agricultural development.

That statement was made on February 1, 1983 in announcing the Government's change in the statutory rate. On May 7, 1980, during the Quebec referendum, the Minister of Agriculture said in Sawyerville, Quebec, and I quote:

• (1630)

The 'Crowsnest Rate' and the Feed Freight Assistance Program have reduced the cost of grain shipped into Quebec and thus lowered the cost of producing hogs and poultry here. These subsidies have resulted in benefits for western grain growers, but they have also decreased the natural comparative advantage for livestock production on the Prairies and given assistance to livestock producers in the East.

Also, the 'Crowsnest Rate' has favoured the growth in Quebec of processing plants for meat, flour and vegetable oils since products processed in the West are not eligible for the preferential statutory rate, while the raw products are.

On Saturday, February 5, 1983, there was a full-page advertisement which appeared in *Le Devoir*, which reads as follows:

The new Crow rate will not favour producers of pork and beef in Western Canada and will not have a negative effect on those industries in the East.

I would like to compare this with the statement on February 1, 1983, on page 18 of the "Western Transportation Initiative—The Policy Decisions". It reads:

The progressive reductions of distortions in the western agricultural economy should also yield significant benefits in terms of increasing processing, livestock production and crop diversification. On the basis of existing analysis, annual Western agricultural production should be $3.5 billion higher by the beginning of the 1990's than if the decisions announced today had not been taken.

What we would like, Mr. Speaker, is an explanation as to where the benefits are; who will benefit from the changes in statutory rates; and where, under Bill S-6, and in the Two-Price Wheat Act, is there any benefit to the producers? Is there any mechanism for increasing, even by the 6 per cent rate of inflation, the cost to the consumers of Canada, because the producers of grain will have to pay in the movement of their product a 6 per cent increase?

It is not unreasonable right now to compare 1972 in constant dollars to 1982, or this present year. The producers of grain in Canada in the Wheat Board areas are receiving the same constant dollar, whereas costs have tripled and quadrupled in many, many cases.

Therefore, Mr. Speaker, I hope that we will hear from the Government side that they are certainly willing to allow the producers of food in this country to have the same protection which it is giving the railroads and other industries in Canada when it comes to establishing an inflation rate plus on their products.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the motion moved by the Hon. Member for Kindersley-Lloydminster (Mr. McKnight) proposes that the Government should consider the advisability of setting the price of Canadian Red Spring Wheat for domestic human consumption at a minimum floor price of $7 per bushel without any price ceiling. As one who comes from a family which has farmed for 25 years in Saskatchewan, I could not agree more with the Hon. Member that farmers should receive a better return for the wheat they produce, whether that wheat is sold on the domestic market or on the export market. We all know that the price of equipment and parts is skyrocketing. The price of fuels and fertilizer keeps increasing. Therefore, it is only natural for the farmer to expect a greater return on his investment and his labour. However, the fact of the matter remains, Mr. Speaker, that Canada is not a country which exists in a cocoon. It is not a country covered by a dome, which is not influenced by outside forces. Canada cannot consume everything it produces. If it could, we might be able to accept the Hon. Member's motion.

The volume of production around the world will affect export prices, which will in turn affect domestic prices. If the Canadian miller has to pay $9 for his wheat on the domestic market—because the Hon. Member does not want a ceiling on this domestic price—but can buy it for $6 across the border in the United States, as a good business person he naturally will buy it in the United States. Why should the Canadian consumer be the one to be penalized, the miller, the baker, and finally the person on a fixed income living under the poverty line who has to buy that loaf of bread?

The two-price wheat program was implemented to protect both the producers and the consumers, not just the producers. The Hon. Member's motion would not achieve this balanced protection. The program also was implemented to counter short-term fluctuations, not long-term trends.

On the side of just the producer-support programs, I believe that the record of measures and policies which have been put in place by the federal Government demonstrate its commitment to obtaining a fair return for grain producers. The initial payments established each crop year for wheat sales to the Canadian Wheat Board set a minimum which producers can expect to achieve upon delivery of wheat to the primary elevator. Furthermore, these are established with a view to allowing the producer to receive as much as possible of his anticipated returns when he markets his grain. These payments are, of course, guaranteed by the federal Government.

The Western Grain Stabilization Program is intended to protect producers against sharp unexpected drops in net cash flow from sales of major grains produced in the prairie Provinces. One factor which can result in a reduction is, of course, lower grain prices, thus, the Program does provide a measure of protection against declining prices. The level of protection under the Western Grain Stabilization Program has been increased as of January, 1983, with an increase to $60,000 in the maximum level of eligibility per participant. This is up from the $45,000 ceiling which was in effect for the last few years. This change brings the Program closer to its objective of covering 90 per cent of eligible grain receipts in Western Canada. The federal Government is paying more than $100 million annually to support the Program, and at present contributes $2 for every $1 of producer levy into the stabilization fund. The decision to increase the ceiling to $60,000 on grain receipts for individual producers is a firm indication of the concern of the Government of Canada that producer incomes be protected in these times of rising costs and low grain prices.

The Western Grain Stabilization Program also provides protection against factors such as reduced marketings of wheat. While expectations for the coming year are for continued strong exports of Canadian grain, there may be occasions when exports could fall in a particular year. This would be reflected in lower sales of wheat even though domestic requirements would not have changed.

There are other programs which protect producers' income such as crop insurance which ensures that a producer's costs of production are covered in the event that yields are adversely affected by weather conditions or disease. The Prairie Grain Advance Payments Program is another mechanism which assists producers with cash flow problems during times when producers are waiting for delivery opportunities to open up. The cash advance program has been utilized by increasing numbers of producers in recent years. These advances are interest-free as the interest costs are borne by the federal Government.

Government must, of course, be receptive to changes in policies and programs to meet the needs of agricultural community and society in general. There has been considerable interest in the quantity of grain exports which Canada will be able to realize in the coming years. One target which has frequently been quoted is that Canada's aim is for total grains and oilseed exports of 30 million tonnes by 1985. The Canadian Wheat Board developed this target, which includes 20 million tonnes of wheat and 10 million tonnes of feed grains, based on a projection of world trade by 1985 of 85 million tonnes of wheat and 94 million tonnes of coarse grains. Canada's share of world wheat and flour exports in 1981-82 was 18.6 per cent compared to 17.3 per cent in 1980-81. Improvements in the grain handling and transportation system and sustained marketing efforts have enabled Canada to maintain its traditional role in world grain markets where conditions are becoming increasingly competitive. Total Canadian wheat production in 1982 reached a new record of 27 million tonnes, following the previous record production of 24.8 million tonnes in 1981. Canadian exports of wheat and flour reached a record 18.4 million tonnes in 1981-82 and are expected to be high again in 1982-83. At the current time, wheat exports this crop year are running over one million tonnes higher than at the same time last year.

• (1640)

Over the longer term, the underlying world demand trend of the early seventies is expected to re-emerge notwithstanding current severe problems in the balance of supply and demand.

During the 1980s, the world agriculture situation is expected to see growing commodity demand. Grain will be among those commodities in demand as world population and incomes rise and as new uses for grains such as feedstock for energy and sweetener production are exploited. As incomes rise, the tendency is for people to consume more meat, poultry, and dairy by-products which, in turn, pushes up demand for grain. This demand pressure was experienced in the three years from 1979 through early 1981 when, even though world production was at record levels, world consumption exceeded production and stocks declined as a result. In 1981 and 1982 major grain producers were able to respond to the higher levels of world demand by expanding production. This was particularly true in North America.

United States wheat production in 1981 was 76.0 million tonnes compared to 64.6 million tonnes in 1980. This same high level of wheat production was maintained in 1982 when production was 76.5 million tonnes. In 1981 Australian wheat production was 16.4 million tonnes compared to 10.9 million tonnes in 1980; but as we all know, 1982 brought drought to Australia and wheat production was only about 8.6 million tonnes. In Argentina, on the other hand, 1981 production of 8.0 million tonnes was similar to the previous year, but in 1982 wheat production increased to 11.5 million tonnes. While increased production can be achieved, and will undoubtedly occur to meet longer-term demand, it is unlikely that world production and consumption will grow at the same rate in total or at the same rate in the various countries or regions of the world.

The result of different rates of increase in world demand and consumption will be temporary world grain surpluses such as exist at the present time. Over the longer term there should be increased opportunities for trade. This is of particular interest to Canada as a major exporter as evidenced by the Government's commitment to expanding transportation capacity to meet future export possibilities. It is necessary to continue to have a positive and constructive approach to the future of world grain trade even in a period such as the present when temporary surpluses are leading some exporters to become aggressive in competing for markets.

In a 1980 study produced in the U.S.A. of future demand for grain, entitled "Global 2000 Report to the President", the forces that will push up demand for grain during the remaining years of this century were described as follows: a) there will be a 50 per cent increase in world population from about four billion people to 6.35 billion by year 2000; b) the use of arable land will increase by only 4 per cent, so that increased production will be mainly a factor of higher yields which will be dependent on greater use of energy; c) the growth in population is not expected to slow down by the year 2000; d) there will be a greater concentration of population in urban centres; e) per capita consumption of wheat is expected to rise, but this will be closely related to increases in income. There are undoubtedly reservations to be attached to this scenario. Even so, all of these factors suggest strong demand for wheat with accompanying strong prices, and the study, in fact, suggested that the real price of food is expected to increase dramatically by about 95 per cent.

The poor world economic situation as well as the rapid production response by grain exporters in 1981-1982 has temporarily prevented these forecasts from becoming reality. The last year to 18 months have, instead, seen depressed world grain prices and the build-up of grain stocks, particularly in the United States. The thrust of the United States now is to reduce grain stocks by cutting back production, and to become more aggressive in export markets by subsidizing exports. While some of these measures may assist in reducing the large carry-overs in that country, the impact of certain elements, such as subsidized credit on producer incomes, is by no means positive in the short term.

World production growth is still expected. A recovery in world economic conditions can be anticipated. The "Global 2000" factors suggesting stronger demand and prices are likely to become relevant at some point during the remainder of this decade. Stable grain prices for Canadian consumers are important to producers. During the last three crop years, only two export markets, the U.S.S.R. and the People's Republic of China, have accounted for a larger volume of wheat than the domestic market. This demonstrates the importance of the domestic market to total wheat sales. Prices have a direct impact on per capita consumption of wheat products and, in turn, on wheat consumption. The domestic market accounts for the major proportion of sales of flour produced in Canada. Approximately 75 per cent of flour produced by mills in Canada is sold in Canada. The quantity of wheat used by the flour milling industry averaged 2.4 million tonnes during the last two crop years. If that amount of wheat is valued at the current domestic price of $204.65 per tonne, $5.57 per bushel, basis in store Thunder Bay, then these domestic sales are contributing approximately $490 million to revenue from the sale of wheat.

The level of per capita consumption of flour is a key factor in the total domestic utilization of wheat. Between 1974 and 1978 inclusive, per capita consumption of wheat flour averaged 134.36 pounds, with the lowest in any of those years at 131.86 pounds in 1977. However, in 1979, after the price of wheat had been allowed to rise from the fixed price of $3.25 per bushel which was in effect from September 1973 to November 30, 1978, the per capita consumption of wheat flour dropped to only 124.88 pounds, although it must be acknowledged that wheat prices are not the only factor affecting consumer prices for wheat products.

The proposal by the Hon. Member for Kindersley-Lloydminster to increase the minimum domestic price to $7 per bushel, $257.21 per tonne, would have adverse consequences for domestic utilization of wheat in Canada. There is a significant two-way trade between Canada and the United States in products manufactured from wheat such as bread and bakery products. Although Canada enjoys a surplus in this trade there have, in the last year, been increasing reports of companies importing products from the United States. Increasing the minimum domestic price of wheat to $7 per bushel would be

an incentive for sharply increased imports of bread and bakery products and could result in loss of Canada's exports of bread and bakery products. Although one method of dealing with the problem of increasing imports would be order controls, that type of measure would likely lead to retaliation, with the result that Canadian industry would lose existing markets.

Therefore, it is vitally important that the Government avoid policies or programs which would make Canadian industry less competitive in world markets. In view of the expectation that grain and wheat prices are likely to be trending upwards over the longer term and considering the domestic market is a large and important market for Canadian wheat, the decision has to be made between, a) exploiting the domestic market to the maximum extent possible, and b) providing that market with supplies at a reasonable price that will foster the long run growth and stability of the domestic market. I would contend that the domestic market should be supplied in a manner which will promote growth and stability.

In making the comments that I have made I want to emphasize that I am not trying to diminish the concern which we all must have with the low prices currently faced by wheat producers. But I would urge the Hon. Member to seek constructive and positive solutions which take into account the broader international aspects rather than treating the domestic market in isolation from the world wheat market.

• (1650)

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, it is interesting that I should follow the Hon. Member for Parkdale-High Park (Mr. Flis) as we share the same background. He grew up just 15 or 20 miles from where I did, but when he was in his teens he left with his family to go and live in the Toronto area. I think that may help explain some of the arguments he has offered today. It is too had that he does not seem to pay heed to the economic history that created the circumstances that forced us to live so far apart after having started out in the same area.

He seems to have ignored the theory behind the two-price system for wheat, or for any agricultural product. It was the lack of that kind of two-price system that forced many families, like his, to leave Saskatchewan in the early 1950s. During the thirties a lot of people shifted within the prairies, but in the early 50s, the price decline forced a great many farm people to move away from the region.

About 1949 or 1950, when I was a young boy, I went to my first farm organization meeting with my father, who was active in local organizations. At that time a two-price system for wheat was discussed. The theory was very simple and had been tried in a number of countries. But in this country it was applied for seven years. It has a great deal to offer to agriculture.

The theory is that in agriculture, stability is what keeps farmers on the land, keeps them producing, keeps the farm for the next generation, provides the income necessary to keep the local rural communities alive and provides a foundation for the economy of the country. No country survives long without a strong agricultural industry. It produces the most basic requirements for human existence. It is even more important than sex, housing or warmth. Food is the basic requirement.

Farmers attempt to make the top four to six inches of soil produce food. The most basic components of our culture and our society depend on four to six inches of soil and the fact that we sometimes get rain.

People in the industrialized economies who attempt to make that four or six inches of soil produce when it does rain, are working against the violent fluctuations in price and markets, the violent fluctuations in weather, and the plagues of grasshoppers, locusts, fungi and other pests that attack plants.

In many countries, farmers have been seeking to implement a firm, two-price protection for their products, and in some places they have succeeded. The theory is straight-forward. For products consumed within the domestic market area, a price level will be guaranteed which will cover the cost of production at a level consistent with the labour incomes of other sectors of the domestic economy, and the world price will obtain for the balance or surplus of production.

On the average grain farm in western Canada, production costs for bread wheat run between $6.50 and $7 per bushel. There is some variation according to the size of the farm, and the cost of production varies according to the input cost.

A great many city people are under the impression that all you need in order to grow wheat is a combination of soil, rain and sunshine. In order to produce grain these days there must be an outlay of money for fertilizer and fuel. These costs have more than doubled in the last seven or eight years, and the cost of farm chemicals follows the same pattern.

The two-price system that is needed to provide some semblance of stability in agriculture in this country, would set a floor price which follows the cost of production. The Hon. Member who just spoke outlined the short-lived two-price system brought in by the Hon. Otto Lang when he was in charge of transport, the Wheat Board and everything else in western Canada. There was a floor price and a ceiling price. In 1973-74, that had the effect of providing a consumer subsidy simply because the world price of wheat exceeded the ceiling. Farmers were providing wheat to the domestic market at a price lower than they could have received on the international market. That was a short-term rather than a long-term program.

The proposal before us today does not contain a ceiling price. I suppose that is because of our most recent experience with ceilings. The Lang two-price system had the effect of actually reducing the income of farmers for a good deal of the time it was in effect.

I should like to deal with an alternate proposal later, Mr. Speaker. The idea behind a floor and a ceiling price is to provide protection to producers during the years when the export price is low. It means that some part of the market will provide a return consistent with what other workers take home. It is protection for only a small part of the producer's return, however, that part sold within this country. That is fair.

A ceiling provides protection for consumers during times when the world price exceeds the price that would normally be expected to be paid in Canada for flour and bread.

The reason that farmers have always approved of the two-price system is the stability which it provides. The Hon. Member for Kindersley-Lloydminster (Mr. McKnight) should be lauded for introducing the idea to the House once again. I think a ceiling would make it more fair, but I have no objection to the $7 floor price. As I pointed out earlier, it compares very favourably with the current production cost of producing a bushel of Red Spring Wheat.

• (1700)

I am somewhat disturbed that the Conservatives have seen fit to bring forward a grain policy designed to provide some stability to farmers because the activities of Tories in the field of agricultural stabilization were not that good. It is laudable that stability is being touted for Red Spring Wheat, but we should remember what happened in terms of stability for feed grain. The same Party, along with later assistance from the Liberals, took away stability for feed grain pricing which farmers had years ago when feed grain was sold under the aegis of the Canadian Wheat Board. Under the Diefenbaker Government, when the Hon. Member for Qu'Appelle-Moose Mountain (Mr. Hamilton) was Minister of Agriculture, feed grains were taken away from the jurisdiction of the Canadian Wheat Board. The stability which farmers used to have in the form of an initial price guaranteed by Government was taken away, and feed grain prices slumped considerably. The market for feed grain is much bigger in Canada than the market for Red Spring Wheat. It was left to the open market to decide the price, and generally the price has been below the initial price offered by the Canadian Wheat Board, and there would be a much greater undermining of the Canadian grain trade by the Conservative Party. Then it was taken up by the Liberal Party under Otto Lang when he was in charge of the Wheat Board. He not only agreed with the policy of keeping feed grains away from the Canadian Wheat Board where producers would get a fair price, but he enlarged the activities on the open market to make it apply right across Canada. This brought back the kind of market institutions which assisted in creating the economic violence to which prairie farmers were subjected during the 1930s, with the limits of the Winnipeg Grain Exchange and its open-market pricing activities.

In the remaining few minutes left to me I would like to point out the stand my Party takes with regard to the two-price system and feed grains. We say that the floor price should be set at the cost of production, which is currently somewhere in the neighbourhood of $6.50 to $7 per bushel. Also we say that it should have a ceiling that would allow a range of one-third more than the floor. For example, if the rate is $6, it would mean that the range would be $2, or a third of $6 to $8. However, if the costs of production continued to rise and the floor became $9, the range would be $3, or a third of $9 to a ceiling of $12.

In terms of increasing stability to grain farmers in western Canada, we say that feed grains should be returned to the jurisdiction of the Canadian Wheat Board so that feed grain producers would have a floor or an initial price and the guarantee of that initial price to fall back on. It is very important in maintaining stability to the agricultural community that the guarantees offered by the federal Government in 1897 and again in 1925, 1926 and 1927 under the statutory Crow rates be continued so that the agricultural sector, not only in western Canada but also in Quebec, the Maritime Provinces and British Columbia, would not be disrupted any further.

Stability and guarantees keep agricultural producers alive and prosperous. They provide incomes to rural communities and jobs in transportation, in manufacturing, food processing, retailing and wholesaling. Those aspects of agriculture account for between 25 per cent and 30 per cent of the employed people in Canada. Some politicians take great notice of the fact that less than 5 per cent of the voting public are farmers, but they forget the other 20 per cent to 25 per cent who rely on agriculture as their basic means of employment. We in the House must remind ourselves of the importance of stability at the farm level to the rest of the elements in the food chain.

It is very important that this kind of proposal be carried through the House and that a two-price system be reinstated. This particular proposal is not for a two-price system. It is simply for a floor price to be set, but I think the idea should be kept alive. We would support a genuine two-price system with the kinds of guarantees I have outlined today.

Mr. Len Gustafson (Assiniboia): Mr. Speaker, it is a privilege to rise and support the motion of the Hon. Member for Kindersley-Lloydminster (Mr. McKnight) for increasing the floor price of wheat to $7 per bushel. The importance of the motion can only be realized by farmers, especially if we consider the increased costs they now face. We are all aware of the boom or bust cycles farmers have been forced to go through. If we look at the increased costs of farmers at this time, we find that the costs of production have risen approximately 25 per cent over last year, while the price of wheat on the world market has fallen in the neighbourhood of $1 per bushel. This is why the motion is so important. Perhaps there has never been a time in the history of farming when it was more important than today. In addition, farmers are faced with the new proposals of the Minister of Transport (Mr. Pepin) which increase freight rates. This will have a significant impact upon the welfare of farmers and the whole area of the pricing of wheat.

As well as the domestic price, one must be well aware that the international price or the world price has fallen very significantly. Also there is a large wheat glut in the United States; there is a large supply of corn in that country. The European Common Market is challenging the Canadian market to some extent. The United States subsidizes its farmers. Some indications are that the figure is $2 per bushel, but European subsidies are even greater. France is now putting into the international marketplace almost as much wheat as

Canada. When one looks at these areas, one realizes that the matter certainly presents quite a challenge. Therefore, the motion put forward by my colleague is an important solution to some of the problems that we may face.

• (1710)

Let me refer to the LIFT years in farming and agriculture. Particularly in western Canada, although I am sure the situation relates to agriculture all across Canada, we find that the Otto Lang years of western grain farming when the LIFT program had to be brought in put farmers out of production. The repercussions from that were significant to the whole nation. I want to suggest to the House and to all Canadians that it is important to have stability in the agricultural economy of this country, and it is vital we take positive measures. The Progressive Conservative Party is trying to do that in this House today by presenting this motion for a stable floor price on wheat at $7 a bushel. This price is within the region of possibility for farmers to meet the cost of production and stay in business.

From 1930 to the present date I do not believe you will find a time as critical as the one that we will face in the immediate future. The increased freight rates alone will challenge the farmer's ability to compete in the international marketplace. The cost of production, as I alluded to earlier, will be significant. Just one spectrum of that is the increased cost of fuel. Farmers pay in the neighbourhood of 62 cents to 70 cents on a gallon in federal tax. For example, if a farmer uses 10,000 gallons of gasoline or diesel fuel, and that farmer would be operating a medium-sized farm, the tax on that fuel amounts to approximately $6,000. That amount of money would move a lot of grain. It is important that the Government, the Minister of Transport and the Minister of Agriculture (Mr. Whelan) take a good, hard look at their farm policy as it relates to the domestic grain price and also as it relates to freight rates.

Let me suggest to the House and to the people of Canada that the farmers cannot afford the extravagant increases put forward by the Minister in Winnipeg in the last few days. We simply cannot stand it. There is absolutely no guarantee that farmers' interests would be protected in the policy put forward by the Minister in Winnipeg last week. However, the railroads have their hands in the farmers' pockets and in the Treasury of the country, and through subsidies amounting to $600 million plus from the federal Government they are guaranteed a pretty rich program. In addition to that, hopper cars were made available by provincial Governments, by the Canadian Wheat Board and by the federal Government, a very rich program for the railroads.

This only brings attention to the significance of the whole problem we face and which we are addressing here today, namely, that of the floor price of grain.

I want to return to a subject I alluded to earlier. It is significant to the whole agricultural program and to the business of growing wheat particularly. I am speaking of the international marketplace. If it has ever been important to have an international wheat agreement, it is today. We are facing the time when subsidies by governments around the world will cause farmers problems. I want to suggest to the Government and to the Ministers in charge, and I made mention of this to the Prime Minister (Mr. Trudeau) in a question, that because of the lack of representation in the House there was not a clear understanding of the situation existing in the wheat growing areas of western Canada. The Prime Minister made the statement that we did not represent western Canada, that the Liberals represented western Canada. I think that statement could be challenged to some extent. However, I certainly challenge the Government to look at the facts and to look at the statement put forward by my colleague, the Hon. Member for Kindersley-Lloydminster that we should examine the floor price to see if it would not be fair to adopt the motion put forward. This would give farmers a base to work from and a guaranteed price of $7 a bushel upon which they could depend and which would be reasonable.

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

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Corbin): Is there unanimous consent that all items preceding No. 467 be allowed to stand?

Some Hon. Members: Agreed.

* * *

CRIMINAL CODE
CANADA EVIDENCE ACT

AMENDMENT RESPECTING COMPUTER CRIME

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe) moved that Bill C-667, to amend the Criminal Code and the Canada Evidence Act in respect of computer crime be read the second time and be referred to the Standing Committee on Justice and Legal Affairs.

He said: Members of the House who had the opportunity to read the decision recently issued by the CRTC on the issue of content quotas in broadcasting will have noted the dissenting opinion given by Commissioners Grace and Gagnon. In that dissenting opinion, those two Commissioners pointed out that they felt the CRTC had not kept grips on modern technology in its attempt to apply the law.

That is just one instance where the law as it stands today has been bypassed by modern technology. There are many others. The whole of the communications field is an area where technology is moving very fast. Often statute law has not kept pace. Indeed, you would find, if you were to discuss the matter

with Members of Parliament, that knowledge of the issues is not very deep, that an understanding of the implications of the direction in which we are moving often is not very great. The Government's ability to make up its own mind as to the direction in which we should be going to ensure the maximum benefits from new technology and in order to ensure that we do not run into problems as new technologies develop is very much handicapped at the present time.

What we find is that in instance after instance the Government defers taking decisions and leaves Canadians in a position where they are unprotected and where the law is simply not adequate to deal with advances in new technology. What we find is that Government is not good at anticipating new problems coming along and putting legislation in place in a moment of calm when people are able to debate dispassionately a situation that may occur in the future. What generally happens is that after a crisis occurs or after there is an emergency which generates a good deal of public attention we find that the Government overreacts and brings in legislation that is far too sweeping and Draconian as a result of the temporary conditions created.

The recent fiasco over Crown Trust is a case in point. It took a threat to the security of the holdings of people who have investments in Canadian trust companies as well as considerable public concern before the Government was prepared to make amendments to improve the security for those people with investments in those companies. If we had recognized the potential problems that would exist, we would have served Canadians much better.

• (1720)

Nowhere is this problem more acute than in the field of computer crime. We have a situation where the law as it stands in Canada today is simply inadequate, as it is in the United States. Technology has simply rendered the Criminal Code irrelevant. Cases have already been demonstrated in the courts that the law as it stands today is simply not up to scratch with modern technology.

It is essential that Parliament act before it is too late, and there are more serious incidents which could jeopardize the security of Canadians in terms of personal privacy or which could result in the loss of proprietary rights of individuals which could cost literally millions of dollars to Canadian businesses and individuals. That is why I think it is essential for us to act today and do so in a moment of calm and with deliberation. I think it is essential that the Government itself be prepared to allow the Bill to go to second reading, to let it go to committee, to let witnesses who are expert in this field and are concerned with the whole field of computer crime be called. Let Parliament itself hold these hearings so that a consensus can be developed within Parliament and within the community that deals with computers as to what the best course of action is to take. The Government can then introduce its own legislation consistent with the recommendations of Parliament, and let us pass it speedily. The stalling must stop. The indecision must stop. The onus is on Parliament to act today.

To put things in some perspective, some experts have estimated that losses due to computer crime are as high as $20 million a year in Canada and $5 billion in the United States. In 1981, it was estimated that approximately one out of every ten EBP installations was subjected to computer crime.

An example of the vulnerability of computer systems is the Data Encryption Standard which is used to code and scramble confidential data in the United States. The DES is the only technique that has the approval of the National Security Agency, and yet, ever since its development in the early 1970s, experts have been arguing that its codes can be broken by anyone familiar enough with computers who was willing to take the time to devise the right program. To put the complexity of this program into perspective, let us describe it. The DES program involves scrambling all the pulses of a digital electronic message 16 times, transcribing this to the receiver, who must reverse the 16 scrambles. This is the type of sophisticated coding that experts say can be broken.

For Canadian businesses and Government, the computer has come to play a central role, and within the years to come its predominance will only increase. An ever increasing number of employees will have access to computer terminals accompanied by a growing understanding of their complexities. With the world of teleshopping, telebanking, and so on, advancing closer to our living rooms, and with the use of personal computers dramatically on the rise, even the strongest critics of computer crime legislation must agree that the computer will democratize white collar crime. Well within our lifetimes, school-age children will be capable of operating sophisticated computer programs and equipment. Electronic data processors will be no more novel to them than telephones and televisions are to us in the House of Commons today. Accompanying this familiarity and universality of computers will be a growing potential for computer abuse. That is why it is important that we act now to consider legislation to deal with this abuse.

A good illustration of this is the great Dalton School mystery where a number of Grade eight students from a New York private school attempted to tap into 21 Canada data systems, destroying files of at least two firms. Among the firms attacked, successfully or unsuccessfully, were Bell Canada, Canada Cement, Cable Share Inc., Honeywell, several universities and two federal Government data banks with dial-in access to the data banks. On May 9, 1980, as reported at page 888 of *Hansard*, I questioned the President of the Treasury Board (Mr. Johnston) about this matter. At that time, he stated his intention to:

—recommend to the Minister of Justice that amendments to the Criminal Code be considered for the purpose of making it clear that any such theft would be a crime under the Criminal Code.

Obviously some Members of the Government recognize the need to close the loopholes in criminal legislation so that there will be legal recourse against this type of crime. Unfortunately, they seem incapable of acting on their intentions.

On February 1, 1979, I asked another question of the President of the Treasury Board when Professor Eric Manning of the University of Waterloo, and an expert in this field, was

present in the gallery. Professor Manning had warned that the Government's safeguards on the networking of computers are so lax that massive invasions of personal privacy would become possible. Perhaps if the Government had taken action then, when the problem of computer theft and unauthorized access became apparent, situations like the Dalton School mystery could have been avoided.

What is most striking about the Dalton School incident is that a group of Grade eight students, operating with a small micro computer in New York City, was able to use the telephone system to break into data banks here in Canada. When this sort of incident occurs, a great deal of discussion takes place about the fact that these children must be computer geniuses. They are not. They were run of the mill students who had no particular expertise that other students did not have. Most important, they were grade eight students.

If data bases here in Canada are vulnerable to that sort of intrusion from grade eight students, then it is time for us to recognize that we have a very serious problem and the Government must act on it.

I want to elaborate briefly on the areas where I believe current federal legislation fails to protect individuals and organizations from computer abuse. Here the distinction between computers as the object of abuse and computers as an instrument of abuse becomes useful. Where the computer is used as the instrument of crime, there have been successful prosecutions under various provisions of the Criminal Code. As it stands today, it is against the law to commit fraud, to transfer money from someone else's bank account to your own. That can be prosecuted under the Criminal Code as it exists today. There have been a number of instances such as that where prosecutions have been successful. There is concern over how the law applies in the present situation when it comes to the introduction of evidence into the courts and whether it is possible to prove that an offence had taken place and that the individual who was accused was the perpetrator of the offence.

I will say again that there is agreement that the law as it stands today for dealing with fraud or with the computer as an instrument of abuse is generally adequate, with the exemption of law relating to evidence as it stands today. It appears there is serious doubt as to whether it is possible to introduce the sort of evidence that is necessary to prove the crime. Unfortunately, the proof for some instrumentality cases is difficult to obtain. Since the Ontario Court of Appeal held in *Regina v. McMullen* in 1979 that computer print-outs were only admissible as evidence if they could be proven to be true copies of the original record, a heavy burden has been placed on the prosecution.

In 1981, the evidence task force, established by the federal Justice Department, proposed changes to the Canada Evidence Act which would require a person attempting to enter a document as evidence to prove, first, that the data upon which the print-out is based are of a type regularly supplied to the computer in the regular activities of the business; second, that the entries upon which the print-out is based were made in the regular course of business; and finally, that the computer program used in producing the print-out reliably and accurately processes the data in the data base.

One problem with this approach is that a computer print-out would still be treated differently from an ordinary manual record, in spite of the fact that these print-outs are not copies of business records but are the original business documents. Often, no other records except the original computer print-out are kept.

Since it appears that existing legislation is sufficient to charge criminals who use a computer as an instrument of a crime, an amendment to the Canada Evidence Act such as the one I have introduced could close any remaining loophole that might allow perpetrators of crimes of this variety to get off. In effect, the amendment would allow computer print-outs to be treated in evidence as originals.

Where the computer is the object of abuse, more serious problems arise because some forms of conduct—like the theft of ideas, software, or computer time—are simply not dealt with in the Criminal Code. These intangibles are not normally considered property in the legal sense. Other crimes like vandalism of hardware or the stealing of computer chips can clearly be prosecuted as criminal offences since something tangible is involved.

Consider the case where a firm has spent millions of dollars on research and development of a new high-tech item. Suppose someone without authority gains access to the computer system and obtains this valuable data. The thief may copy the information or he might steal it outright, leaving no information at all. As things stand now, it would be extremely difficult to prosecute him. Depending upon how the thief obtained the access code and entered the room containing the computer terminal, he might be convicted on a lesser offence, but he is unlikely to be convicted of theft of information.

Last summer, an individual went to court on charges of counselling an employee of a hotel to commit theft, fraud and mischief. The Crown alleged that he had approached the employee last year and offered him money in return for the names, addresses and telephone numbers of the hotel employees in connection with a union organizing drive. The information was contained on a computer print-out to which only senior executives of the hotel had access. In the fall, Mr. Justice Krever concluded that "confidential information is not property for the purpose of the law of theft in Canada". Consequently, currently under our Criminal Code, deprivation must occur in order for a theft to have been committed. Judge Krever stated that, while he had no trouble attributing a notional value to the confidential information, there was no suggestion in this case that the hotel would have ever sold the information. Therefore, they had not been deprived of anything. The accused was found not guilty on all charges.

• (1730)

Another situation for which there is no clear-cut legal sanction is the unauthorized acquisition of computer software. Again, because a program is really nothing more than a set of coded instructions that, when introduced to a computer,

processes information, the law does not recognize programs as property which can be stolen. Indeed, many managers and programmers in the computer industries swap programs so regularly that any legal attempt to combat software piracy would be very difficult. This problem has led some to advocate that the best form of protection is for companies to beef up their own security techniques by introducing protective codes.

Another alternative based on self-help is an attempt to bind those with whom one deals under agreements to treat software packages as trade secrets. This option would give an owner recourse in contract against unauthorized disclosures by customers and employees, but does not address the problem of how to deal with parties beyond the limits of the agreement. On the other hand, software is very expensive and shows little sign of falling in price. If software innovation is to continue, I believe some form of legal protection is needed.

The third situation for which no legal recourse appears to exist is the unauthorized use of computer time and services. In the often-quoted Alberta case, *Regina v. McLaughlin (1979)*, two students and part-time employees gained access to a computer without authorization, examined some university data, interfered with the input of data, and acquired confidential passwords of other users. The three were charged with theft of telecommunications services under Section 287 of the Criminal Code. McLaughlin's conviction under this section was subsequently overturned by the Alberta Court of Appeal which found that a computer system was not a telecommunications facility.

Their decision was upheld by the Supreme Court of Canada in July of 1980. In that decision, Mr. Justice Estey stated:

> Had Parliament intended to associate penal consequence with the unauthorized operation of a computer, it no doubt would have done so in a section of the Criminal Code or other penal statutes in which the term which is now so permanently embedded in our language is employed.

One of the other students involved was convicted under the mischief provisions of the Criminal Code because a computer shutdown or crash resulted from his unauthorized tampering. It is important to realize, however, that for the mischief provisions to apply, there must be obstruction and interruption of, or interference with, the operation of property. If the crime had been committed without causing the crash or some other tangible damage, the conviction would likely not have been upheld.

Similarly, the theft provision of the Code requires that exclusive possession must be taken of that which is stolen for "theft" to have occurred. If a program is stolen by terminal access, the "original" can remain in possession of the owner and the thief does not acquire exclusive possession. In this way the owner is not deprived "temporarily or absolutely" of his property.

The Department of Justice has been examining the issue of computer crime for quite a number of years now. Every so often we are told that legislation will be introduced "within the next few months". In October of 1980, the Justice Minister announced the Government would be introducing legislation prohibiting the theft of computer time and services, as well as the unauthorized alteration or erasure of computer data. Little more was heard at that time on the subject.

In June of 1982, after I began to circulate my draft Bill among industry officials, academics, and other interested people, the Department of Justice again revealed that they were studying the area of computer crime and would be introducing a number of amendments in their omnibus Criminal Code Bill relating to the problem.

At that time, officials of the Department indicated it would be October before the Bill would see the light of day in this House. October has since come and gone. The current Minister of Justice (Mr. MacGuigan) has recently informed me that he will be introducing a criminal law amendment Bill sometime during the next session of Parliament. Mr. Speaker, if the length of the session of Parliament to date is any indication, no one knows when action will be taken to deal with this very serious problem.

It appears that one of the difficulties that the Department of Justice is encountering is owing to their hesitation to apply ancient property rights to modern information sources. To define information as property raises the fundamental issue of whether or not information should be treated as a protected resource. While I agree that there is a definite need to maintain a balance between the producers of information and the necessity of having information flow freely in society, I believe that theft of information must be dealt with by criminal law.

The importance of the information industry is growing very rapidly in Canada. To ensure that society can take advantage of the benefits of computer technology, it does not seem unreasonable to expect the law to provide producers of information with at least a minimum of legal protection from computer abuse. These companies will be reluctant to invest time and money in research and development if the results of their efforts can be stolen without recourse.

Mr. Speaker, I want to pay tribute to my colleague, the Hon. Member for Bow River (Mr. Taylor) because the Bill that I am introducing today is, to a very great extent, a refinement of legislation that was introduced by him to deal with a situation similar to the McLaughlin case. It is a refinement as well of what appears to be the Government's approach to this particular issue. What I have done is to opt for the ad hoc approach by proposing selective amendments to two acts, the Canada Evidence Act and the Criminal Code.

In general, my Bill proposes three things: first, an amendment to the Canada Evidence Act that would permit computer printouts to be treated in evidence as original documents; second, an amendment ensuring that the theft of computer software and computer data be considered a crime under the Criminal Code; and third, new provisions making misuse, alteration, damage, manipulation, or destruction of computer software or data by unauthorized personnel punishable under the mischief section of the Code.

I will try to conclude my remarks as quickly as possible, Mr. Speaker.

It is my hope that these proposed amendments will, if eventually passed, close the remaining loopholes in the Criminal Code, as well as ensure that people who commit computer crimes in the future are readily prosecuted in accordance with similar rules of evidence in other cases.

As I stated at the outset, we have many instances where technology has vastly outstripped the ability of the law to keep pace with changes. The rights of Canadians are very much in jeopardy here if we do not act today. I think it is essential that the Government not delay any further, and it is essential that it does not defer decisions. I think it is important that Canadians who have an interest in this particular field be given the opportunity to come before a parliamentary committee to state their point of view and to ensure that that is considered before legislation is brought down by the Government. Allowing this Bill to go to committee today would fulfill that purpose. It would also pave the way for the Government to introduce its own legislation and for it to act quickly before there is a serious problem arising from the Government's negligence.

Mr. Al MacBain (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, I know that the Minister of Justice (Mr. MacGuigan), if he were here this afternoon, would want to pay tribute to the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty) for the work he has put into the suggested amendments to the Criminal Code and to the Canada Evidence Act, and for the very thoughtful presentation to which I listened with interest this afternoon. Having said that, I know the Hon. Member for Wellington-Dufferin-Simcoe is concerned about the serious consequences that a poorly drafted or ill thought out Bill could have for individual freedom, the protection of confidential information and the free exchange of information and ideas.

The Hon. Member maintains that his Bill provides a balance, but I question whether that balance is present in the proposed Bill.

Western technological society, having passed through an agricultural and industrial society, is now evolving into a post-industrial society whose basic economy is information based. Information is rapidly taking prominence over raw muscle, power and energy. It is estimated that about one half of Canada's Gross National Product and more than half of the employment of its citizens is related to the production, processing, storage and use of information. This is according to Grant R. Hammond in his article in the 27 McGill Law Journal (1981) at page 48.

There will be two critical challenges to Canadian society in respect of information. The first relates to the ability to devise new legal, economic and social arrangements that will ensure both the creation and the effective and profitable utilization of new information and technology. The second challenges the liberal society to protect its basic political and human values from unwise applications or withdrawals and restrictions of that new knowledge. The fundamental issue is whether information should be treated as a proprietary commodity or as a resource in society or, if both, in what circumstances should the emphasis be, one or the other?

• (1740)

The Hon. Member for Wellington-Dufferin-Simcoe argues that he has maintained a balance as I referred to above, yet looking at his proposal, I see little in the way of balance, but rather a choice of one of a number of competing options. This choice is to treat information as property. I agree that the law must provide producers of information with legal protection. Producers and creators of information, new ideas, technologies, etc. may be reluctant to invest time and money in research and development if the results of their efforts can be freely appropriated by others. The Hon. Member made this point, and I agree with him. However, is the institution of property as defined in Section 2 of the Criminal Code, which the Hon. Member proposes to amend and which has a scope encompassing the entire Criminal Code, the best vehicle for assessing the challenges that I spoke of earlier?

Bill C-667 does not address the issue of circumstances in which the emphasis should be on the property approach as opposed to the resource approach. It wholeheartedly and solely adopts the property approach as an absolute concept. I am not saying that the institution of property may not be an appropriate vehicle. In some circumstances it may. However, it is difficult to conceive that all information in a computer could be property. Some of it may be knowledge that is already public, known and possessed by many in their own minds. Should it automatically become someone's property merely because he puts it into his computer? Why is it not property when it is in my head or in my own filing cabinet? How can it be property and thereby give the owner of the computer the exclusive right to possess it if the information is also possessed in the minds of half the population of Canada?

What if someone else independently creates the same information? Can it be said that this person has no right to possess or use the information so created? What if I access a computer without authority to check to see that personal information concerning myself which I have voluntarily given is correct? Have I committed theft of my own personal data? Bill C-667 might make that a crime. I am not sure. Clearly more study is required in this area.

Why is it only computer information that is proposed to be protected and not other types of non-computer information? What about information stored in filing cabinets, for example? What if someone misappropriates that information without taking the physical file? That does not seem to be addressed. The question is, should it be? Should all types of information be protected or only certain types, such as those to which reasonable efforts are made to maintain its confidentiality?

Maybe the inherent nature or quality of the information is a more crucial criterion than the manner in which it is stored, that is, in a computer or in a filing cabinet. Maybe property concepts are not appropriate for all types of information. This Bill proposes to protect only and all computer information and also to protect it regardless of its nature.

These are just a few of the conceptual difficulties and questions I see which the Bill inadequately addresses in its present form. I say this not in criticism of the efforts of the

Hon. Member. His efforts in attempting to tackle this subject are laudable. However, as will become more clear as I proceed, the issues are complex and transcend the issues addressed in this Bill. A more extensive and co-ordinated approach may well be needed.

I know that the Hon. Member has spoken of his concern for the economic necessity of having information flow freely in society. However, I question whether, in fact, by treating all computer information as property, this may create information monopolies which might hinder a free flow of ideas. Does society wish to attach exclusivity to something in a way which it may consider to be publicly useful simply because someone stores the information or idea in a computer?

The statutory monopolies of copyright, patents and trademark laws are based on proprietary concepts of control. If certain conditions are met, the holder of a copyright patent has the right to use that which is copyrighted or patented. However, even here the law has seen the need for a balance and has not granted absolute proprietary rights to copyrighted or patented information or technology.

The monopolies are limited by time, permit use by others for a fee or are lost if they are not used by the holder. Yet Bill C-667 proposes to grant absolute proprietary rights in the criminal law to entities to which even the civil law of property does not grant an absolute proprietary status.

Clearly there is a dilemma between, on one hand, the protection of certain types of information—I say certain because it may not be all types—and, on the other, the need for a free flow of information and ideas. A scholar in this area, Professor R. Grant Hammond, described the two poles of the dilemma as follows:

> In the absence of a system of property rights to information, a market economy will probably not produce the optimal output of information. There is no point in encouraging free-rider behaviour: X has no incentive to incur costs in producting something Y then may use at no cost to himself. Thus, if a society does wish to encourage innovation and the generation of an optimal information stock, one functional vehicle it might imply could be an extended system of "private" property rights. But if that approach is adopted, a dilemma is created. There should then not only be a concern about the stock of information, but also about what happens to it. Once a fee or cost of some kind is placed on the use of information to encourage creativity, as it is through the patent and copyright systems, two very real difficulties arise. First, there may be under-usage of information, since the optimal price for a public good is zero. Second, denial of access to information in an information-based economy is clearly an affront to the most fundamental kind of rights: It is nothing less than a form of intellectual and economic subjugation. The potentiality of this situation has not gone unnoticed by Third World countries.
>
> It is entirely possible that Western legal systems have been much too concerned with the creation of a sufficient stock of information and too little concerned with usage and access—

He continues:

> It seems clear that sound policy in the field of information creation and dissemination should recognize the dilemma which has been described. The thrust of legal and economic ordering should be to acknowledge that it is better to have the information in the first place than not to have it at all. It has already been recognized in the areas of patent and copyright law that informational and innovational activity are useful to the innovator and creator and, in the long term, to the public. Further, disclosure and efficient usage of this stock of information should be encouraged. This policy is grounded partly in societal concerns: There is a very real danger that an information underclass will be created because of the over-zealous use of restrictive property theories. There are also sound economic reasons to support this policy: Research and information generation is expensive; duplication of effort is wasteful; excessive secrecy promotes espionage, and serious diversion of effort occurs every day in industry to find out what competitors are doing.

• (1750)

Thus, should information be considered as a private good, a proprietary commodity, or as a public good, a resource? If both, in what circumstances should the emphasis be on one or the other? These are fundamental questions.

Possibly the criminal law is not the best method to completely resolve the dilemma. Maybe the criminal law is appropriate in some circumstances, but with respect to others, it may not be. Maybe the flexibility of the civil law is more appropriate in some circumstances, and in others, it may not be appropriate. Is there an adequate civil law framework, federal or provincial, which is able to address these issues?

Criminal sanctions and deterrents can only go so far. Are there civil means to, in effect, strip a wrongdoer of any gains made through the misappropriation of someone else's work product? What is the extent of federal protection through the laws of patents, trademarks, copyrights and certain provisions of the anti-combines law? What is the extent of protection in provincial statutes, such as privacy statutes, and so on? Is there in existence an integrated approach or a patchwork quilt? Can we rationally make criminal laws without knowing how they will interact with the civil law in this area? Might not an analysis of how the civil law protects ideas and information reveal approaches which could provide a basis for legal techniques which might be adopted in the criminal law, if the criminal law were to be extended? For example, how successful has the civil law been in attempting to treat information as property? Have better and more successful legal techniques been used in this area of the law? Could these techniques be implemented within a criminal law framework at all? Could an integrated combination of both civil and criminal approaches be the best and most appropriate response to this problem?

Other countries are now beginning to realize the folly of having moved in one direction with respect to information protection without keeping an eye on the other parts of the system. Should we repeat the mistakes of others? Or should we do it right? Canada is attempting to encourage the expansion of innovation and information related industries and services. It is a new technology. There is a new scientific revolution occurring, that of information theory, whose effects may touch not only the economic realm but a vast web of socio-economic relations as well. In an attempt to keep pace with this shift from an industrial world to a new post-industrial, information-based world, our legal thinking in terms of legal institutions and remedies may also need to change. Legal concepts based on an old industrial age society may be inappropriate for a new economic age and its technology. New legal institutions and concepts may have to be developed. For example, new concepts such as the privacy law and access to information laws have

been established in recent years, wherein the past such concepts, let alone actual laws, did not exist. Likewise, new criminal law concepts may be needed, rather than attempting to guide the future with tools of a bygone era. We are faced with a challenge. Let us do it right.

I think it is clear that the issues involved go beyond that of computers, computer abuse and criminal law. Criminal laws may need to be enacted to address the abuses perpetrated to or with computers and their related entities. However, because of the information implications, broader questions must also be asked and an attempt made to answer them within the entire framework of society. We should not juggle a part of an intricately woven and inter-connected economic system without knowing the effects which it may have on other parts of the system, existing institutions and law.

Of course, I am not saying that the Government should not examine this area carefully with a view to introducing a Bill containing amendments addressing the problems of abuse of computer systems. However, realizing the broader implications and the need for integration and consistency, we must also study aspects of the broader question: the use, misuse and abuse of information.

Many American experts in the field of computers are of the opinion that their computer crime statutes have only dealt with half of the issues. We in Canada have an opportunity to address all the issues in a co-ordinated and comprehensive manner. Let us not rush to enact legislation which does not deal with all of the relevant issues. Hon. Members of this House should have the benefit of the most complete information available. In addition to the study just mentioned, the Canadian Government has been consulting with experts in this field, not only in Canada and the United States, but also it has had contact with experts in Europe. Of course, consultations with Canadian associations involved in the computer and information industries are continuing. Let us not proceed prematurely with this Bill. Let us wait, but only for a short time, until this accumulation of knowledge and experience is complete. Let us not consider this Bill now but rather consider its proposals in conjunction with the work previously mentioned.

In conclusion, I do want to thank the Hon. Member for the Bill which he has proposed to the House this afternoon, and for his thoughtful presentation.

Mr. Althouse: I rise on a point of order, Mr. Speaker. Since we have not been able to complete the hour for this part of the debate, I would move, seconded by the Hon. Member for Dauphin (Mr. Lewycky), under Standing Order 8(4)(a), that the debate continue so that we can complete the hour.

The Acting Speaker (Mr. Corbin): May the Chair please have the motion in writing.

Pursuant to Standing Order 8(4)(a), Mr. Althouse, seconded by Mr. Anguish, moved:

That the House continue to sit beyond the ordinary hour of adjournment for the purpose of—

The Hon. Member for Welland (Mr. Parent) rises on a point of order.

Mr. Parent: Mr. Speaker, I should like to call quorum.

The Acting Speaker (Mr. Corbin): Order. When the Speaker puts a question to the House, the procedure should not be interrupted. The motion continues:

—continuing consideration of Bill C-667, an Act to amend the Criminal Code and the Canada Evidence Act in respect of computer crime, on the second reading stage.

Will those Hon. Members who object to the motion please rise in their places?

And fewer than 25 Members having risen:

The Acting Speaker (Mr. Corbin): The motion is deemed to have been adopted.

• (1800)

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, I believe the seconder of the motion was the Hon. Member for Dauphin (Mr. Lewycky), not myself.

I find some difficulty understanding why the Liberal Party would not want the New Democratic Party's position on the record concerning this very important Private Members' Bill, Bill C-667, introduced by the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty). It raises a very interesting question in an area which has not been given a great deal of attention by this federal Government. It is an Act to amend the Criminal Code and the Canada Evidence Act in respect of computer crime.

This is an area, Mr. Speaker, where technology has gone far in advance of legislation in Canada. We in the NDP agree with the Bill in that there is a need to update the laws as they relate to computers and the information technology which exists today. Today in Canada we have very little ability to prosecute people who participate in what I think Members of both Opposition Parties would view as criminal activity. I commend the Hon. Member for Wellington-Dufferin-Simcoe for bringing in this Private Member's Bill because it points out a need. I also agree to some extent with the speaker from the Government who said that the Bill does not go far enough. I think there are many areas not covered here, and there are a few basic points which I would like to bring out in the few moments I have.

The proposed legislation would include unauthorized copying of computer information as a form of theft. The Criminal Code definition of property would also be extended expressly to include computer data and software. Other new provisions would make misuse, alteration or destruction of computer programs or information by unauthorized personnel an offence punishable under the mischief section of the Criminal Code. The Canada Evidence Act would be amended so as to permit computer print-outs to be treated as original documents for use as evidence in the courts.

Now, I know Private Members' Bills very rarely pass, Mr. Speaker, but I hope that if this Bill does not pass this afternoon, the Government will take very serious account of the shortcomings of the legislation in place in dealing with the

whole area of computer technology and abuses in that area. The Hon. Member who introduced the Bill gave a number of examples of great abuses of the system where people go into other data banks, take out information, and the owner of the information has no recourse.

• (1805)

For example, if someone was to go in and destroy a computer disk or computer tape, he could not be prosecuted for the destruction of information, he could only be prosecuted for the actual physical destruction of the tape or disk. I think this is very wrong. In this day and age information is power; it creates wealth for the companies or individuals who assemble the information. That translates into a lot of dollars being involved in computer crime. The Attorneys General of some Provinces estimate there will be some 1,700 cases of computer abuse in Canada this year, and the loss to computer criminals is estimated to be running at some $100 million in North America alone.

This brings up a very interesting question as to who has the right to information and how it should be used. I think that not only provisions under the Criminal Code and the Canada Evidence Act should be looked at, but I also think that copyright legislation should be looked at as well. One who researches and creates information should have access to copyrights, just as an author would have to a book he has written. It is questionable whether anyone who collects, stores and possibly retrieves information should have a proprietary interest in it, or whether it should actually be a public resource. I think that deserves examination by the House of Commons.

Some quite serious crimes have been committed involving computers. There is the case of a bank employee in the United States who transferred some $10.2 million to a Swiss bank account in a matter of a few minutes. This shows that people with an expert knowledge of computers are able to commit fraud by abusing the system anywhere in the world. However, the particular problem here in Canada should be dealt with so that these people can be prosecuted by due process, and there should be legislation in effect to protect people who have invested a lot of money in their computer programs. They should not have to put up with people who have the knowledge and technology enabling them to steal through the use of computers. There are also the employees of firms with access to the computer system. If their employer or the individual who owns the computer aggravates them, they can foul up the system and cause great expense to the individual or company who owns the computer.

I do not want to prolong this debate, Mr. Speaker, but I would like to say in conclusion that computer technology and the wrongdoings which go with it are running way ahead of the law. I think it is now time, either by way of this Private Member's Bill as a beginning, or by Government legislation in the very near future, that the law actually caught up with the state of the art in computer technology.

• (1810)

Mr. Gordon Taylor (Bow River): Mr. Speaker, I want to say a few words about Bill C-667 and to commend the Hon. Member for bringing it before the House.

In his remarks the Hon. Member who just spoke—or who read what the Government is supposed to be doing—raised several questions about the legislation, and that is fine. It is one of the purposes of a careful analysis of legislation. I submit, however, that all his questions could be answered adequately in committee.

The subject matter of this Bill is long overdue for debate. The thefts that are taking place in the computer world should not be permitted. It is not fair to prosecute someone for stealing a loaf of bread because he is hungry, and not to amend the Criminal Code so that those who steal thousands of dollars by use of a computer cannot be prosecuted. The Department of Justice has been working on this for months and months. Surely it is not beyond the capacity of legal officers in that Department to bring in a Bill that satisfies the demands of modern society.

The points raised by the Member who spoke for the Government are not arguments against sending the Bill to committee, Mr. Speaker, but, rather, are arguments for sending it there.

I know that the time for debate on this Bill has been extended to 6.18 p.m. I should like to submit that when someone deliberately devises a way of stealing by computer, it causes worry for people who have money in a bank, for instance, where computers are used. Indeed, computers are being used to guard the secrets of our lives, and if someone has access to them because he has found a key to the formula and uses it, that is theft.

Some companies have spent thousands and thousands of dollars to find oil in various parts of Canada and the information is all on computer. Now, someone else can get that information scotfree if they can tune in to the right channel. That is theft, Mr. Speaker, and should be treated as such. If my credit card is stolen the loss is probably about 15 cents, but that card can be used to make purchases worth hundreds of dollars. Liability for the charges incurred was changed in that case, and the same should be done with computers. The trouble is not just with stealing the formula for the computer; the value of the information secured by that means or the money obtained from a bank by the same means is a major consideration.

Mr. Speaker, I move that the Bill be referred to committee.

The Acting Speaker (Mr. Corbin): I should have that motion in writing.

Mr. Cullen: Mr. Speaker, I was under the impression that the motion that the Bill be referred had already been made and seconded by someone on the other side.

Mr. Taylor: Mr. Speaker, the point is well taken. The motion has been put. I move that the question be now put.

The Acting Speaker (Mr. Corbin): Order, please. I apologize to Hon. Members. I was having consultations with the Table officers when the Hon. Member for Sarnia-Lambton (Mr. Cullen) was recognized on a point of order. Perhaps he would make his point again for the benefit of the Chair.

Mr. Cullen: Mr. Speaker, I think my point has been agreed to by the Hon. Member for Bow River (Mr. Taylor). When the Bill was introduced at the beginning of Private Members' Hour, a motion was put by the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty) that the matter be referred to the Standing Committee. I think that motion has already been made. I was rising to speak on the Bill.

Mr. Beatty: Mr. Speaker, I believe that you have a copy of the motion by now that was moved by my colleague. His motion was that the question be now put.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Corbin): Is the Hon. Member for Northumberland-Miramichi (Mr. Dionne) rising on the same point of order?

Mr. Dionne (Northumberland-Miramichi): Yes, Mr. Speaker. A few moments ago the House agreed to a motion to extend the hour of adjournment in order to complete the hour of debate on this Private Member's Bill. The House having agreed to that, I find it a little difficult to understand how, before that hour expired and when another Member was rising to speak on the Bill, we can now consider a motion to adjourn before that hour expires. We had already agreed to—

The Acting Speaker (Mr. Corbin): I thank the Hon. Member for his comments. The motion I have in my hand is quite in order and I shall put it to the House.

Moved by the Hon. Member for Bow River (Mr. Taylor) seconded by the Hon. Member for Don Valley West (Mr. Bosley):

That the question be now put.

Mr. Cullen: Mr. Speaker—

• (1815)

The Acting Speaker (Mr. Corbin): The Hon. Member for Sarnia-Lambton (Mr. Cullen).

An Hon. Member: It is a debatable motion.

The Acting Speaker (Mr. Corbin): I see a number of Members rising. The motion is debatable; I should inform Hon. Members of that. For this reason I recognize the Hon. Member for Sarnia-Lambton.

Mr. Cullen: Mr. Speaker, I am not sure which particular rule we are running afoul of at the present time. I understand that it was suggested by the Hon. Member for Bow River that the time slotted for Private Members' Hour had started at 5.18 p.m. and would go 6.18 p.m. It strikes me that the time for Private Members' Business is over. Perhaps you could rule on that aspect before I make further comments. I am first trying to find out if we are arguing at cross-purposes.

The Acting Speaker (Mr. Corbin): Is the Hon. Member for Wellington-Dufferin-Simcoe rising on the point raised by the Hon. Member for Sarnia-Lambton?

Mr. Beatty: Yes, Mr. Speaker. The Hon. Member's argument that Private Members' Hour has expired is tenuous at best and I think he recognizes that. The motion that was moved and agreed to by the House was to extend the sitting of the House until the conclusion of the business before it. The clock cannot run out on a point of order. There is no clock on a point of order. We are currently discussing a point of order on the question that was put prior to 6.18 p.m. by my colleague, namely that the motion be now put. There is no question of the Private Members' Hour having expired on a point of order that was moved to run the clock out on that motion.

I submit that the appropriate step to be taken at this time would be to put the motion and to have a vote on it.

The Acting Speaker (Mr. Corbin): I will recognize Hon. Members who wish to contribute to the point of order. The Parliamentary Secretary to the Minister of Justice (Mr. MacBain).

• (1820)

Mr. MacBain: Mr. Speaker, I submit that the House as now constituted does not have the authority to extend Private Members' Hour. It may be that the House is still in session, but I am submitting that the House does not have the right to extend Private Members' Hour without consent, and that consent is not forthcoming.

Mr. Lewis: Mr. Speaker, at the time you were seized of the motion to put the question immediately and related it to the House, as long as it was before the time limit expired and the hours were extended, surely that is the point of time in question. If the Chair is seized of it before the time expires, surely it is the duty of the Chair to call the vote.

The Acting Speaker (Mr. Corbin): Order, please. Perhaps the Chair could clarify a number of points which have been made in the course of this exchange. The motion presented by the Hon. Member for Bow River (Mr. Taylor) was in order, and under Standing Order 36(1)(b) that is a motion concerning the previous question. I refer Hon. Members to Beauchesne's Parliamentary Rules and Forms, fifth edition, page 157, Citation 452 which reads:

The previous question is moved when the original question is under debate in order to force a direct vote on it, thereby preventing any amendments to the original question to be proposed. The form of the motion is "That the question be now put." Once it is proposed, the debate may be continued on the original question.

It was in accordance with this precedent that the Chair recognized the Hon. Member for Sarnia-Lambton (Mr. Cullen), so the debate continues.

Also I inform Hon. Members that the motion put earlier to extend the sitting did not contain a time limit and therefore the session continues indefinitely. I hope Hon. Members understand this. Of course the House by agreement, by unanimous consent, may want at this stage or at a later stage to show some agreement for a time of adjournment; but it is not for the Chair to suggest or impose an adjournment time on Hon. Members.

Mr. Cullen: Mr. Speaker, I have one more question. I am sure you are appreciating or enjoying this as much as I am. I was under the impression when I raised the question earlier that there was a conflict here. In other words, there is a rule which makes provision for the Private Members' Hour. I wonder if that would terminate Private Members' Business. It may very well be that we go on to other business, but as far as Private Members' hour is concerned, I thought the rules specifically indicated that there was a time frame within which it could not go beyond the one hour. It does not necessarily have to go an hour, but not beyond the one hour. I wonder, Mr. Speaker, if you could help me on that point of order.

The Acting Speaker (Mr. Corbin): I refer Hon. Members to the Permanent and Provisional Standing Orders under which we are now operating. Standing Order 8(4) reads in its entirety as follows:

(a) When the Speaker is in the chair, a Member may propose a motion, without notice, to continue a sitting through a lunch or dinner hour or beyond the ordinary hour of daily adjournment for the purpose of considering a specified item of business or a stage or stages thereof subject to the following conditions:

(i) The motion must relate to the business then being considered provided that proceedings in any Committee of the Whole—

(ii) The motion must be proposed in the hour preceding the time at which the business under consideration should be interrupted by a lunch or dinner hour, Private Members' Hour or the ordinary time of daily adjournment.

(iii) The motion shall not be subject to debate or amendment.

(b) In putting the question on such motion, the Speaker shall ask those Members who object to rise in their places. If 25 or more Members then rise, the motion shall be deemed to have been withdrawn, otherwise, the motion shall have been adopted.

The Standing Orders provide for debate of not more than one hour on Private Members' Motions or Bills. Of course it could be less; that is for the House to decide. At this stage we are subjected to the provisions of Standing Order 8(4)(a), and it is the Chair's interpretation from the guidance it has received that the debate continues until Hon. Members decide that they wish to adjourn.

Mr. Lewis: Mr. Speaker, I did not mean to stand before you were seated, but I have a point of clarification, a point of order or whatever you wish to call it. If we continue to read Beauchesne's, it indicates:

If the previous question be carried, the Speaker will immediately put the question without further debate. But, if the previous question is resolved in the negative, then the Speaker cannot put the main motion—

• (1825)

I take that to mean, as I suggested earlier, that once Mr. Speaker is seized of the motion to vote immediately, the motion must be put. If it carries, then we vote immediately; if it fails, then debate on the motion continues as the Hon. Member for Sarnia-Lambton (Mr. Cullen) suggested.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, it seems you have already ruled on the very question. The Motion of the Hon. Member for Bow River (Mr. Taylor) that the question be now put is a debatable motion and, therefore, I do not see what the point of order is about.

The Acting Speaker (Mr. Corbin): The Hon. Member for Simcoe North (Mr. Lewis) raised a legitimate concern. I must draw his attention and that of Hon. Members to Citation 452 of Beauchesne's wherein it is indicated that once the question is proposed—and the Chair has proposed it to the House—"the debate may continue on the original question."

The point raised by the Hon. Member for Simcoe North addressed itself to debate ending on the motion. Once debate on the motion put by the Hon. Member for Bow River is complete, the House has to put the question. First we would dispose of the motion of the Hon. Member for Bow River and then the motion on second reading. That is the understanding and interpretation which the Chair gives to Citation 452.

Mr. Cullen: Mr. Speaker, I am not trying to be obtrusive in this matter. My earlier point was that we seem to have a conflict between two rules. Obviously I accept Mr. Speaker's ruling that when the motion was made earlier by a Member of the New Democratic Party we continue and the Chair not see the clock; that was well and good. I thought we would continue beyond the usual hour of adjournment, that is six o'clock, but there is something conflicting with that particular rule. I was under the impression there is a rule providing that Private Members' Hour shall not last more than one hour. Assuming for a moment, for the sake of debate, that I stand up and commence my address, which I am quite prepared to do, on second reading of this Bill—

• (1830)

The Acting Speaker (Mr. Corbin): Order, please. Perhaps the Chair has not sufficiently clarified the point raised by the Hon. Member for Sarnia-Lambton (Mr. Cullen) with respect to the length of Private Members' Hour. The Hon. Member for Sarnia-Lambton is quite right. We should not go beyond a total of 60 minutes. We could have debate for less than one hour. That is not against the rules. If we go back in time, the Hon. Member for Humboldt-Lake Centre (Mr. Althouse) proposed a motion to the House which was acceptable and which was resolved affirmatively. Therefore, we do not have an adjournment time or an end to the debate on the question of second reading of Bill C-667 which is now before the House. That explains why the debate continues at this point. I hope the Chair has been sufficiently clear in the explanation so that Hon. Members appreciate what is happening. Of course, it is the first time it has happened under the provisional rules. I trust the Chair has clarified the matter to everyone's satisfaction. Again, I recognize the Hon. Member for Sarnia-Lambton for debate on the previous question which was proposed to the House.

Computer Crime

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I am participating now in this debate on the point that Private Members' Hour, as a result of the motion made under 8(4)(a) that the Private Members' Hour be extended, technically could go on all through the night and well into tomorrow, if that is the interpretation. Therefore, there is a conflict with the rule.

Needless to say, I do appreciate the opportunity of having such a large audience on this particular and very important Bill. I can understand the Opposition Members being here because last year they were defeated nine to zip in the hockey game and probably do not want to go out and see the game that is being played this evening between the Government and the Opposition Members.

To be serious, this is a very important Bill. I think the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty) made the point that technology all too often outpaces the legislation that we need in order to cope with it and keep it on the rails, as it were. We find ourselves worrying about the intention or the meaning of a particular word. We find ourselves wondering if this is going to be inclusive enough. We find ourselves wondering if, as a result of bringing in new legislation, we may not impede communication, which was never intended by the legislation at all.

Mr. Lewis: Mr. Speaker, I rise on a point of order. I appreciate the desire of the Hon. Member for Sarnia-Lambton (Mr. Cullen) to speak on this matter. Without being too strict on relevancy, should the Hon. Member not direct his attention to the question of whether or not we vote immediately?

Mr. Cullen: Mr. Speaker, I rise on the same point of order. I thought you had already ruled on that. You indicated that the motion put by the Hon. Member for Bow River (Mr. Taylor) was that the question be now put. You had ruled that as long as people wanted to debate, the debate on the main motion would continue. That is the basis on which I was rising.

The Acting Speaker (Mr. Corbin): The Hon. Member for Sarnia-Lambton is quite correct. I did quote the proper citation. It is very clear that once the Speaker has proposed the motion on the previous question to the House, and I will quote the citation from Beauchesne which reads:

452(1)—the debate may continue on the original question.

This is what is happening. I appreciate the fact that Hon. Members may want to seek clarification, and I am aware of the fact they are not questioning the Chair's ruling. We are operating under new and unusual circumstances. Therefore, the Hon. Member for Sarnia-Lambton may continue.

Mr. Beatty: Mr. Speaker, I rise on a point of order. I find the Hon. Member's remarks fascinating and, had he read the Bill, I am sure they would have been even more interesting. However, I am seeking some clarification from you, Mr. Speaker. Do I understand that the Hon. Member for Bow River (Mr. Taylor) and his motion is deemed to be out of order?

• (1835)

Some Hon. Members: No.

Mr. Beatty: May I ask you what it is that my colleague, the Hon. Member for Sarnia-Lambton is debating? Is he debating the motion of my colleague from Bow River, in which case his remarks are irrelevant, or is he debating the main motion, in which case we will have to decide how to dispose of my colleague's motion?

The Acting Speaker (Mr. Corbin): Order, please. With respect, we will dispose of the motion put by the Hon. Member for Bow River once debate on it has ceased. But what debate is all about at this stage, in view of the fact that the previous question has been put, is that debate may continue on the original question. We are dealing with the Hon. Member's motion at this time. Debate continues on the main motion. That is the interpretation Hon. Members have to reach when reading Citation 452 of Beauchesne. The motion that the question be now put is simply, I am informed, a device to prevent an amendment from being put. Therefore, debate continues on the main motion. These matters do not happen very frequently. I hope we all agree on the interpretation that I am attempting to give at this time.

Mr. Lawrence: Mr. Speaker, I am rising under the guise of a point of order to seek further clarification from you. As I understand it, the practical, realistic effect of what has happened here now is that it is impossible to talk out this Bill under these circumstances. As long as there is a Member in the House who desires to speak on this motion, he can speak on this motion. If the time comes, and I say if the time comes, when there is no longer a Member in the House who desires to speak, then the question will be put and a vote will be taken. Is that correct, and is it a realistic interpretation of the circumstances in which the House is now? If that is the situation, and if there are no Government Members on the other side with the exception of the Hon. Member for Sarnia-Lambton who desires to speak, I wonder whether discussions and negotiations could not take place so that at the cessation of the very worthwhile contribution that we are going to hear from the Hon. Member for Sarnia-Lambton we could have a vote on the question.

Mr. MacBain: Mr. Speaker, I rise on the same point of order. I have spoken to the Hon. Member who proposed this Bill. I suggested to him that the subject matter of this Bill, which is one of great importance, be referred to the committee rather than the Bill itself. On behalf of the Minister, I would consent to that. If the House is agreeable, we could dispose of that matter. It would be a job well done, and we could get out of here.

• (1840)

The Acting Speaker (Mr. Corbin): With due respect to the Hon. Parliamentary Secretary, he is injecting a new and

different matter into the points of order previously raised. Does the Hon. Member for Sarnia-Lambton (Mr. Cullen) wish to contribute to the points just raised?

Mr. Cullen: Mr. Speaker, it is obvious there have been discussions taking place while I was attempting to rise and deliver my address. I have read the Bill. It is not a bad Bill but I think the subject matter is even better.

I do not know if this is in line with the rules, but I would like to suggest that we seek unanimous consent of the House to have the subject matter of the Bill referred to the Standing Committee on Justice and Legal Affairs.

The Acting Speaker (Mr. Corbin): The Chair cannot receive suggestions and put them to the House in the manner in which the Hon. Member has presented them. The Chair can deal with formal proposals. Again, I now draw Hon. Members' attention to Standing Order 56(1) which reads:

> The previous question, until it is decided, shall preclude all amendment of the main question, and shall be in the following words, 'That this question be now put'.

Therefore, we are now at the point where the Chair has accepted the motion from the Hon. Member for Bow River (Mr. Taylor). It is quite in order. Under our rules and practices, debate may continue on the main motion. If, at some point in the course of the next hour, no Members rise to contribute further to the debate, the Chair will put the motion moved by the Hon. Member for Bow River to the House. At that point, depending on what happens, the Chair could then immediately put the question on the main motion.

Mr. Beatty: Mr. Speaker, I think there is a genuine attempt by the Parliamentary Secretary to act in good faith here. I think that all of us have a responsibility to reciprocate. As you pointed out, we are going through uncharted territory. This issue is quite new to the House because of the provisional rules.

I suspect that if the Hon. Member for Bow River were permitted to withdraw his motion, we would then be in a position where, by unanimous consent of the House, we could reach the agreement that the subject matter of my Bill be sent to committee.

Mr. Taylor: Mr. Speaker, I was attempting to get your attention in that regard. Once the motion has been accepted, it is the property of the House. However, I believe, with the consent of the mover and the seconder, the motion can be withdrawn. I would therefore suggest we do it that way.

The Acting Speaker (Mr. Corbin): The Chair needs the unanimous consent of the House, not simply that of the mover and the seconder.

Mr. Lewycky: Mr. Speaker, there certainly would be unanimous consent on the part of the NDP to proceed on the suggestion that was made so that we would withdraw the original point of order and make sure that we send this subject as a reference to the committee.

• (1845)

The Acting Speaker (Mr. Corbin): The House will ask Hon. Members if there is unanimous consent to allow the Hon. Member for Bow River to withdraw his motion on the previous question? Is there unanimous consent?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Corbin): Agreed and so ordered.

Motion withdrawn.

The Acting Speaker (Mr. Corbin): The main motion is now debatable. It is now before the House.

Mr. MacBain: Mr. Speaker, is this the correct time to move that the subject matter of Bill C-667 be referred to the Committee on Justice and Legal Affairs?

The Acting Speaker (Mr. Corbin): The Hon. Parliamentary Secretary cannot at this time make that motion because he has already spoken. However, with the unanimous consent of the House, perhaps he could be allowed to proceed with that motion.

Some Hon. Members: Agreed.

Mr. Lewis: Mr. Speaker, would it be in order to amend that motion and put a time limit on it so that the House could have it back in order to deal with it? Could we amend the motion by adding "report back to the House by June 30, 1983"?

Mr. Lewycky: Mr. Speaker, is there not a motion already on the floor that has to be disposed of before we attempt to bring in another motion?

The Acting Speaker (Mr. Corbin): Of course, the Chair cannot deal with another motion until we have disposed of this one.

Does the Hon. Member for Simcoe North (Mr. Lewis) wish me to comment on his remarks?

Mr. Lewis: No, Mr. Speaker. I withdraw my remarks.

The Acting Speaker (Mr. Corbin): I will then put the motion to the House. Moved by the Hon. Member for Niagara Falls (Mr. MacBain), seconded by the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty), in amendment thereto:

> That the motion be amended by deleting all the words after the word 'That' and substituting the following therefor:
>
> Bill C-667, an Act to amend the Criminal Code and the Canada Evidence Act in respect of computer crime, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject-matter thereof referred to the Standing Committee on Justice and Legal Affairs.

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

Some Hon. Members: Agreed.

Motion (Mr. MacBain) agreed to.

The Acting Speaker (Mr. Corbin): Accordingly, the order is discharged, the Bill withdrawn and the subject matter thereof

referred to the Standing Committee on Justice and Legal Affairs.

Is there unanimous consent to call it six o'clock?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Corbin): It being six o'clock, this House stands adjourned until eleven o'clock tomorrow morning.

At 6.48 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, February 10, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

FAMILY ALLOWANCES ACT, 1973

MEASURE TO LIMIT INDEXATION

Hon. Monique Bégin (Minister of National Health and Welfare) moved that Bill C-132, an Act to amend the Family Allowances Act, 1973, be read the third time and do pass.

She said: Mr. Speaker, Bill C-132, which is in front of us today for a third and final reading, contains only one provision, which is to limit to 6 per cent in 1983 and 5 per cent in 1984 the Family Allowances indexation. It is not a difficult amendment to explain in terms of the Family Allowances program, but I wish to emphasize that it should be viewed in the context of the complete six and five program.

The measures announced in the budget of June, 1982, which related to the six and five program, have only one specific purpose, which is to bring down inflation to 6 per cent and to 5 per cent. That is the objective of Bill C-132. I insist on that because many distortions have been nurtured during the debate of this Bill. This means, technically, that all Family Allowances which were at $26.91 per month in December last, except in Quebec and Alberta where they vary the federal rate, will be $28.52 in 1983. Next year, most probably, if inflation remains at 5 per cent or higher, it will be $29.95. So there is an increase in each of the years, but it is less of an increase than anticipated.

There is something very deeply dishonest in not acknowledging that this Bill caps Family Allowances, but the next Bill on the Order Paper, Bill C-139, a tax Bill, increases by $50 the Child Tax Credit on top of the full indexation, to be paid to mothers this spring. Those in need, therefore, and in this case I must say perhaps more than those really in need, namely two-thirds of all the mothers in Canada, those who get a partial or total Child Tax Credit, will receive an additional full $50 to make up for the loss in indexation of Family Allowances.

This I want to make very clear. It is not written in this Bill because to achieve that we have to change another Act, the Income Tax Act. That is why this Bill deals only with one Act, as per the custom. The next Bill, Bill C-139, gives the additional special $50 to cover the relative loss of indexation for the two coming years, 1983 and 1984.

Speaking of the Child Tax Credit, I believe Hon. Members, and surely all mothers, will be interested in certain information I have just received from the National Anti-Poverty Organization, usually referred to as NAPO. NAPO is almost the only national organization still in existence which represents the lower income people of our society and, of course, many of them are women, particularly mothers. As some Hon. Members may recall, I asked the representatives of NAPO at our last meeting what the reaction of their members would be to the possibility of delivering the Child Tax Credit monthly, or four times a year, instead of annually as we do right now.

• (1110)

When the program was created, many professionals, especially in the field of social services, joined the ranks of many Members of the House of Commons in insisting on the Child Tax Credit, which at that time was $200 a year, being distributed on a monthly basis. Both I and the Government resisted that because it seemed to me that one of the characteristics of poverty is never being able to get out of it because of daily expenditures eroding any savings that can be made.

Once a year a big amount of money, originally $200 for one child, possibly $600 for three children, which now means close to $1,000 non-taxable, is exactly what a mother living in poverty can never reach. I was told, and one just has to read the speeches at the time in this House, that they would abuse that money. All sorts of innuendos or direct accusations, I must say, were made. They would drink it away, etc. They would waste it. But we know mothers and they have used that money for special needs in their budget. It could have been that some would say they will buy a bicycle for the child. Well, good, that is exactly what the purpose is. It is for the good, the well-being, of children in the family.

I thought, Mr. Speaker, since the Child Tax Credit is now a much bigger sum of money, almost double what it was, and since times are tougher economically, what would mothers in need now prefer? I apologize to Canadian mothers who are not at the lower end of the scale for not having asked them through a national survey, but I thought I should start with those most in need who I think are a priority amongst the priorities. I received information from NAPO, which they made public very recently, and it gives me the clear preference of families saying that they, of course, want to keep the Child Tax Credit but they want to keep it annually. They do not want, for different reasons explained to me, to see it distributed over several payments a year.

So I just want to inform Members that I will therefore not develop any plan for distributing the Child Tax Credit differently. At a later date we will see if any new need develops, but

for the time being I want to confirm to all mothers that the Child Tax Credit will remain an annual payment and not be distributed monthly or every three months.

I say that, and I have to link the Child Tax Credit to the Family Allowance because it is linked in fact although not legislatively speaking, because many Members opposite—I must say this to my great disappointment because I do not accept that type of politics; I think it is really dishonest—have used unbelievable expressions in English—the speeches were all in English—saying that we were taking away food from the mouths of children, taking away the bottle of milk from children, and so on and so forth.

I will not waste my time or the time of anyone around me by listing all the stupidities and literary abuses I have heard in this House on capping the Family Allowances, but I would like to say that no one is a fool and we do see the game being played. I hope the public also sees it. We are not doing any of that.

For the first month of the year mothers received more money but a little less than anticipated. They had a loss of about $1.40 a month on the Family Allowance cheque, my Parliamentary Secretary confirms to me, and that is true. They had an increase but a relative loss for the first month of the year. But then the special increase in the Child Tax Credit will offset all of that; they will have it in their hands before the other months of the six and five program. We are therefore not taking away a penny from two-thirds of all Canadian families with children. That means all people with the lowest income and many, many people with middle-class incomes as well. All young couples who have not yet reached a higher socio-economic group will receive that benefit.

• (1115)

I have met Members of Parliament whose wives are receiving these Child Tax Credits because they have many children. I have met journalists in the same category. There are many people in this environment which I would not qualify as being in poverty. These people do receive at least a partial payment of the Child Tax Credit, because two-thirds of Canadian mothers do. If anyone should try to make the public believe, like the Conservatives in particular do, that food is taken away from the table, that is such an abuse and exaggeration that I suppose it speaks for itself. I could go on, but I do not believe it is necessary.

I want to explain, in this final stage of debate on Bill C-132, what we are attempting to do, which is to reduce inflation, not savings, as many Members have tried to say. It is easy to prove, and I have proved it in committee, because the sums saved are not that extraordinary. That was not the intention. The intention was to have a package of measures involving as many Canadians as possible to mobilize ourselves to fight inflation. It is succeeding. There is no reason not to keep our word and enforce the various pieces of legislation needed. No one can prove one way or another, as I said at the Senate committee, that this particular measure, even the complete set of Government measures regarding the six and five program, have been the cause of bringing down inflation. Nobody can prove that because economic signs are so controversial and made up of so many schools of thought. But nobody can disprove it either.

One thing is sure. We did take action. It has mobilized Canadians, there is no doubt about that, as statistics on credit cards have proven. People have started changing their consumer patterns and paying back their debts instead of living above their means. We have all done that, but now something has changed. Where this Bill fits exactly is impossible to demonstrate but it is part of a package that seems to have worked.

One thing is important, and that is the only one that counts with many mothers. A basket of food now costs less than it did last year, because inflation is being brought down. That means that mothers, despite not receiving the full indexation, will be compensated because of the increase in the value of their dollars.

That is the objective that I pursued for the common good through the programs for which I am directly responsible. There was surely a full and frank discussion of these objectives. People have been aware of the exact figures involved for months.

I will finish by saying that the success of the six and five program is crucial to the well-being of Canadians, in this particular case mothers of families, and I think that is why that objective is so easy for me to defend, despite the appearance of being unpleasant.

Mr. Hawkes: Mr. Speaker, I have several questions, which I will put one at a time. The first question to the Minister is that with this change in the law I believe revenue is being cut out for those children who are in institutional or public care. Does the Minister have any compensation plan to provide more money to those kinds of institutions?

Miss Bégin: Mr. Speaker, no. I said earlier, and that is why I did not repeat it this morning, that this Bill does not affect children receiving what is called a Special Allowance, which means children below the age of 18 who are maintained by Government institutions. None of them will be affected. They will receive the full increase in the cost of living.

• (1120)

Mrs. Mitchell: Mr. Speaker, why did the Minister allow Family Allowance cheques to go out with the indexing already reduced to 6 per cent when the Bill had not been passed and there was no parliamentary sanction for the action? Does she not agree that this was unethical and insulting to mothers and children as well as being illegal? Also I would like to know why this was done just for this Bill and not for the other six and five Bills as well.

Miss Bégin: Mr. Speaker, it was surely not unethical, nor was it illegal. I explained that as well, and I am sorry if I did not repeat it today. In cases like this—and this happens all the time for programs which are translated into direct cheques for people—we take the legal advice of the Department of Justice.

According to the nature of existing legislation, the answer given by Justice is one way or another. Because I am not a lawyer I cannot give the exact details which were already given in committee, but because of the drafting of existing legislation concerning seniors, we could not apply the capping before Parliament had changed the exact amount of what would have to be paid. The way the Family Allowance legislation is written, the clear advice of Justice was different and indicated that the payment could be made properly right at the start.

Mr. Crosby: Mr. Speaker, the Minister in her presentation this morning indicated that in relation to the six and five program as it applies to Family Allowance under the provision of Bill C-132 it cannot be supported on the grounds that the Bill has lowered the inflation rate in Canada. She indicated very clearly that she could not prove that the effect of this provision was to decrease inflation. She added, of course, that neither could it be proved that it did not add to inflation.

Is there not an onus or obligation upon her and her Government that presented this measure to the House of Commons and applied this measure to the children of Canada to stand here and say that it does reduce inflation and that is why they are putting it forward? That was the claim of the budget which announced in advance the six and five program. That was the claim of the Minister of Finance (Mr. Lalonde) that this would reduce inflation. Now the Minister stands in the House of Commons and says that she does not know whether it does or not. Is that justification for this measure which is taking money out of the pockets of Canadian families, over three million Canadian families and six million Canadian children? Now she says that she does not know whether or not it is doing any good.

Miss Bégin: Mr. Speaker, the Member is playing unintelligent partisan politics. He very often does that. I do not know why he does that. He has interpreted instead of listening to what I said. I come from research; that is the training I received. I am unable to play the sort of mean game he would like me to play, and I will not. I will just repeat. What I have said is that economists will not be able to demonstrate the direct link. I believe there was one. That is why I subscribed to and supported entirely the six and five program. I could explain it in greater detail to him, but surely he is intelligent enough to grasp that.

Mr. Orlikow: Mr. Speaker, it is interesting that whenever someone disagrees with the Minister they are partisan, but she is always objective and never partisan! The Minister tried to imply that the ill-effects of the capping of the indexation will be dealt with and that there will not be very serious ill-effects because of the extra $50 that will be given in the form of the Child Tax Credit.

• (1125)

Is it not true that the $50 extra Child Tax Credit is a one-shot affair? The capping of the indexation at six and five for the next two years will mean that if and when—and I say "if" because if the Government can change the rules once it can again—full indexation begins two years from now, the base from which the indexing of Family Allowance benefits will start then will be substantially lower than it would have been without capping. Beginning from that lower base, the amount paid in Family Allowances every month for the entire period the mother is entitled to receive the Family Allowance for her children over the period of 16 or 18 years will be very much less than it would have been if there had been no indexation, despite the $50 Child Tax Credit.

Miss Bégin: Mr. Speaker, concerning the $50 first, that sum will be given in one sum through this spring's income tax returns. But it does amount to the total needed, probably a little more, over the two years 1983 and 1984, to cover the loss in indexation. In other words, mothers will have it beforehand in the family budget. That is the reason. It is fiscally distributed over two years as an expense. It is split over two years as an expense, I think, but that is an accounting procedure and does not affect the mothers' cheques.

As for the second more basic question, the fact stated by the Hon. Member is correct. We said that, but not in the dimension he expresses. If indexation compared to real inflation is reduced, the base will be reduced slightly. The Hon. Member said "enormously" and he gives the subsequent 18 or 20 years as a reference, but he is forgetting something. He and his party always use seven-month-old figures instead of the more recent figures reflecting inflation.

An Hon. Member: Why don't you publish the new figures, then?

Miss Bégin: When we introduced that measure seven months ago, we thought inflation would be around 11 per cent. Therefore, mothers receiving only 6 per cent indexation would lose about 5 per cent. But they are not losing more than 1.2 per cent, or something in that vicinity, because in that seven months inflation came down a great deal.

A few minutes ago I was a witness at a Senate committee hearing regarding seniors, so I have the figure of anticipated inflation which should apply to this Bill as well. I think it was for the fall of 1984. The figure was below 5 per cent. In fact, the figure I quoted was 4.8 per cent. Therefore, there is no need to say that mothers will lose a penny. They will receive full indexation next year. That has to be verified monthly according to the variations in inflation. Right now inflation is coming down. Therefore, a loss in the base exists, but it is very slight because inflation has already declined. There is a loss in the base but a very small one. Next year it is possible not one penny will be lost.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, I hope to be able to ask the Minister a couple more questions but I guess there is no value in asking short questions because we move on to longer ones and then we do not have a second round. We can all learn from that.

• (1130)

The Minister described the Opposition in such words as "dishonourable" and "unbelievable". I suggest to Canadians watching today that by the time the debate is over they can judge for themselves who is trying to be dishonest and who is trying to be unbelievable.

When you cut through this legislation and the history of the Liberal Party in the last six years, Mr. Speaker, you come to an inescapable conclusion. The economic support provided by the Government of Canada to families through the tax system, the Child Tax Credit, the income tax deduction and the Family Allowance, has been shifted away from the Minister of National Health and Welfare (Miss Bégin) to the Minister of Finance (Mr. Lalonde).

As I stand here today contemplating the fact that the Liberal Party will pass this legislation later this day and that they have already acted as though it were passed—whether it is legal or illegal we will probably never discover—I know with a sense of certainty that about 60 per cent of the support for families will be coming from the Minister of Finance. The legislation which affects that will be examined by the economic committee of this House, and those Members who serve on the Standing Committee on Health, Welfare and Social Affairs will only be examining 40 per cent of that support. That has been the trend line over the last six years.

If you go back far enough in history, it was the Minister of National Health and Welfare and the standing committee which determined the level of support for families with children. I feel very uncomfortable, and every Member of this House should feel the same way, that we are passing over control in a legislative sense to the Minister of Finance rather than to the Minister of National Health and Welfare. I might suggest that different people serve on those committees and they have different interests. We are continuing to set a very dangerous precedent.

We tend to treat this as an isolated piece of legislation, something that is happening in January and February of 1983. I remind Members of this House and the Minister of National Health and Welfare that, under her stewardship and the stewardship of the Cabinet, in the year 1976 indexing of Family Allowances was suspended by the Liberal Government. The base of the Family Allowance was eroded in 1976 by a majority vote of Liberal Members in this House.

I remind the Members of this House that in 1978 the Family Allowance had grown to $28 per child. In 1978 the Liberal Government pushed through a Bill to reduce the Family Allowance to $20. They transferred that $8 to the control of the Minister of Finance. They took it out of the hands of the Minister of National Health and Welfare and the Standing Committee.

I stood in this House in late 1982, four years after that 25 per cent reduction in Family Allowances in 1978, and I stand in this House today recognizing that we are being encouraged by the Minister of National Health and Welfare to erode the Family Allowance even further by passing this legislation. I suggest to the Members of this House that they might be well advised to consider the future. Do we really want a Minister of Finance determining family social policy in this country? Do we really want that Committee of this House to determine what family policy should be? I say with all the sincerity I can muster that I do not want that and my Party does not want that. We do not think that is in the best interests of the Canadian people.

After this Bill passed second reading stage in this House, we received it in Committee in December. The Liberal majority on that Committee made it patently obvious that they would use their majority to ram the Bill through Committee in a very short period of time.

We debate this Bill for one day in this House because it is under closure. The Liberal majority has silenced the Members of this House of Commons. They have denied us our opportunity to exercise freedom of speech in this Chamber through the use of closure on this Bill and the two pension Bills. What is not apparent to the Canadian public is that the Liberals did the same thing in Committee. They used their majority to push this Bill through Committee and back to this Chamber in a hurry.

What happens when you push a piece of legislation through Committee in a hurry is that you are restricted in the number of people you can hear as witnesses. Members of Parliament are denied the right to examine public views on whether it is a positive or negative piece of legislation. On each of these Bills which cut pensions to senior citizens of this country and support for families, the Liberal Government has used closure to cut off debate in the House of Commons and has used its majority in Committee to deny Canadians the opportunity to be heard.

That is an abomination of the democratic principle. It speaks to the continued attempts of this Government over three years to ram a Constitution down our throats without adequate public examination, to ram through an omnibus piece of energy legislation on which we had to ring the bells for two weeks, simply for democracy and simply to be heard. They tried to ram through two MacEachen budgets which were disastrous for this country. We see it time and again.

We have a Prime Minister (Mr. Trudeau) and a Cabinet which do not believe that the voters of this country have sent to this Chamber people who care, people who work for others and should be listened to. Government Members pay absolutely no attention to a contrary view unless you hit them over the head with a two-by-four. You have to hit them again and again or they do not even consider the logic of your argument or the argument of the Canadian public.

In those brief days when the Bill was before the Committee, we did hear from some witnesses. I wish to remind Hon. Members of the categories of those witnesses and the comments they made regarding this legislation. We heard from the National Action Committee, a group in Ottawa which represents women all across the country. Their message was clear: "Don't pass this piece of legislation".

We heard also from labour union groups. The message was the same. The labour unions called these three Bills perverse, perverse in the sense that they would accomplish the opposite of what was needed in this country at this time.

On this piece of legislation we heard from a group from Ottawa who have joined together in a poverty group. They came as witnesses before Government and Members of Parliament on behalf of Canadians who live below the poverty line. Their message was very clear: "Don't pass this piece of legislation".

It is wise for Members to be reminded, and those who were not in Committee may not have heard about it, that the poverty group told us that they had put in place in the City of Ottawa a transportation system, cars and buses, to take those on low income, those below the poverty line, to known grocery stores in the City of Otawa in order that they can get groceries for their children at the lowest possible price. They stated that if they put that transportation system in place the day before the Family Allowance cheque arrived, they would not have any customers. They very deliberately put that transportation system in place for the day after the Family Allowance cheques arrive. That is the point at which single mothers and low-income earners have cash in their hands and can go to a grocery store and buy the kind of nutritions food which their children need to have an equal chance of growing up healthy, of being able to have the energy to participate in school activities, to study and to succeed.

• (1140)

For the Minister to stand in the House and say: "I am the defender of children, and it is my decision and that of the Liberal Party of Canada to take some money out of those monthly cheques", which are used to buy food, and to lump it into a sum which occurs one time only, an extra $50 one-time only, not paid every year for the next 50 years, and then to say: "We have done nothing to hurt the poverty-stricken people in this country", is pure, unadulterated nonsense. When one is discussing a reduction of $1.40 a month, for a mother with two children it amounts to $2.80 a month, and that is a big start on providing transportation or a bus pass. That amount buys a lot of macaroni and cheese or provides three or four litres of milk a month. If a mother has four children, it means the loss of $5.60, which will buy even more. Throughout the lifetime of those children, whatever age they are today, until they reach the age of 18 this piece of legislation will affect their parents' income and ability to buy milk, bread and other food.

This is the third time in six years that the Government has done this. It did it in 1976, in 1978 and now in 1983. We have a policy shift which is significant, important and not well understood. We get nothing but bafflegab from the Minister of National Health and Welfare. She is taking family policies, support for children, and she is saying: "I do not want to have very much to do with them as Minister of National Health and Welfare; I prefer the Finance Minister to be the champion of children in this country".

In my time in this House I have watched Liberal cabinets form and reform, and I have yet to see a Minister of Finance that I would want in charge of family policy in this country. I have yet to see an economic committee that I would want to see in charge of family policy. The proper place for it is in the portfolio of the Minister of National Health and Welfare and in Standing Committee on National Health and Welfare. We are abrogating our responsibility to Canadian children and families if we lend our vote and our voices to the transfer of that responsibility from the Department of National Health and Welfare to the Department of Finance. All one must do is review Canadian history and the record of Ministers of Finance in this country. Ministers of Finance do a very important job and have a very important responsibility, but they will not have the time to give the attention to the development of family policy that it deserves.

We have one day left in which to debate this legislation. This very day is the last opportunity for Members of the Liberal Party who have a social conscience, who believe in social justice, to stand in this Chamber and tell their Cabinet that it is on the wrong path and that, in a time of economic difficulty, one does not attack people who live at or near the poverty line. We have done this twice in the last two weeks. Liberal Members have stood in this House and made life more difficult for the pensioners of Canada. Last Thursday evening, one week ago, Liberal Members stood in this House and said that all senior citizens who make $750 a month or more will have their incomes cut. On Monday of this week, they wanted to pay one man, Donald Macdonald, $800 a day, yet they want to cut income from every pensioner who makes $750 a month. That is a perversion of what this place and this country is all about.

Before I resume my seat, I will move a motion, a procedural motion, which, simply stated, proposes that this piece of legislation be considered six months from now rather than today. It is called a six month hoist and effectively makes a public statement without causing a Government to collapse or causing a general election. It is simply a means whereby people of conscience in this Chamber can stand up and send the message to the Cabinet that they do not applaud this piece of legislation, that they do not agree with the direction it has taken. I encourage Members of the Liberal Party to stand up and support that motion.

What I would prefer is that Members of the Liberal Party stand up during the vote at third reading stage and turn the Bill down, saying: "We will not stand for it; we will not tolerate it". I would prefer to put the issue to the Canadian public. I stood in this Chamber last Thursday and said that every taxpayer I know would contribute 15 cents a month to the federal treasury simply to stop the Government from cutting money from pensioners, and I believe it. I have yet to encounter a taxpayer who would not be willing to pay 15 cents a month if he or she knew that the Government would not cut money from the cheques of pensioners.

I say to Hon. Members opposite that Canadian taxpayers believe in children and in helping those in poverty. They should

understand the Minister's own testimony in Committee. The Minister came to Committee and told us that we have now slipped into a system, which she has largely created, where one receives maximum support for one's child if one's gross income is approximately $40,000 a year. If one's gross income is $40,000 a year, all of the pieces of legislation in place will give support of about $800 per child. If one's gross income is $12,000, it will be closer to $700 per child. We have a system which peaks at a gross income of $40,000. I think the taxpayers of this country would prefer that those people with incomes of $12,000 received more for their children than those with incomes of $40,000.

Some Hon. Members: Hear, hear!

Mr. Hawkes: This Party believes in that kind of a system, and it is incredible that so many Members of the Liberal Party do not. It is incredible that so many Hon. Members will stand in this Chamber later this day and vote for a piece of legislation, followed by the next one, Bill C-139, which would guarantee that those with gross incomes of $40,000 would receive the most from the tax and benefits system for their children, not those with incomes of $10,000, $12,000 or $16,000. That most clearly exemplifies the fact that we have a Government which has gone absolutely berserk in terms of its social and spending priorities.

I would like to repeat my plea. I have an amendment to move, and the force of that amendment would simply be a signal to Cabinet that this Chamber and all the Members in it have had enough of this perversity. It is time to reconsider the social priorities and do what is just and right. It is time to bring that perversity to a halt.

Therefore, I move, seconded by the Hon. Member for Oxford (Mr. Halliday):

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

"Bill C-132, an Act to amend the Family Allowances Act, 1973, be not now read a third time, but that it be read a third time this day six months hence".

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Reid, Kenora-Rainy River): At this time I should inform the House that there is a ten-minute period in which the Hon. Member, who has just taken his seat, can be questioned, but first I will read the motion.

• (1150)

There is an amendment to the order for third reading of Bill C-132 as follows: moved by Mr. Hawkes, seconded by Mr. Halliday:

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

"Bill C-132, an Act to amend the Family Allowances Act, 1973, be not now read a third time but that it be read a third time this day six months hence".

Mr. Schroder: On a point of order, Mr. Speaker, I wonder if the Hon. Member would explain how you can have "this day" one year hence?

The Acting Speaker (Mr. Reid, Kenora-Rainy River): I apologize, that is the Chair's fault. The motion reads "that it be read a third time this day six months hence". I might say to the Parliamentary Secretary that that is a standard motion taken directly from Beauchesne.

At this point we have the ten-minute question period. Are there any Hon. Members who wish to question the Hon. Member?

Mrs. Mitchell: Mr. Speaker, I would like to ask the Hon. Member for Calgary West (Mr. Hawkes), since he has been the key spokesperson for the Conservative Party on this Bill, what the official policy is of the Conservative Party regarding universality as it applies to Family Allowances. We are very confused about this because when the Tory Government was in power, the Minister of National Health and Welfare at that time refused to give any commitment at all to universal Family Allowances. I understand that there was a poll taken of Conservative Members and 62 per cent of the Hon. Members wanted to dismantle universal Family Allowances and reduce Family Allowances. I would like to hear now officially on behalf of the Conservative Party what its position is on universal Family Allowances. Are they for them or against them?

Mr. Hawkes: Mr. Speaker, this particular piece of legislation is an attack on the principle of universality and we are voting against it. Every speech we have made is in accordance with that principle. I guess the translation of the truth which has come out of the New Democratic Party's propaganda machine, and did so about three and a half years ago when the then Minister of National Health and Welfare was the Hon. David Crombie, is a piece of propaganda which has lived on with a sense of truth in the NDP.

I believe it is wise to review the fact that in Committee in the month of December, the current Minister of National Health and Welfare gave us a sense of the contribution to family and child care in this country which comes from the tax deduction, the Family Allowances and the Child Tax Credit. That particular presentation made it crystal clear that the support system peaks at $40,000 a year.

I would remind the NDP that a study was put in place by the Conservative Minister of National Health and Welfare, and what the Minister did was to ask the officials in the Department to conduct a study of the economic support for children, all parts of the system, so that we would have a data base which a committee of Parliament could look at and make recommendations to the Minister.

The principles involved in that approach are, first, the gathering of facts; second, a belief that Parliamentarians can deal with the facts, that they will do it with sensitivity, and they will make recommendations to a Minister instead of having a Government where the Minister says—

Mr. Manly: On a point of order, Mr. Speaker, could the rule of relevance apply in asking the Hon. Member to answer the Hon. Member's question, which was: What is the official policy of the Tory Party with regard to universality?

Mr. Hawkes: Mr. Speaker, I have made several speeches on this Bill here and in Committee where in I pointed out that of the three parts of the system, the only one which delivers the maximum amount to the poorer segment of society is the Family Allowances part. Therefore, it is the best part of the system. I also point out, Mr. Speaker, that Parliamentarians need to have the facts, to have an open inquiry, and we, as Members of Parliament, should be proposing legislation to the Ministers instead of the other way around, especially in the areas of social policy. That is a much more fundamental democratic principle which, if I have anything to say about it, the next Government will follow, and any Clark Government will follow.

Mr. Ogle: Mr. Speaker, I would also like to direct a question to the former speaker, the Hon. Member for Calgary West (Mr. Hawkes). I must say I did not understand his answer to that particular question because it did not seem to be an answer. Nevertheless, I would like to ask about another area because I know he is a serious person and he is seriously thinking of policy.

He criticized the Government for its lack of family policy, and I realize there is not a great deal of time to make a statement to that effect, but I would ask the Hon. Member as a person now, if he were the Minister, taking the situation as it exists in Canada today with such stress on families, the breakdown of traditional family units, the large number of separated families, single parents, a whole new situation, would he make a few remarks about what he would consider to be a good family policy today?

Mr. Hawkes: What a topic, Mr. Speaker! You have to start with an understanding of this nation, its diversity, its large geographic size, and you need to be sensitive to the fact that policies have to be flexible. When you consider northern parts of Provinces, or the Yukon versus a large city like Toronto, you must have systems which are culturally concordant with the lifestyle, geography, and economic situation in which people find themselves in this country.

I believe it behooves a Government at the federal level to be supportive of local communities, local groups, provincial Governments, and so on, in the development of social policies with the view to strengthening family life, single-parent families or the more traditional two-parent family. Federal Governments can provide some moral leadership, support and co-ordinating function, but you do not start by one person in a Cabinet saying: "This is the way it should be for everyone", trying to lay that kind of "trip" on the nation, whether it is in health care or family policy.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, this is my last opportunity as the New Democratic Party critic on social policy to speak against Bill C-132. I intend, therefore, to summarize the position of the NDP regarding this retrogressive legislation, and refer again to the reasons we so strongly object to the six and five capping on the indexing of Family Allowances. I hope as well to present some positive alternatives which we of the NDP believe would benefit families and children and which we hope the Government, and indeed all Parties, would consider.

I must also, of course, reiterate our criticism of the Government for introducing such a punitive Bill. This Bill further victimizes families and children who are already suffering a great deal from high unemployment, from the inflated cost of living and, of course, from increasing chronic poverty, a fact which was pointed out just yesterday in this House with reference to the recent studies of the Canadian Council on Social Development. We believe that Bill C-132 erodes the basic principle of universality, the universal social programs which we believe in very strongly, and I will speak to that shortly.

I must for a moment, however, point out once again, following up on the inability of the Hon. Member for Calgary West (Mr. Hawkes) to answer my question about the Tory position on universality, the hypocrisy of the leaderless Tories, who really have no clear economic or social policy to offer Canadians. We had a very good example of that recorded in *Hansard* just a few minutes ago when I asked the Hon. Member for Calgary West about the Conservative position on universality at it applies to Family Allowances. He could not answer, and *Hansard* will substantiate that.

• (1200)

The Conservative Party supported the Government restraint Bill by voting in favour of Bill C-124, so they are in favour of the whole concept of six and five restaint. We know that very clearly. As I mentioned, they also voted 60 per cent in a survey to dismantle universal Family Allowances. However, we know it is not particularly popular with voters to mention these intentions of the Conservatives in public; therefore, the Conservatives are joining us in public to vote against Bill C-132 as it applies to Family Allowance capping. They do not do this as a matter of principle, Mr. Speaker, but really because they know it would be unpopular to take any other stand.

We have opposed the total six and five restraint program of the Liberal Government because it is unjust, illogical and punitive. The Minister said in her remarks this morning that Bill C-132 should be viewed in the context of the total six and five program. That is certainly the context in which we will be discussing this Bill, and I think it is illogical for the Conservative Party to do otherwise.

The Government, supported by the Conservatives as I just said, introduced and passed Bill C-124 last Spring imposing six and five wage restraint on Public Service workers as an exemple to all workers in the country. In doing so they took away collective bargaining rights from those same workers. Then they brought in Bill C-133 to reduce indexing on pensions of retired civil servants who had paid into their pension plan themselves and who had every right to expect they would be fully protected against inflation when they retired. Not satisfied with this, the Liberals also brought in Bill C-131, passed last week over the strong opposition of those on this side of the House. That Bill reduced indexing on old age pensions, thus penalizing elderly people in Canada who must pay the full

and real cost of food and shelter. They are struggling very hard to survive on fixed incomes which are at a very marginal level for the majority of senior citizens. I have spoken before at length about the particular impact of that Bill on elderly women in Canada.

Having imposed its will on workers and pensioners, particularly older women, the Government finally had to attack the most vulnerable group in Canada, women and children. Bill C-132, forced through this House by closure, is an outright attack on Canada's children and another slap in the face for Canadian women. It is no wonder that child abuse and wife battering are on the increase in Canada, Mr. Speaker, with this kind of Government example.

Mr. Ogle: Government abuse.

Mrs. Mitchell: Government abuse, as my colleague says. The Liberals could not even wait until they had forced this legislation through the House; they went ahead and capped the indexing on Family Allowances for the month of January. This was not only immoral, it was illegal and I think the Minister was really quite disappointing this morning when she tried to justify that. I think this indicates the lack of respect the Liberals, and the Minister in particular, have for women and children as well as for the laws of this land.

We have documented in many speeches why we oppose Bill C-132. Family Allowances, fully indexed, are a basic right of Canadians, developed and accepted from coast to coast many years ago to help with the cost of raising Canada's children. This allowance is the means by which the state, society as a whole and childless taxpayers in Canada, contribute to future generations and recognize the important function of parenting.

The Family Allowance is a monthly payment paid directly to the mother, and perhaps it should also be extended to fathers where they are the primary parenting person. It is the only cheque that many women receive in their own name. We believe this allowance should be increased, not decreased, in order to help meet the increasing costs of child care.

We believe the Government restraint rationale is fallacious. Reducing indexing to 6 per cent will not affect inflation. The Minister, referring to the Government restraint program in Committee, called it "a sword, a psychological weapon", not a financial weapon which was going to put money into job creation in any appreciable amount or have much impact, if any, on inflation generally. We agree it is a sword and the facts show that it will net very little financial return to the Government.

There is no real financial reason why this action was taken by the Government. It unfairly penalizes every family in this country with children under 19 years of age. As my colleague the Hon. Member for Winnipeg North (Mr. Orlikow) pointed out very clearly in questioning the Minister, it imposes a permanent reduction in the basic amount of the Family Allowance Program which will affect lower income families as well, even though there will be a temporary, one-year increased bonus for the Child Tax Credit if another Bill goes through.

Families need a fully-indexed Family Allowance cheque. We heard this over and over again in Committee from the groups which appeared there, particularly low-income families and groups representing low-income people. We know that many if not most families rely during tough times on that Family Allowance cheque to cover basic family expenses at the end of the month. I have said before, Mr. Speaker, that many families on welfare or unemployment insurance use this cheque to buy groceries, indeed to go out and buy food because the cupboard is empty as the end of the month draws near. Even for higher income families there is a value inasmuch as the cheque goes to the mother, recognizing the important role she has in parenting. In those cases also, although the husband may be wealthy and have a higher income, there is no guarantee, as we have heard from women's groups, that the woman in the house has money or income in her own name.

Every single organization, and there were quite a number of them, to appear before the Standing Committee on Health, Welfare and Social Affairs opposed Bill C-132 because they thought it was a regressive Bill. We heard from the Canadian Council on Social Development a very fine analysis of social programs generally, and I would hope that we would be getting at some of the broader social issues which they raised and the need for a general review and reform of all programs which affect families.

The National Council on Social Welfare, again a very sound group which does excellent research on the impact of legislation on low-income groups, also presented briefs opposing this measure, as did the National Action Committee on the Status of Women, representing hundreds of women's groups across Canada. The Canadian Advisory Council on the Status of Women also opposed it. Low-income groups that appeared, particularly some from Ottawa, opposed it very strongly and told us in very emotional terms how much the Family Allowance cheque meant to them. We heard from Public Service labour groups as well.

• (1210)

Finally, we object strenuously to Bill C-132 because it denies and erodes the principle of universality in favour of a limited—so we are told—temporary gift of $50 on the Child Tax Credit. We have yet to see this.

We believe fully-indexed, universal social allowances like old age pensions and Family Allowances are the soundest method of providing social security in Canada. Universal Family Allowances eliminate the stigma and the cost of a means test. They recognize equally all children in Canada, and mothers, equally each month. The cost is retrieved partially through an income tax-back provision from higher income earners.

We believe there must be major tax reforms to make this system work more equitably and to the benefit of lower income families. On this subject, I would like to refer to an interesting proposal called "Family allowances: How to save and pay to all" in an article by Jonathan Kesselman, Professor of Economics at the University of British Columbia, which was

published in the December 11 issue of *The Financial Post* and is a very interesting article. This is directly related to the Bill C-132 debate and I hope that the Government will study this proposal seriously. He proposes more fundamental reforms in the tax transfer treatment of dependent children and points out that, and I quote:

A child in a middle-income family generates greater total benefits than a child in a low-income family—

This is a result of our regressive child tax exemption, the Child Tax Credit and the Family Allowances system, and he gives figures in support. He says that the net benefits rise again for upper income to high-income families, which is just the reverse of the way such a program should work.

A new scheme which he proposes would begin by abolishing both the Child Tax Exemption and the Child Tax Credit. It would raise Family Allowance payments by 145 per cent to a 1982 level of $65.93 monthly or $791 annually per child, and maintain the universal basis of the allowance.

The taxability of Family Allowance would be replaced by a tax-recovery device in the federal income tax to recover increasing portions of the Family Allowance at higher family incomes.

I do not want to take the time to read more from this article, Mr. Speaker, but I would refer Members to it and remind them also that we in this Party have called for a complete review of social programs, both tax exemptions and income support programs, as they apply to families.

I made a statement in the House recently I, on behalf of my Party, in which I criticized the thoughtless and prejudiced statements of the Minister responsible for the Status of Women when she advocated doing away with spousal tax exemptions. At that time we proposed a complete review of programs affecting families, with emphasis particularly on increasing the Family Allowance as proposed in this article to which I have just referred.

We believe it is very unfortunate that Members in this House, particularly the speakers on this side of the House, have had to take so much time to oppose a Bill which should never have been introduced in the first place. We could have used this time much more profitable and enlisted the support of many groups across Canada much more profitably to debate a progressive and major tax reform that would benefit families and also to look at social programs and policies in a much more comprehensive way. We believe that there are ways that should be instituted now to use present expenditures much more effectively and equitably. We believe the time for reform is long overdue. We also must look at a new version of the whole question of income support programs and guaranteed income. There is an urgent need for a major review of social programs, and we join with Canadians in asking for this review. We will be pleased to participate fully in such a review.

As my colleague just mentioned, the nature and fabric of family structure in Canada is rapidly changing. There has been a great increase in single-parent families. I will just quote quickly the 1981 census figures which are very dramatic. The number of children under 15 years of age has decreased by 7 per cent while the number of persons over 65 years of age has increased by 17.9 per cent. The number of divorced persons has increased by 65 per cent, which affects half a million children. This means a tremendous increase in the number of single-parent families. We also know that there is a tremendous increase in the number of families with two working parents, and we have a new pattern of extended families developing in Canada. We must look at our policies and income support programs with these changes in mind.

Poverty is on the increase. It is increasing because of Bills such as the one that is before us today. It has increased because of Liberal economic policies which have deliberately increased unemployment. Increasing unemployment to control inflation is a Liberal policy with a very irrational goal. It has also increased because of the kind of restraint programs that have been brought in by the Liberal government in all of its six and five Bills.

We know also, from a study of demographic projections, that our total population in Canada is changing markedly and will change more in the next ten or twenty years, with a marked increase in the aged population and a decrease in the child population. We are rapidly reaching a position where we will almost have a zero birth rate in Canada. It is very important that we do everything possible to strengthen families, to protect them against the ravages of inflation, to provide services and financial support for parents so that they can choose the best way, for them, to raise their children, and to give equal opportunity of employment at decent wages, with universal child care. It is very important that we give the children of Canada the very best possible start in life that we can.

Bill C-132, which takes away full indexing on Family Allowance cheques, denies these goals. It undermines an absolutely essential universal family support program which Canadians have established as a right which they expect to be fully maintained by their elected Government. The Liberal Government, through Bill C-132, has betrayed this trust.

Mr. Hawkes: Mr. Speaker, one of the points that I have mentioned in several speeches is the fact that the NDP stood in the House in December, 1979 and defeated a budget that was judged the fairest to poor people in this country in the decade of the seventies. I would like to know whether they did that without understanding that it was a budget which was very supportive of families, or whether in fact they are saying one thing and acting in a different fashion.

Mrs. Mitchell: Mr. Speaker, I am not sure that this is relevant to Bill C-132, but I would be very glad to give a number of reasons why we opposed the Conservative budget. We did it on principle because there were a number of items in it that were very much contrary to things that we believe in, including doing away with PetroCan. If my memory serves me right, this was a proposal at that time which even the Conservative Party changed their mind on.

As I mentioned earlier, there has been no clear statement from the Conservative Party as to what their social policy, if any, is. The Member asking the question said that a little earlier.

• (1220)

Mr. Ogle: Tell him that the people of Canada voted them out.

Mrs. Mitchell: As my colleague says, of course it was the people of Canada who voted the Conservative Government out, not the New Democratic Party. They could have even avoided having an election if they had been a little smarter in a number of areas.

Mr. Hawkes: Mr. Speaker, earlier today we talked about propaganda machines. The Petro-Canada policy was to encourage people to provide voluntarily more money to that Company so that it could drill more oil wells, create more jobs, and improve the economy. The Leader of the New Democratic Party misinterpreted the report, and I guess those Members believe his interpretation rather than the thrust of the report and the policy. In this current time of high unemployment, they might have been wise to look at the actual recommendations instead of following what their Leader said about them.

I ask the Hon. Member to explain how that budget was in violation of the principles we have discussed in the Chamber today. It contained many tax credit proposals of assistance to senior citizens and to families. It was designed to bring down inflation at the same time. It would have created jobs at the rate of 40,000 a month. Where is any of this a violation of NDP principle?

Mrs. Mitchell: I would be pleased to answer that. I recall that the Conservative budget at that time was a restraint budget, just as Bill C-132 is a restraint Bill, except that it was restraint in all areas of the economy. I recall the statement "short-term pain for long-term gain" of the Minister of Finance at that time.

Actually I have already answered the Hon. Member's question. From my point of view as critic on social policy, the budget did nothing to ensure that universal social programs would be upheld as a matter of principle. Also it was part of the Conservatives' economic policy, if one could call it a policy, or part of the pragmatism at that time, just the same as it is with the Liberals today. They are trying to control inflation by increasing unemployment, and this Party will not go along with it.

Mr. Anguish: Mr. Speaker, I would like to ask the Hon. Member a question as well. I would like to know, yes or no, if it is true that it was not a coalition of Liberal and NDP Members that defeated the Conservative Government in 1979, whether or not there were Family Allowance provisions in their budget. Also I would like the Hon. Member to clarify whether or not the vote which defeated the Conservative Government was not necessarily viewed as a confidence vote; it was on a Liberal amendment and a New Democratic Party amendment to the amendment. If I understand it correctly, that budget dealt with Family Allowances. When the Government of the Right Hon. Member for Yellowhead (Mr. Clark), the Hon. Leader of the Opposition now—

Mrs. Mitchell: He is not the Leader; use the past tense.

Mr. Anguish: I am sorry. But was it not true that it was the indiscretion or the last—

Mr. Neil: Mr. Speaker, I rise on a point of order. It seems that the ten-minute question period after a speech was set up in order to ask specific questions relating to the issue. The issue here is Family Allowances, but the Hon. Member is now getting involved in a political debate. I suggest that he is entirely out of order.

The Acting Speaker (Mr. Blaker): I will continue to recognize the Hon. Member for The Battlefords-Meadow Lake (Mr. Anguish) and other Hon. Members who may wish to rise on points of order as well. The Chair is struck that perhaps it was not the intention of the reformed parliamentary procedures to encourage an Hon. Member to ask another in his own Party questions which do not appear to have a great deal of relevance either to the Bill before the House or perhaps to the Hon. Member's speech.

I warn Hon. Members that I am very hesitant, as I have said before, about setting down rulings, particularly on the issue of the ten-minute question and answer period. Because it is a new technique, I think it is the responsibility of the Chair to ensure that Members themselves feel out how they want to handle the ten-minute period. But I point out that I have some question in my mind as to whether we are going about it in the right way.

Mr. Hawkes: Mr. Speaker, in the absence of Members outside the speaker's own Party wanting to ask questions, I think it is appropriate for a Member within that Party to ask questions. Also I might suggest that when we find a Member who belongs to the same Party as the speaker filibustering part of the ten minutes, the Chair might make an accommodation and not count the time spent so that there is adequate time for the rest of us to get to the heart of the question.

Mr. Keeper: Mr. Speaker, my colleague was questioning the Hon. Member with regard to the former Conservative budget as it related to Family Allowances. He was doing the same thing as the Hon. Member for Calgary West (Mr. Hawkes). The Hon. Member for Calgary West raised that matter. If it is not relevant when we ask the question, why is it relevant when a Member of the Conservative Party asks the same question?

The Acting Speaker (Mr. Blaker): The Hon. Member for The Battlefords-Meadow Lake on the same point of order?

Mr. Anguish: No, Mr. Speaker, I am not rising on a point of order. I would like to continue with my question, if I could. The only reason I asked the question in the form I did is that the Hon. Member from "Eric in Wonderland", Calgary North or whatever, made reference to Family Allowances and the

budget which the Conservative Party brought down in 1979. I was trying to point out that it was not because of Family Allowances and the coalition between the other Parties that they were defeated at that time. The Leader of that Party in 1979 went to the Governor General, after being defeated on an amendment to an amendment to the budget, and asked to go to the country, to call an election. I think it was incompetence on the part of the then Leader of the Conservative Party. His inexperience as a Leader shows now because of what happened to that Leader of the Opposition. I think the hindsight of the Conservatives will only get them into all kinds of trouble. I would like to ask the speaker whether or not this is in fact true.

The Acting Speaker (Mr. Blaker): The Hon. Member for Moose Jaw (Mr. Neil) is rising on a point of order.

Mr. Neil: Mr. Speaker, I was wondering when the Hon. Member would get to his question. He started making a speech. He has now ended up with a question and I suppose he is through, so I will sit down.

Mr. Keeper: Mr. Speaker, I rise on a point of order. My understanding of the reformed rules is that after a speech has been made we could either put a question or make a comment, that in fact comments are not out of order and are quite legitimate in the ten-minute period.

The Acting Speaker (Mr. Blaker): The Hon. Member's interpretation is correct.

Mrs. Mitchell: I was asked to answer the question very briefly. I certainly concur completely with the statement made, and my answer is yes—*oui*.

Mr. Taylor: Mr. Speaker, I would like to ask the Hon. Member a question. She mentioned that there was no social legislation introduced by the former Conservative Government. Who introduced the continuation of the spousal allowance between the ages of 60 and 65 years when a pensioner passed away? Could the Hon. Member tell us who introduced that?

Mrs. Mitchell: I would like to correct the assumption of the Hon. Member. I did not say that there was no social legislation introduced. I said that the Conservatives have never produced any long-range social policy goals and principles. Of course, the spousal allowance was introduced at the time the Conservative Government was in power. I think it was actually a result of many years of work and advocacy on the part of the Hon. Member for Winnipeg North Centre (Mr. Knowles), as well as many sincere Members of the Conservative Party. I am sure the Hon. Member who raised the question would be one of those.

• (1230)

Mr. Taylor: Mr. Speaker, the Hon. Member is rationalizing. Everything is wrong unless it is done by the Liberals or the NDP.

The Acting Speaker (Mr. Blaker): Perhaps I should recognize the Hon. Member for Vancouver East (Mrs. Mitchell) for reply and then I will recognize the Hon. Member for Calgary West (Mr. Hawkes).

Mrs. Mitchell: Mr. Speaker, we will take full responsibility for our New Democratic Party policies, but we certainly dissociate ourselves completely from the Liberals who, as far as I can see, have no more policy, either economic or social, than do the Progressive Conservatives.

Mr. Hawkes: Mr. Speaker, when I listened to the question put by the Hon. Member for The Battlefords-Meadow Lake (Mr. Anguish), I was reminded of John Diefenbaker's comment that there are more people who talk their way out of the House of Commons than ever talk their way in.

May I ask the Hon. Member for Vancouver East why the New Democratic Party throughout these three pieces of legislation, two affecting pensions and this one affecting Family Allowances, has not used the rules of the House of Commons to move amendments to cause extra days of debate to occur? If the New Democratic Party wants to be the champion of senior citizens and families in this country, why has that Party not used the rules of the House of Commons to work with us to try and bring the Liberal Government to its senses?

Mrs. Mitchell: Mr. Speaker, we have not introduced amendments because we oppose this Bill in principle. By introducing amendments you are in effect giving approval in principle to the Bill. There is no way in all conscience that we could introduce amendments.

However, I might point out to the Hon. Member that we have had a disproportionate number of speakers in relation to the size of our caucus on all of these Bills. We have carried the debate and the Opposition day after day after day. Often we have more Members in the House than the Conservatives. Furthermore, the Hon. Member should look at the voting record of the Conservatives on the motions relating to this Bill. On closure, 47 Conservative Members were away and did not come to vote.

Mr. de Jong: Obviously they don't care.

The Acting Speaker (Mr. Blaker): Order, please. The Hon. Member for Calgary West has a supplementary question and then I will recognize the Hon. Member for Winnipeg-St. James (Mr. Keeper).

Mr. Hawkes: Mr. Speaker, I think the record should show that on Tuesday of this week there were 18 Progressive Conservative Members, four NDP Members and three Liberal Members who spoke to the Bill. That is the Tuesday record, the most recent day of debate.

I would like to ask the Hon. Member in the New Democratic Party whether or not that Party thinks the children of the country will grow healthier if they eat principle or food.

Mrs. Mitchell: I do not think that comment deserves a reply, Mr. Speaker.

Mr. Keeper: Mr. Speaker, commenting on this matter of Family Allowances and the six and five, the Hon. Member for Calgary West (Mr. Hawkes) wanted to know why we did not use the rules of this House to bring this matter to a halt. I must once again remind this House that the Tory Party has demonstrated its capacity in this House to stop legislation if it chooses. It did that with regard to legislation affecting the oil industry. I am still puzzled why the Conservative Party does not join us in fighting this Bill in a very vigorous way in order to stop the legislation, to ring the bells, so that families in this country can be protected. It is a puzzle, Mr. Speaker.

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, the purpose of this Bill is well known: it is to achieve restraint. That in itself is a very worthy objective and is worthy of our support. However, the objective is only worthy as long as it accomplishes its principle. In this case the program may prove to be both inequitable and counterproductive in assisting the most innocent victims of this recession, our children. The poorest of poor Canadians, those at the lower end of the economic spectrum, those who do not pay income tax, are also those who are in the greatest need and may, in fact, receive less than those in the middle and upper-income brackets. If there were no other reason than this one sense of inequity and injustice, this Bill should not pass.

Let me be graphic and state what this Bill will mean to Canadians. Once we have torn away the rhetoric and gone through the bureaucracy, the end result will mean that my oldest son, who is a young family man struggling to meet his family commitments, will receive less benefit for his son—my grandson—than I will receive for my son's younger brothers, my sons. I will benefit more from this legislation than will my son.

My son must compete in an economic market where 23 per cent of his age group are unemployed. Almost one in four of his age group are unemployed. I know how difficult it is for him to try to struggle to survive in this economy so as to pay his rent, make a payment on his car and provide basic food and clothing. Can you imagine what it is like for those who are receiving even less, those on unemployment and on welfare? What about the very poorest of the poor? We have the lower end of the spectrum, the working poor who earn $8,000 to $10,000 per year who are not receiving supplemental Government benefits. They are just on that line. Those people will receive less than I will or other Members' children or grandchildren will. That is not right. It is not right by any commonsense standard, by any standard of justice, equality or any principle for which this country and this House stand.

I have not heard this inequity refuted by any Member on the Government side. How can Government Members vote in support if they can neither dispute it nor find an amendment that will not allow the weakest of our nation, the most innocent victims, the children, to be adversely affected? They are the ones who will receive less than I will as a Member of Parliament and will receive less than others who are employed in the middle and upper-income areas.

This particular debate, while it focuses on one area, has three major financial elements in the current system to provide support for families and children. The one element is, of course, the Family Allowance itself. Second is the Child Tax Credit, and third is the income tax deduction or the child tax exemption. For a family with two children with a taxable income of about $26,300, those three elements provide approximately $800 a child per year.

The $800 figure is a particularly interesting one as we debate this Bill today. The family with two children will receive $800 for each child a year. That is what they will receive to support their children to give them extra benefits. That $800 a child is the $800 a day that is to be paid to Donald Madonald. Is that not astounding? This Government pays $800 a day to one of its own ex-ministers, yet that same $800 is the total for a whole year paid for a child in Canada. Think of a child of a person unemployed, a child of a person on welfare, a child of a person employed at the lower end of the economy but poorer than those on welfare. That amount of $800 a day to be paid to Mr. Macdonald has to stick in the throat of every Canadian. This is the injustice of the whole system. Donald Macdonald, a perpetrator of the recession, is to receive $800 a day while the victims, the most innocent victims of that recession which he had a part in perpetrating, will have their $800 a year reduced.

• (1240)

For a person to receive in taxable income $800 for each of two children, he would need a gross income of around $35,000 to $40,000. Surely in a just and humane society one would assume that the poorest people would receive at least a little over $800 per child rather than less. Under the current system, however, the poorer segment of Canadian society, those families who do not even earn enough to pay income tax, receive less than $700 per child. That will be the end result of this legislation.

We must judge this legislation by its numbers and not its words. How much money does this legislation put in the hands of families for the support of their children? I wish there was one Member who could stand up before this debate is finished and say that the poor receive less is not the case. I would like to hear that said, but it is not possible because the contrary is the fact.

Rather than imposing this kind of inequity and injustice on Canadian families, the Government should be rationalizing and revamping the whole concept of the Family Allowance. This Bill is just another example of the Government's tinkering with the Family Allowance concept. We need to look at the child in the nuclear family, we need to look at the nuclear family itself and develop programs that will support both. We must consider what the legislation that we debate in the House will in fact deliver to the people in our society. This rethinking or revamping of the Family Allowance concept is unlikely to occur because the Government is apparently bankrupt of new ideas and initiatives to give Canada the forward thrust that it

needs to carry us up and out of this recession and into economic recovery and security for Canadians.

New social programs that are introduced are almost always born out of sound principles of need, equity and social justice. In fact the Family Allowance was created with those sound principles in mind. We began tinkering and adding to that basic Family Allowance with the introduction of the Child Tax Credit. The more that program was added to and changed, the more bureaucracy became larger and the final cheque delivered to Canadians smaller.

The Government is adding to the distance between the taxpayer who is able to give through his Government, and individual Canadians who are in the most need. This measure makes the less strong the weakest. This legislation is a good example because we are talking about children, particularly children of the poor. The present system keeps growing in the middle but the taxes that are contributed do not reach those who are in need. We must reconsider this concept and find more efficient ways to administer the program.

As a result of passing this legislation, we are suggesting that there is no better way. However, better methods have been suggested to the House. My colleague for Calgary North (Mr. Wright) suggested the Kesselman concept and I was pleased to see the NDP pick up on that suggestion. I would like to elaborate on that concept. It is not a complete answer to the problem but an interim step which may accomplish two things. If we were to accept a six-month hoist on the Bill, the Committee could then study this concept and others like it.

The Kesselman concept claims that it would save the Government $500 million. According to the current proposal, the Government will pay an extra $95 million. Instead of paying $95 million, why not save $500 million? At the same time we could see Family Allowances rise by 145 per cent through a direct payment program. Does that not logically meet the objectives of restraint since $500 million—perhaps more—could be saved and a 145 per cent increase in individual Family Allowances could be realized?

My first reaction to this is to wonder if there really is that much in the middle. However, according to the actuarial tables which I have here, this would, in fact, be the net benefit or Mr. Kesselman's program. If this is the case, it should be examined. Let me repeat those simple and common-sense proposals. There can be $500 million saved by restraint and a 145 per cent increase in direct payments to individuals.

I would like to explain this further because time is running short for Liberal Members to realize that a six-month hoist would be in the interest of Canadian children. They should be our first concern. I would hope that a delay would allow us to examine not only this proposal but others that would go into much more detail. The fact that this concept was proposed and that others might be proposed is reason enough to allow a hoist. Perhaps consideration of these ideas might mean that this Bill would not need to be introduced again a year from now. I believe, therefore, that the Government should consider this amendment.

Let me present this idea in more detail. I am sure Mr. Kesselman would be pleased to appear before any committee to expand upon it further. For each child under the current system, the system displays a bizarre pattern in relation to family income. A child in a middle income family generates greater total benefit than a child in a low-income family. The net benefits rise again for movements from upper middle-income to high-income families. This pattern results from a combined effect of taxable Family Allowance receipts of $26.91 per month, or $323 per year, the child tax exemption of $670 per year and the Child tax Credit of $293 per year, minus 5 per cent of parents' combined net income over $26,330.

The scheme proposed by Mr. Kesselman would begin by abolishing both the child tax exemption and the Child Tax Credit. As I said, this is one suggestion. The Committee might look at other suggestions and may want to expand the concept of the Child Tax Credit or the child tax exemption. However, we cannot keep layering program upon program, bureaucracy upon bureaucracy and form upon form until the housewife has to become an accountant in order to fill out the forms she requires to get the basic, small amount of money that comes back when the process is completed.

This particular scheme does call for the Child Tax Credit and the child tax exemption to be deleted. This would raise Family Allowance payments by 145 per cent to a 1982 level of $65.93 monthly or $791 annually per child. It would also maintain the universal basis. The taxability of Family Allowance would be replaced by a tax recovery device in federal income tax to recover increasing portions of the Family Allowance at higher family incomes. In particular, this proposal would remove various deficiencies which would arise with the Child Tax Credit in imposing an income test before disbursing net benefits. It would eliminate the need for 1.5 million non-taxable mothers to file tax returns each year to claim their Child Tax Credit, and it would eliminate 350 person-years of work needed annually just to process the 1.5 million forms which must be filled in. It would do away with those forms. Would it not make sense to do away with 1.5 million forms? Think of the work hours spent by the mother, the father, the accountant, or whoever had to help, to fill in those forms, let alone the 350 people required just to process and circulate these forms.

• (1250)

The expanded Family Allowance would be paid automatically and would not require annual applications, and this would avoid the non-participation of some eligible families at lower incomes and in remote areas which arises under the Child Tax Credit.

The monthly payment of Family Allowances would also reduce the budgeting problems of the recipients from the once-annual payment of the Child Tax Credit. Monthly Family Allowance payments are more likely to be used for the child's regular maintenance than a lumpsum payment. We all know

the experience of trying to wait for income tax returns or adjustments. At first it is April, then May, then June, and finally some of them arrive in September or October. By the time they have arrived, they have been pre-spent, perhaps on some bulk item, whereas if they were to arrive with the Family Allowance on a month to month basis, they would be spent at the end of that month to provide that little extra bit of food or those extra items that are so often provided to children from the Family Allowance cheques.

The universal payment of Family Allowance and a tax recovery system would make the net benefits to each family instantaneously responsive to change in income position. The larger income tax form is automatically filled out anyway, and the adjustment would be made on an annual basis. Payments through the Child Tax Credit, in contrast, are slow to respond to changes in family income. For example, higher income families losing their employment earnings from January, 1982 onward will have to wait until about April, 1983, fully 15 months, to receive a Child Tax Credit based on reduced income.

Under the proposed scheme, the tax recovery of Family Allowance would be accomplished by withholding tax on earnings at source with final reconciliations made in the annual filing of tax returns. Rates of tax recovery would be based on parents' combined net incomes. From the inception of Family Allowance through 1946, a tax recovery was used to prevent duplication with child tax benefits at higher income.

The proposed scheme would increase gross Family Allowance payments to $5.4 billion from the current $2.2 billion. In addition to this $3.2 billion increase, the federal Government would lose about $400 milion from the removal of ordinary tax ability on Family Allowance. Offset against these costs, there would be a revenue gain—that is money coming to Government—of $900 million from abolishing the child tax exemption. There also would be a revenu of $1.2 billion from abolishing the Child Tax Credit and $2 billion from the Family Allowance tax recovery. That is assuming an average 37 per cent rate of tax recovery.

The net result would be a saving to taxpayers of $500 million, tax dollars which Canadians currently cannot afford to pay, tax dollars which would help to reduce the size of our bureaucracy, help reduce this middle bulge which prevents Canadians from receiving direct benefit from their tax dollar. Larger budgetary savings of up to $1 billion per year could be achieved if desired by smaller Family Allowance increases or higher tax recovery rates.

This $500 million, I am suggesting, is used to give that magic benefit of about $800 a year, and I think $800 a year is about where it should stick. The reason I think it should stick is that we should try and stick it with Donald Macdonald's $800 a year. I like that tie—his $800 a day and the Child Tax Credit of $800 a year. That is a good relationship and would be a good symbol for this kind of Bill or course of action.

The Provinces, in fact, would gain about $180 million from joint abolition of the Child Tax Credit and the—

The Acting Speaker (Mr. Blaker): Order, please. I am sorry to interrupt the Hon. Member. Perhaps he may wish to seek the unanimous consent of the House to continue, since his allotted time has expired. Is there unanimous consent for the Hon. Member to complete his remarks?

Some Hon. Members: Agreed.

Mr. Wenman: I will end my remarks, out of respect for Hon. Members giving me unanimous consent, by saying that what I have been presenting today is a positive proposal. I am not really harping or carping at the Government. What I am trying to say is that there are other answers, and these answers have been brought forward by the Conservative Party. They have now been picked up by the New Democratic Party, and apparently meet with its approval, as another idea. If we can just carry this positive idea to the other side, maybe we will have something positive happening for Canadian children and families. That is the tone and intent of what I want to do here today.

As I mentioned, I want to give credit to the system of collecting information which comes through to this House of Commons. As Members of Parliament, we read, we hear, and we gather information from the news media. The article I have in my hand comes from *The Financial Post,* and I give *The Financial Post* credit for seeking out Mr. Kesselman and bringing this proposal forward, and I am glad that Members of Parliament have brought it forward here. Now that we have made the connection, will in fact the message be heard?

This particular concept is not the total answer to the question of the protection of the economic security of children. Other more equitable adjustments to the Child Tax Credit or child tax exemption could also be examined. That would be a major objective of this amendment. The Bill being presented on the floor of the House has brought forth irreconcilable inequity and has also brought forth the plight of thousands of Canadian families. We have heard each Hon. Member from across the House standing and saying that they are seeing in their offices families which cannot cope with the recession; they are seeing abuse of children resulting from economic insecurity. These children are the victims. These victims, the most innocent victims of the recession, must be protected in this period above all. They must be protected and supported. It is a different matter for those who are older and stronger, but we have the highest obligation to the child who cannot understand. Let the Government not do this to those children, the poorest of the poor.

The Bill, through our amendment, will allow an opening and a new committee structure to examine the reality of not only children as innocent victims of Government-induced recession, but also the growth and development of children's individual potential as our most precious resource.

Mr. Evans: Mr. Speaker, I would be interested in asking the Hon. Member a question. According to my figures, the Bill now before the House would result in a decline in Family Allowance payments of about $1.50 a month per child. The

Hon. Member has put forth a proposal which would result in an expenditure saving to Government of about $500 million in any one year.

With the kind of response that the Government has received from the Opposition with regard to a proposal which would reduce expenditure level by $1.50 a month per child, could he explain the kind of reaction he would expect that the Government would receive from the Opposition if we put forth a proposal which would reduce the level of expenditures on behalf of children in Canada by $500 million a year?

Mr. Wenman: The Hon. Member must realize that the figure of $1.50 which he has used is a very nice figure because, in order to reach that figure, an average is taken across the board. The inequity which I wanted the Hon. Member to address is that there could be as much as a difference of $100 a year between the middle-income person earning $35,000 to $40,000 and the person earning an income in the $12,000 to $20,000 block.

• (1300)

Instead, would the Hon. Member answer my question in this case or, in the form of a comment, state that in fact this is not so? This inequity is in fact in the Bill. Can he assure me that he will bring an amendment forward to correct this inequity? Is he in fact doubting?

I am quoting figures from an economist. The Hon. Member is an economist himself. Is he questioning these figures? If he wants to question these figures, then he had better not have closure today. The Government had better refer this matter to a committee so that this man can be brought forward to present his facts and figures. It is common-sense logic that if you cut a big bureaucracy in the middle, there has to be a big saving. If you make direct payments, it is common-sense there would be a saving to the Government and you would increase the amount of money received by individuals.

The Acting Speaker (Mr. Blaker): I think the Chair should indicate that it is past one o'clock. I want to remind Hon. Members that the period for questions and answers is to continue immediately following the Question Period. By my calculations, there would be approximately eight minutes left in the time remaining as soon as we go to Orders of the Day following Question Period.

It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1.02 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

S.O. 21

STATEMENTS PURSUANT TO S.O. 21

[*English*]

HUMAN RIGHTS

URUGUAY—DROPPING OF CHARGES AGAINST FATHER PEREZ AGUIRRE

Mr. D. M. Collenette (York East): Madam Speaker, as Vice-Chairman of the External Affairs and National Defence Sub-Committee on Latin America and the Carribean, I had the honour, last August, to lead a parliamentary delegation to South America.

During our stay in Uruguay we had the privilege to meet Father Luis Perez Aguirre who is Uruguayan Co-ordinator of the Nobel Prize winning Peace and Justice Service of Latin America. For nearly two years Uruguayan authorities have threatened Father Aguirre, calling him to regular investigation sessions and banning his organization's information bulletin. His support of the Mothers Committee for the Disappeared, and support for relatives of political prisoners, had resulted in strict surveillance and repressive action on the part of the police and the armed forces. In fact, the day before we met Father Perez Aguirre in Montivedeo last August, he had been informed that charges would be laid as a result of his human rights work. Conviction would have meant imprisonment and probably torture in La Libertad Prison.

Upon our return, we were resolved to bring the plight of Father Perez and his unjust treatment to the attention of Canadians. In particular, my colleagues, the Hon. Member for Kingston and the Islands (Miss MacDonald) and the Hon. Member for Saskatoon East (Mr. Ogle) took the lead in informing the Canadian public.

As a result of representations made to the Government of Uruguay, Madam Speaker, by many Canadians and Members of Parliament, I am pleased to state that today I have received information that all charges against Father Perez Aguirre have been dropped. This is a testimony to the action of many Canadians and their Members of Parliament who have expressed their abhorrence of human rights abuses in Uruguay. It is also an indication, I hope, Madam Speaker, that the Government of Uruguay is concerned that the past dark decade of repression has become an unconscionable blight on the otherwise enlightened and civilized history of the Uruguayan nation.

* * *

MACDONALD ROYAL COMMISSION

REMUNERATION OF COMMISSIONERS

Mr. Gordon Towers (Red Deer): Madam Speaker, the composition of "Big Mac's" Royal Commission on the economy continues to be astounding. If Mr. Macdonald is intent on building up a "Team Canada", he should concentrate on filling positions other than left wing.

S.O. 21

Recently two more Saskatchewan re-treads, Messer and Shoyama, responded to a call to further NDP policy at yet another level. This war is too important to rely on generals from the left wing, and hiring halls for re-treaded socialists. Heaven knows there is an abundance of expertise out there waiting to be tapped, men and women with sound marketplace experience in agriculture and industry.

The rates of pay for the Chairman and the Commissioners are far too generous in the light of the Government's six and five program. The Government's generosity has placed a favoured few well above the poverty line. The per diem rates are distasteful, disgraceful, and obscene. My disgust is best expressed in the words of the Bard of Dromore:

Big Mac, Big Mac, Canadians have had their fill,
You've got your arm too far into the till!

Some Hon. Members: Oh, oh!

* * *

MEDICAL CARE

DOCTOR-PATIENT RELATIONSHIP

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, I share the concern of Dr. C. B. Mueller, a professor of surgery at McMaster University, and other physicians who have contacted me, that the measures currently contained in the "Canada Health Discussion Paper" would place the physician in the role of an employee of the state, that is, a civil servant, thereby distorting to a degree the traditional doctor-patient relationship. This relationship is a very special convenant. In the framework of an employer and employee contact, the patient is the employer and the physician the employee. In this single specific relationship the physician has no other obligation than to care for his patient. When the physician is employed by an agency, or by the Government, this special relationship between patient and physician is blurred.

If the employer is either the federal or a provincial Government, the physician will be unable to carry out his responsibilities to the patient and the patient alone, without considering other influences or directions laid down by the Government of the day. In such situations, despite his or her best intentions to the contrary, the doctor would experience difficulties with the time-honoured precept that the physician's first concern should be the good of the patient.

In my opinion the right to "opt out" of Ontario's model medicare creates an essential freedom for the medical profession and must be retained. In this way the doctor's primary responsibility to the patient rather than to the state will not be breached. I do not advocate "opting out", but I believe that it does provide a safety mechanism through which physicians—

Madam Speaker: Order. Order, please. The Hon. Member for Grey-Simcoe (Mr. Mitges).

HAZARDOUS PRODUCTS

UREA FORMALDEHYDE FOAM INSULATION—IMPACT ON TAX BASE OF MUNICIPALITIES

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, home owners who insulated their homes with urea formaldehyde foam all across Canada have applied for and received assessment reductions averaging 20 per cent to 25 per cent to reflect the adverse effect of urea formaldehyde foam insulation on the market value of their properties. In small communities, particularly, this has had the effect of reducing the tax base to the extent of about two mills or more, because their main and sometimes only source of revenue is realty taxes.

Since it was in fact CMHC which approved UFFI for home insulation in the first place, as a safe and non-hazardous product, it is only fair to state that the federal Government should be assuming some responsibility for financial assistance to those municipalies. As well, the Government should issue a statement setting out the Government's long-term policies with respect to urea formaldehyde so that municipalities may have some idea of the long-term effect of these value reductions on their tax base.

The Minister of Public Works (Mr. LeBlanc) has been made aware of this important problem, and it is my hope that he will discuss this with his colleague, the Minister of Finance (Mr. Lalonde), and that a favourable solution will be reached and reflected in the next budget.

* * *

ENERGY

EXPORTATION OF LIGHT CRUDE OIL

Mr. Jim Fulton (Skeena): Madam Speaker, in 1972 the then Minister of Energy, Joe Green, said that Canada had 932 years of natural gas and 390 years of crude oil supplies. Less than six months after that statement, Canada began importing large quantities of crude oil, something which continues to this day. The oil industry, and certain political groups, have cruelly misled Canadians to believe that energy exports, particularly of light crude oil, are in our nation's interest. The Liberal Government of today, Madam Speaker, claims that additional light crude exports of 40,000 or more barrels per day are all right by it. This, added to the export of 200,000 barrels per day of heavy crude, makes a sham of the proposed "energy self-sufficiency" by 1990.

Canadian consumers paid out $3.16 billion in 1980-81 under the Oil Import Compensation Program, which is nothing more than a tax on consumers, drives up Canada's adverse balance of payments, and pours additional millions into the coffers of the multinational oil barons.

The Public Accounts Committee of this House, and the Auditor General, raised this matter last year, and the "ironclad" Minister of Energy promised to take actions to improve the domestic market for domestic crude and thus lower the level of imports. As a result of inaction, western oil has been

shut in and the producers have found the new Minister an easy mark to sell out Canadian consumers for quick oil company profits.

Surely, Madam Speaker, the solution is to expand the capacity of the Trans-Canada Pipeline so that Canadian crude can access eastern markets. This would create jobs in steel and construction, improve sales of western producers, increase taxes for Canada and western Provinces, and reduce our balance of payments.

* * *

BANKS AND BANKING

RESPONSIBILITY TO SMALL BUSINESS SECTOR OF ECONOMY

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I am rising because over the past several months, like many Members opposite and on this side of the House, I have received calls from small business persons, small entrepreneurs, who have been facing difficulties with their banks and financial institutions when their loans have been called. The world economy is facing a shutdown, and one of the results in our country has been difficulties with high interest rates which have been experienced by all Canadians. The Government has taken measures to protect the people hit hardest, home owners, small businesses, and farmers. We have adopted the six and five program, the essence of which is that all Canadians have a responsibility to share and bring about our economic recovery.

Our financial institutions have a critical role to play in that recovery, Madam Speaker, and we would hope that, at a time when the banks may consider themselves over-extended, be it internationally or with large domestic loans, they will not forget their responsibilities to the small people of Canada, the home owners, the small businesses, and the farmers. We all have an obligation to work our way through this recession together.

* * *

TRUST COMPANIES

GRAYMAC MORTGAGE CORPORATION AND SEAWAY MORTGAGE CORPORATION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Government of Canada knew that Greymac Mortage Corporation and Seaway Mortgage Corporation were operating in contravention of the provisions of the Loan Companies Act and Trust Companies Act in March, 1982. Yet the Government of Canada deliberately allowed those corporations to continue to suck money out of an unsuspecting public, and to continue to operate in an unsound and improvident fashion until they were finally closed down by the actions of the Government of Ontario. The Government of Canada has powers under the Canada Deposit Insurance Corporation Act to remove deposit insurance from member corporations. Greymac and Seaway were member corporations, yet they continued to have all the favours of this Government.

This Government stands indicted, Madam Speaker, for the loss of millions and millions of dollars by persons, municipalities, and boards of education, which were led to believe these companies were sound. This Government has an obligation, having taken the clear position that Greymac and Seaway should be allowed to continue to operate, to compensate all those who were led down the garden path by the Government's refusal to act responsibly.

* * *

• (1410)

CANADIAN BROADCASTING CORPORATION

PROVISION OF ENGLISH PRODUCTION FACILITIES IN NEW BRUNSWICK

Mr. Maurice Harquail (Restigouche): Madam Speaker, I am pleased to take the opportunity today to focus on a problem within the Province of New Brunswick respecting broadcasting. I want to bring to the attention of the House and the Minister of Communications (Mr. Fox) that, after these many years, as Madam Speaker will appreciate, Canadians in New Brunswick, certainly northern New Brunswick, feel it is time that the CBC allocate the funds necessary to install production capacity in New Brunswick for English CBC broadcasting, which does not exist today.

I would implore the CRTC, the Department of Communications and the CBC, to look seriously at allocating the permits and approvals necessary for CBC to install these facilities in what has to be one of the last Provinces in the country to receive Canadian broadcasting television production capacity. At the same time I would like to encourage the CBC to get on with completing their radio broadcast facilities for English programs in that Province.

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AGRICULTURE

FEDERAL-PROVINCIAL RESPONSIBILITY FOR SOIL CONSERVATION

Mr. Doug Neil (Moose Jaw): Madam Speaker, in November of last year PFRA published a report entitled "Land Degradation and Soil Conservation Issues on the Canadian Prairies". I quote from page 18:

> Almost four decades have passed since any form of concerted effort towards soil conservation has existed in Canada. Clearly a situation exists where an effective response to emerging soil degradation problems by both federal and provincial Governments must be considered essential.

The Government's downgrading of PFRA over the years, and its lack of interest in and minimum funding for agricultural research, must be condemned, as should be the Minister's recent cutback of 26 researchers in the West. As stated in the report, the responsibility for solving the problem is a joint one,

provincial and federal. Unless there is co-operation and co-ordination between these levels of Government, there will never be an effective program of research and development in the area of land degradation and soil conservation.

I believe it is essential that the Minister of Agriculture (Mr. Whelan) table the document in this House and refer it to the Standing Committee on Agriculture for consideration. At the same time it is essential that the Minister enter into discussions immediately with his counterparts on the Prairies to develop a program of co-operation which is so important if we are to have an efficient and effective program of research in this field.

* * *

NORTH-SOUTH RELATIONS

CONSEQUENCES OF UNITED STATES ECONOMIC POLICIES

Mr. Bob Ogle (Saskatoon East): Madam Speaker, yesterday in Bonn, Germany, Ex-Chancellor Brandt, Ex-Prime Minister Heath, and Sir Shridath Ramphal, Commonwealth Secretary General, issued a statement on North-South relations which carries back to their commission's work of two years ago. In this statement they indicate that the recession they predicted in their report of two years ago is now slipping toward a world depression unless there are immediate steps taken to curtail it. They point out that U.S. Reaganomics is one of the major reasons for there not being an economic upturn around the world and why Third World countries have fallen into an even greater and more difficult situation than they were in before.

I would like to call the attention of this House of Commons, of the Prime Minister (Mr. Trudeau), and of the Government and the people of Canada to the fact that the report of two years ago should be seriously looked at again, that the new recommendations made yesterday be looked at, and that we take the serious and important step of seeing that they are put into effect, otherwise the world could, as they indicate, fall into a depression.

* * *

EXCISE TAX

IMPACT OF NATURAL GAS TAX ON FARMERS

Mr. Gordon Taylor (Bow River): Madam Speaker, the enactment of the excise tax of 63 cents per gigajoule, which is approximately one million BTUs, was ill-conceived and counterproductive. It reduced the sale of natural gas and products made from natural gas. Thus it did not produce the desired amount of revenue, and reduced the amount of income tax. It assisted greatly in the rapid rise of farm bankruptcies in the last two years. It is forcing and has forced farmers to limit the use of fertilizers and chemicals, and compelled producers to increase summer fallow. It has seriously increased the cost of producing food, thus adding to inflation.

The excise tax adds 63 cents to the field price of $1.72 for natural gas, plus the 14 cent Canadian ownership tax and the five cent PGRT. This is excessive taxation, is increasing the cost of food for everyone, and is therefore inflationary. Any tax which increases the cost of food and discourages farmers from producing is ill-conceived and wrong. I recommend that the Hon. Minister of Finance (Mr. Lalonde) remove this burdensome tax in the forthcoming budget.

ORAL QUESTION PERIOD

[*English*]

FINANCE

SIZE OF FEDERAL DEFICIT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, in the absence of the Minister of Finance and of the Minister of State for Finance, my question is directed to the Prime Minister. I am sure he is aware that this week's Government bond issue has been a total failure and that this is a clear signal that investors are expecting interest rates to rise again. Practically every pre-budget submission received by the Minister of Finance has stated that interest rates must come down in the near future or the economic recovery and increase in employment that we desperately need just will not happen.

Since the failure of this bond issue is directly related to the fear that Canadians have about the size of the Government deficit, which is out of control, will the Prime Minister respond to this concern by telling the House what order of magnitude the deficit is going to be in the year just ending, and next year?

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Madam Speaker, I am quite happy to correct the Hon. Member and tell him that today the Bank of Canada rate dropped 15 basis points. That has to be good news.

Some Hon. Members: Hear, hear!

Mr. Fisher: The Hon. Member indicates that interest rates are going to be a key factor in economic recovery, and the Minister agrees. We have seen a continual drop in interest rates since last June. The Minister has indicated to all the business and labour people who have come to see him during his consultations that we will continue to put an emphasis on lower inflation and lower interest rates as key elements in our economic recovery.

As for the bond sale, I am happy to tell the Hon. Member that we expect that to continue in a normal fashion, and we expect the bonds to be sold today.

Some Hon. Members: Hear, hear!

Mr. Wilson: Madam Speaker, if that Member had been in touch with the bond market he would have been told that the reception for today's issue was the worst in history. That

means people are worried that interest rates are going to go up again. If that happens, as the Hon. Member for Willowdale just said a minute ago, the small-businessmen, farmers, fishermen, people who have to refinance their houses and are going to be hit with a knock-out punch before they have recovered from the high interest rates of the past two years.

REQUEST THAT GOVERNMENT INTRODUCE RESTRAINT PROGRAM

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I repeat, to the Prime Minister, since this is such a major problem, will the Government take cognizance of the size of the deficit and show some concern for the problems it has caused, by introducing a real program of restraint, one which will defer or cancel any unproductive spending which does not lead to the creation of jobs?

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Madam Speaker, again I appreciate the question from the Hon. Member. Again I want to point out to him that we view the sale of bonds today as a normal sale and it will be completed today despite his rhetoric.

Mr. Wilson: Then you do not know what you are talking about.

Mr. Fisher: I would point out as well that market conditions over the past couple of weeks have been soft in both Canada and the U.S., and again he has chosen to distort market conditions for his own purposes.

As to his comments on the size of the deficit, I would like to assure him that this indeed is the emphasis that the Minister has been making in pre-budget consultations. We will be happy to take his ideas as part of those consultations and consider his comments as representations.

Some Hon. Members: Hear, hear!

* * *

INDUSTRY

LEIGH INSTRUMENTS CORPORATION—ANNOUNCED CLOSURE IN WATERLOO, ONT.

Mr. Walter McLean (Waterloo): Madam Speaker, in the absence of the Minister of Industry, Trade and Commerce I will direct my question to the Prime Minister since it is a matter of Government policy. Statistics Canada reports that in the Waterloo region in January 22,000 people were jobless out of a total work force of 152,000. This is a record 14.2 per cent, up from 10.8 per cent last month. This past week there has been more bad news.

• (1420)

Leigh Instruments has announced it will close its industrial products division in Waterloo on April 30, with a loss of over 400 jobs. Since this company has received Government grants in the past, and since attempts are under way to salvage this company, will the Government take some initiative to try to keep the plant open while interested parties are trying to put a deal together.

An Hon. Member: Is there no one to answer over there?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will be happy to take note of the question on behalf of the Parliamentary Secretary.

Mr. McLean: Madam Speaker, I see that the Minister of Industry, Trade and Commerce is now about to enter the House. I wonder if I could ask the Minister to answer the question. In light of the unemployment situation which is serious in Waterloo region, which I have just outlined to the House, and in light of the announcement that Leigh Instruments will close with a loss of over 400 jobs in April, will the Government take some initiative to try to keep the plant open while interested parties are trying to put a deal together?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, first of all I want to apologize to the Hon. Member for not being here at 2.15 p.m.

I am not familiar with the specific details of the operation of Leigh Instruments, other than what I have read in the press, because we have not received any official information. As the Hon. Member knows, the Government of Canada did designate the Kitchener area for ILAP, which was one of the first seven or eight areas in Canada so designated, so that area has had some success already. I will take the Hon. Member's point and will look into that specific situation.

Mr. McLean: Madam Speaker, I want to thank the Minister for his reminder of ILAP, and the designation.

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INDUSTRY AND LABOUR ADJUSTMENT PROGRAM

REQUEST FOR EXTENSION OF KITCHENER-WATERLOO DESIGNATION

Mr. Walter McLean (Waterloo): Madam Speaker, as the Minister will also know, yesterday B. F. Goodrich Co. Ltd. announced that it is seeking to sell its engineering products division in Kitchener, putting in jeopardy 545 people's jobs, 116 of whom will be laid off on March 11. As attempts are being made to find a buyer for the expendable Leigh and Goodrich divisions, continuing federal Government support is vital. My question to the Minister: in light of the ILAP designation at the moment, is the Minister prepared to indicate to Kitchener-Waterloo that the ILAP designation will be extended, as has been requested?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Hon. Member knows, even from his own colleagues in the area, there are a substantial number of

requests from communities all across Canada, first of all, to be designated for ILAP. I think Kitchener has had a jump on everyone else and some substantial benefits have accrued as a result of designation by the Government of Canada. His specific concern will be considered.

* * *

FINANCE

GOVERNMENT TAX POLICY

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. Yesterday the Member for Vancouver East was asking the Prime Minister questions concerning the fact that we now have more than 3.5 million Canadians who are living in a state of poverty. Neither he nor the Minister of National Health and Welfare expressed any undue concern about this reality. Indeed, it was suggested that the Government would have no new programs in the forseeable future to help the poor. My question to the Prime Minister is this: is he aware that we have a Bill before the House now at second reading stage that will in fact put a disproportionate tax increase on the poor, in comparison to the rich?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the assertion of the Hon. Member when he says that we are doing nothing to help the poor is obviously wrong. There are a whole series of measures particularly affecting the poor who are unemployed, which are in train now, and which are going to cost the Government and the people of Canada about $2 billion. So it is a slight exaggeration to say we are doing nothing.

As to the poverty line, the Hon. Member knows that that is a figure which is arbitrary in many ways. It is in dispute by the Council of Welfare which itself uses these statistics. The definition of poverty is not one on which there is any agreement, and I think it is a bit simple to just draw a line and say that everyone below that line is below the poverty line. That line is very much higher than it was several years ago. It is a moving line. It means that the people of Canada generally are getting richer. It means, since the average Canadian is getting richer, therefore the average poor person becomes poor at a higher level than he did ten years ago. So it is a conceptual notion which is debatable and which I would be happy to debate with the Members back there who are shaking their heads in ignorance.

Mr. Broadbent: Madam Speaker, the Prime Minister continues to reveal his deep and abiding concern with the problems of the poor. One thing is certain. A Government that cared about the poor would not increase taxes on the poor at a higher rate than on the rich. That is clear.

EFFECT OF TAX LEGISLATION ON LOW INCOME FAMILIES

Hon. Edward Broadbent (Oshawa): Madam Speaker, I want to ask the Prime Minister in this context, since the Canadian Council on Social Development has said that a family of three living on $18,000 a year is living in poverty, does he think it is reasonable that we should be debating a Bill in this House which will increase taxes on this family living in poverty, by 23 per cent, but increase taxes on a similar family of three earning $100,000 a year by only 10.5 per cent, less than one half. If he does not think that is fair, will he at least have the decency to make a commitment to the House to amend the Bill so that this unfairness is removed?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, obviously the Hon. Member is debating the Bill itself. There will be ample time to do that during the meetings of the House. If the NDP wants to move amendments, it can find out from the Member sitting next to the Leader how to move an amendment in this House, and what process is used to debate it.

GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Madam Speaker, it is obvious the Prime Minister just does not care. He looks after his rich friends, puts Pitfield in the Senate and puts Macdonald in a $900 a day job in a Commission, but does not do a thing about the poor of the country. That is the Prime Minister.

He has just talked nobly about an NDP amendment. I would like to ask him, and put him on the spot, if the New Democratic Party moves an amendment to remove this injustice which taxes the rich in terms of increases at half the rate it is going to impose on those at the poor level, will the Prime Minister for once act, instead of just talking about noble principles, and will he commit his Government to supporting that amendment?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member is saying, instead of talking will we act. If the Hon. Member would act and move his amendment, then we would know what he is talking about, maybe.

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INDIAN AFFAIRS

UNEMPLOYMENT ON RESERVES

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, in the absence of the Minister of Indian Affairs I will direct my question to the Minister of Employment. Since there are over 200,000 status Indians unemployed, and because we have not been able to find where the Indian Economic Development fund is, that fund that was announced with the Western Development Fund of some $345 million, of which $45 million should have spent before this month is out, I wonder if the Minister could help the Minister of Indian Affairs find that

money. There is between 60 per cent and 80 per cent unemployed on most reserves. The situation is desperate. At the same time, could he assist the House by telling us how many native Indian people will be employed under the initiative that he is now signing with the Provinces?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am very pleased to be able to respond to the Member on that question, particularly to tell him and Members of the House that, just last Friday, the Minister of Indian Affairs and I worked out an agreement whereby some $21 million under the NEED program would be directly allocated to work on Indian reserves across Canada, particularly to help native people in the development, restoration and construction of housing on reserves. So we have been able to use the NEED programs as a way of providing major assistance to native people in those particular areas.

In addition to that, my colleague, the Minister of Industry, Trade and Commerce, and I were successfully able to negotiate and complete a Northlands Agreement with the Province of Manitoba for about $160 million, to provide major employment opportunities for native people. So we are trying to use a number of existing programs that the federal Government offers as a way of targeting directly at those particular needs.

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AGRICULTURE

APPLICATION OF FEED FREIGHT ASSISTANCE PROGRAM TO MARITIME FARMERS

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I have a question for the Minister of Agriculture. The Minister is aware that there is enough underdeveloped agricultural land in the Maritimes at least to double the output of livestock and poultry in that region. However, with the Minister's proposal to can the Crow, Maritime producers have been put under a tremendous handicap. The cost of feed grain in the Maritime region will now be crippling. Will the Minister address himself to the plight of farmers in the Maritime region and come up with a formula under the Feed Freight Assistance Program which will at least give them parity with their Prairie brothers?

• (1430)

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I have met with representatives of the Maritime Provinces in the last few days. We are very much aware of their concerns, but we think that a lot of them are unwarranted, for instance the increase in the price of grain. What really rules the price of grain is the Chicago market. The Chicago market will rule the price of corn and barley no matter where it is sold, in the world or in eastern Canada.

They will not be at the disadvantage which the Hon. Member is saying. If the agri-food strategy is developed like we say it should be developed, they will be in a position where they will be more competitive than ever. That land will be developed under the programs which we are developing. We intend to work in co-operation with them.

Mr. Corbett: Madam Speaker, the Minister will know that what controls the price of feed grain now in the Atlantic region, as across the nation, is the Minister's decisions which he alone will be taking.

DIVISION OF FUNDS BETWEEN QUEBEC AND NEW BRUNSWICK

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my supplementary question is directed to the same Minister. His Department has earmarked $130 million to assist those regions which are not now self-sufficient to become self-sufficient in grain production. I think that is commendable. Will the Minister advise the farmers of New Brunswick what strange formula or strange new math he used in divvying up the particular $130 million which gave Quebec $90 million and the Province of New Brunswick a paltry $4 million?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am sure the Hon. Member has read the agri-food strategy and what it says about developing all potential agricultural areas we have, and how they can be developed. Those which can be developed to the greatest economic advantage will be the ones developed first. We say that New Brunswick, for instance, has a tremendous potential. The Province has a role to play, but for years the Province of New Brunswick neglected agriculture in that Province, probably more than any other Province in Canada. That is not true at the present time. The Minister who is there at the present time seems to want to go ahead and develop agriculture in New Brunswick. We can do that together.

The programs which we have in that Province are commendable. They are good, they are working. The Hon. Member said "a paltry" sum. If one checks the productivity of New Brunswick as against Nova Scotia, Prince Edward Island and Ontario, for example, which receives $16 million, one will see that Ontario has a grain surplus producing area. It will produce a million tonnes of surplus grain to be sold on world markets, et cetera, and that type of thing. I am sure the new program for productivity in New Brunswick will make it what the Hon. Member wants it to be and what we all want it to be—a much more productive area than it is at the present time.

EASTERN APPLE PRODUCERS—REQUESTS FOR ASSISTANCE

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is directed to the Minister of Agriculture. Will he tell the House what his Department has done with regard to requests for assistance to eastern Canadian apple producers whose orchards suffered severe, irreparable, and extensive frost damage in the winter of 1981, and subsequently?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member has brought this to my attention, as have other Hon. Members, especially those from the

Province of Quebec which has suffered the largest loss because of the severe winter of 1981. The damage had to be measured over a period of time because frost damage does not necessarily show up the first year. It can be in the second year and the third year. With regard to the Hon. Member's Province, there has been no representation by the Province saying, "Look, this is a disaster; it is too big for the Province to look after." The producers in Quebec have made that kind of representation. The Province of Quebec has made some representations but has not called it a disaster. The Province of Ontario has made some representations. We are looking at those three Provinces.

The producers of Quebec have made a claim for, I believe, $62 million to replace their losses. I think the damage in New Brunswick is about 7 per cent of over-all losses which have taken place between Ontario and Quebec. Quebec has the massive loss. We hope to have a report in the next few days or the next few weeks.

Mr. Howie: I thank the Minister for his answer, whatever it was.

REQUEST FOR EARLY DECISION

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, the Minister has been in New Brunswick, in many of the areas which have been affected by severe frost. I am sure he knows about the difficult and severe situation in which farmers in Eastern Canada find themselves through no fault of their own. Would the Minister meet with his Cabinet colleagues and press for an early and favourable decision on the request made to him by eastern apple producers?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member is no different from Hon. Members on this side who have the same problem in their constituencies. We are hoping to bring something forward which will be satisfactory, in the not too distant future.

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[*Translation*]

RAILWAYS

FEED GRAIN TRANSPORTATION—PROPORTION OF SUBSIDIES GOING TO WEST AND TO QUEBEC

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, my question is directed to the Minister of Transport. Since the new grain transportation policy was announced on February 1, there has been a great deal of discussion in the press and among various groups in Quebec about the fact that western producers will be receiving $3.7 billion, compared to $93 million in Quebec, and it was claimed that these figures were out of all proportion. I would therefore like to ask the Minister whether he could inform the House how payments are going to be opporhoned under the new policy, especially to the railways, and perhaps give us a breakdown of the $3.7 billion?

Hon. Jean-Luc Pepin (Minister of Transport): To be able to give you a breakdown, I will have to limit myself to the conclusion, which is that if we look at how the $3.7 billion the Federal Government is going to invest in this plan during the next four years is going to be distributed, we see that producers will be getting approximately $1 billion over four years, which is about 27 per cent of the total $3.7 billion. I may add that the western grain producer will be paying more for grain transportation, and in the final analysis, western producers are going to pay twice the amount they are paying now under the Crow Rate system, that is twice $150 million, and that is going to mean definite increase in payments by producers.

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[*English*]

GRAIN

TIMING OF CHANGE IN CROWSNEST PASS FREIGHT RATE—EFFECT ON EXPORTS

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is directed to the Minister of Transport who also represents the Minister in charge of the Canadian Wheat Board in the House. The Minister in charge of the Wheat Board was quoted as saying that our international competitors in the grain market have an advantage over Canadian producers due to high domestic subsidies in those countries, and that Canada will have to lower its asking prices in order for its grain to meet the competition. In light of these market realities could the Minister explain why the Government is choosing this particular time to kill the Crow, the one long-term program we have to keep our landlocked farmers competitive in world markets?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, as I said two days ago, the debate on subsidies being paid to grain producers around the world is a long-standing one. In our instance in this particular item, the payments are made for production and transportation. We think in international terms that they are comparable with and lower than what other countries of the world pay in similar areas. The debate, as I see it, is not really one of quality. It is one of quantity. From our point of view, others are doing more in terms of subsidizing their export program than we are.

Mr. Althouse: The Minister seems to have missed the point of the question. I was asking why they chose to reduce any semblance of subsidy in this country when it is fairly obvious that other countries are increasing their subsidies because of increasing competition and price cutting throughout the world.

REQUEST THAT MINISTER TABLE STUDIES

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, perhaps the Minister of Agriculture could explain why he has been making statements indicating that both the East and West will benefit from the disruption to the agricultural community as a result of the rapid change in the Crow.

Will he table in the House the studies which must have been done to prove what he has been saying, so that we can look at the assumptions to see where the increased production will take place, how it will take place, where it could be sold and, more important, at what price?

• (1440)

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I do not know whether the Hon. Member has the documentation. Loads of documentation have been made public. If he has read all of it, the Hon. Member should know which figures and so on that we are using. I do not know of any document that we have used that has not been made public, but I will check and find out if there are others that are available. If there are and if these are working documents that have not been made public they will be because I think that even a blind economist on a galloping horse could see that what we are saying is true.

Some Hon. Members: Oh, oh!

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PENITENTIARIES

CANCELLATION OF UNIVERSITY TUITION FOR INMATES

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question, if I can complete it without interruption, is for the Solicitor General. Is he considering reversing his incredibly inept decision to cancel the college and university course program in federal prisons?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I am not considering reversing that decision. But as I indicated at the time, I am encouraging the Correctional Service of Canada and others to come forward with far less expensive methods of providing post-secondary education for inmates.

Mr. Epp: Private diplomas.

Mr. Kaplan: I have in mind the types of programs that existed, about which the Hon. Member should know, before the present university contract program was introduced, and other ways.

OFFER OF OFFSETTING EXPENDITURE CUT

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, as one who had a little bit to do with the continuation of that program in the first place, may I present this challenge to the Minister? If we can show the Solicitor General where to save $712,000 annually elsewhere in his Department, will he then reinstitute this very worth-while program?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I think it is the responsibility of the Opposition, and of all Members, to come up with ways in which the Government can perform its functions more efficiently.

Mr. Crosbie: Resign.

Mr. Kaplan: I would like very much to see the cuts which the Hon. Member would propose.

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[*Translation*]

MACDONALD ROYAL COMMISSION

INQUIRY WHETHER REMUNERATION OF COMMISSION COULD BE REDUCED

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Right Hon. Prime Minister. Yesterday, the Minister of National Health and Welfare admitted there would be nothing in the next budget to provide relief for 750,000 elderly Canadians who are living in poverty. Since the Government has already agreed to pay Mr. Robert and Mr. Macdonald between $800 and $900 per day for a study on the economy, could I perhaps ask the Right Hon. Prime Minister, considering the astonishment with which Canadians received the news about these stipends, whether it occurred to him to ask those great Canadians, Mr. Robert and Mr. Macdonald, to take a cut in salary in order to help us build up the country's economy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, yesterday, I suggested the Member for Joliette ask the Members for Vancouver Centre and Saskatoon West what they were being paid as lawyers or what they were paid by the Clark Government when the Member for Vancouver Centre was working for that Government. Could he give us some figures and the number of hours per year, Madam Speaker?

Mr. La Salle: Fifty dollars an hour!

Mr. Trudeau: How many hours per year, Madam Speaker.

Mr. La Salle: He did not work that long.

Mr. Trudeau: The Hon. Member forgot to ask and is quoting a figure at random. I am going to ask his permission to check this information. Regarding the statement made by the Minister yesterday, Madam Speaker, the Hon. Member completely misunderstood. There is no way anyone can know what will be in the budget because the budget has not even been drafted. Neither the Minister nor myself know any of the details of the budget, and as the House is aware, it will be a while before the budget is brought down. Perhaps the Hon. Member should refrain from speaking in the House if he is going to misinterpret perfectly logical answers given by the Minister.

Mr. La Salle: Madam Speaker, I have a supplementary. Yesterday I asked the Prime Minister to inform the House how much Michel Robert had received from the Government during the last three years. I hope the answer to that question will also be forthcoming from the Government side. In any case, since wage increases were considered to be an important factor in the inflationary spiral, could the Minister inform the House today how Canada's intrepid Liberals are going to convince Canadians that wage cuts are necessary to maintain inflation at a reasonable level? I would appreciate it if the Minister would tell me whether or not the credibility of these men will suffer as a result of the remuneration they are receiving from the Government at the present time?

Mr. Trudeau: Madam Speaker, since we are exchanging questions, the Hon. Member mentioned $50 an hour. For an eight-hour day that would be $400 per day. Mr. Macdonald is getting $350.

Mr. La Salle: Nine hundred and twenty-five dollars, to be more exact.

Mr. Trudeau: Madam Speaker, perhaps the Hon. Member would care to listen to what I am saying and refrain from shouting as he did yesterday when I was trying to answer his questions. Fifty dollars an hour is $400 a day. I also asked him to find out from the Member from Saskatoon what he was charging in his law office. When he does, he will realize what lawyers are being paid. I mentioned Mr. Mulrooney yesterday. The Hon. Member can find out. He has a number of friends in the Progressive Conservative Party who are lawyers. He will see how their figures compare. As far as the fight against inflation is concerned, the Hon. Member knows full well, as I explained yesterday, that we have managed to bring inflation down from 12.5 per cent to around 8 or 9 at the present time. And it is still going down. I think that instead of criticizing for no reason at all, the Hon. Member should support the Government in its efforts to bring down inflation.

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[*English*]

UNEMPLOYMENT INSURANCE

LANGUAGE TRAINING FOR QUEBEC RECIPIENTS

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, I have a question for the Minister of Employment and Immigration. For some time now his Department has been considering a proposal to allow Anglophone unemployment insurance recipients in Quebec to take French language training required for work purposes without losing their unemployment insurance benefits. As the Minister will appreciate, it is almost impossible to find work in Quebec without a knowledge of French, and consequently it is an essential work skill. Would the Minister say whether his Department has made a decision on this matter to allow unemployment recipients to take a language course where necessary for work, without losing their unemployment insurance benefits?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, first I would like to thank the Hon. Members for Notre-Dame-de-Grâce-Lachine East and Laurier for having brought this very important question to my attention. I want to report to the Hon. Member that I am personally very sympathetic to the proposal that we adjust the regulations for unemployment insurance to allow language training where it is a job-related matter. What I intend to do, in fact, I have already started the process, is to refer the matter with a recommendation to the Commission to examine the implications and to make a decision within a matter of a week.

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FISHERIES

REQUEST THAT CHARGES AGAINST BRITISH COLUMBIA INDIANS BE DROPPED

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is for the Minister of Fisheries and Oceans. I was pleased to see that the Minister apologized to the Indian people in British Columbia for remarks made by his Department regarding the 129 Indian people who were arrested on fisheries charges after an entrapment process especially designed for Indian people. Will the Minister request the Minister of Justice to drop all charges based on entrapment so that the Minister of Fisheries can establish a proper working relationship with the Indian people, a relationship that will do justice to their historic rights in the fishing industry and will also protect our fisheries resource? Will the Minister see that these charges are dropped?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, when I met with the Indian people, they told me that an impression had been created leading people to believe they were the worst offenders under the Fisheries Act. That is not so and I have told them that. But let me state it publicly.

Over the last three years in British Columbia 80 per cent of the charges laid by my officers were against white people. If any impression was created that the Indians are the only ones committing offences, that is incorrect. For having involuntarily created any inaccurate impression, I apologize publicly.

As for the charges, it would be completely contrary to my duty to comment on something which is the sole responsibility of the Minister of Justice. The Minister of Justice has told me to convey to the Indian people that if they have any grounds on which the charges can be dropped, that the Minister would study them. I have conveyed that message to the Indian people and it is up to them to put before the Minister of Justice any arguments, facts or elements for his consideration.

• (1450)

SOCIAL SECURITY

PROGRAM INFORMATION FOR MINORITY GROUPS

Mr. Laverne Lewycky (Dauphin): Madam Speaker, my question is directed to the Minister of Multiculturalism. The Hum and Chan Study on Chinese in Winnipeg indicates the problem of program take-up for Old Age Security and the Guaranteed Income Supplement among minority groups. Has the Directorate of Multiculturalism undertaken, or will the Minister undertake studies on this problem, and has the Minister of National Health and Welfare conferred with him on the negative and discriminatory way in which her six and five bills disproportionately affect groups such as the Chinese, who, I might add, are celebrating 125 years in Canada this year and are celebrating the Chinese New Year as well this weekend?

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, while celebrating, may I congratulate the Hon. Member on his recent marriage.

Some Hon. Members: Hear, hear!

Mr. Fleming: May I also thank him for giving me notice of his question, although I just received it in the course of Question Period. Therefore, I am not familiar with the detail of the Hum and Chan study.

I have had a chance in the last few minutes to talk to the Minister of National Health and Welfare. She has indicated to me that, indeed, in the case of the Guaranteed Income Supplement, there are some indications, if I am correct, of difficulties because of language barriers, particularly for some of our Canadians of particular ethnic origins, in becoming aware of the availability of the program and taking up the opportunity. I know that through our discussion and notice of the question that she has indicated to me she will be looking further to see what can be done about that situation. However, I do not see how that can relate to the six and five program.

Mr. Malone: Madam Speaker, I trust that the Hon. Member for Dauphin will be sending a copy of today's *Hansard* to his fiancee.

Some Hon. Members: Oh, oh!

Mr. Epp: Wrong again, Jim.

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RAILWAYS

MEASUREMENT OF PERFORMANCE IN TRANSPORTING GRAIN

Mr. Arnold Malone (Crowfoot): Madam Speaker, my question is directed to the Minister of Transport. It is based on the same question that I asked the Prime Minister a week ago. Bearing in mind that he has stated his intention of making changes with respect to the Crow rate, and knowing that the railways will be getting more funding from both the Government and the farmers, will there be an assured method of guaranteeing a record of performance by the railways and how will that performance be measured? Will there be a penalty attached such that the Government can ensure that the railways will meet the record of performance that is established in the new legislation that is to come forward?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I believe I can make three points on the subject. First, the railways, in return for interim payments, have committed themselves in public to a number of investments. This is public knowledge now, so anyone in Canada, particularly the press, will be in a position to judge the implementation of these investments.

Second, with respect to CN at least, CN has to present an annual budget and a five-year plan to the Government so that the Minister of Finance, the Minister of Transport and others will be in a position to determine if CN in particular is living up to the five-year plan that it has presented to the Government.

Third, in addition to all that we will have a system under which the co-ordinating agency will supervise and monitor the guarantees that the railways will be giving on a yearly basis as, for example, to how many tonnes they will transport to Thunder Bay, Vancouver, and so on.

There will be a trial period—this is possibly what my hon. friend is talking about—in which a system of punishment and rewards will be tested. After a trial period this will be implemented on a fully executive basis.

Mr. Malone: Regarding the notion that the railways would make a commitment to themselves, the Minister should be reminded that Judas made commitments to himself.

MONITORING OF VOLUME DELIVERIES

Mr. Arnold Malone (Crowfoot): Is the Minister presuming that it is satisfactory to call for an increase in the cost to farmers without in fact having a specific target of delivery by volume within the legislation, and that this will be left to a Government five-year plan without farmer input into that plan, and left to a study of the railways without having penalties attached? To do otherwise is simply to tax the taxpayers and tax the farmers for the good of all Canadians for the movement of grain, but with no results for guarantee of delivery. Will the Minister at least take under advisement that there is a necessity to have a guaranteed commitment of volume delivery, otherwise the plan is doomed to failure?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the monitoring agency will have representatives of different groups in the grain industry. There representatives will be able to make their views very well known.

My hon. friend should compare the future regime to what exists now. What exists now is a fixed rate of one-half cent per

tonne-mile. There is no obligation on the part of the railways now to deliver at that rate.

Mr. Benjamin: There is so.

Mr. Pepin: They cannot deliver at that rate. The most they are committed to is best effort.

The fixed rate is there. The fact that railways were not in a position to carry grain at that price is why the federal Government, for over a decade, has had to invest $1.1 billion in the purchase of hopper cars, rehabilitating branch lines and so on.

I am saying that the regime which we will establish will provide much better protection to the farmers than they have now. I will demonstrate that ad nauseam in due course.

MINISTER'S STATEMENT IN RIMOUSKI, P.Q.

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I have a question for the Minister of Transport who, this past week, has been on a Liberal travelling caravan in the Province of Quebec. I want to ask him whether or not he in fact stated what is reported in *Le Soleil* of February 8, 1983. Did he state the following to an audience in Rimouski:

[*Translation*]

I quote:

Mr. Pepin made a slip when he called western protesters imbeciles.

[*English*]

I want to ask the Minister on behalf of my friends in western Canada, and in the Province of Quebec for that matter, if what the Minister has said is that people who are opposed to the Government's policies are imbeciles? Did the Minister, in fact, state that, and is this another policy of saying one thing in the Province of Quebec and another thing in Western Canada? Finally, I would ask him if he would come to western Canada and say that on a public stage?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have recently been to western Canada for a number of days now, and what I was referring to was the gross exaggeration on both sides, on the western side as well as the eastern side.

If I may refer to what was said in the House yesterday on that subject, there is absolutely nothing in the publicity issued in Quebec that we are embarrassed about. My hon. friend from Vegreville made a mistake yesterday. I will call it a mistake. He did not quote the whole sentence. I will quote it in French for translation. What we said yesterday was:

[*Translation*]

The new policy will not give a marked advantage to pork and beef producers in Western Canada to compete against those of the East on their traditional markets.

[*English*]

That is quite different from what the Member for Vegreville said yesterday.

Some Hon. Members: Hear, hear!

DESCRIPTION OF OPPONENTS OF RATE CHANGE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, that is all very interesting. What I want to know is—and the Prime Minister smiles. He calls western Canadians uninformed.

Mr. Trudeau: No. I am saying it is interesting.

Mr. Hnatyshyn: Will the Minister confirm or deny that he referred to people in western Canada who are opposed to his policy on the Crowsnest Pass rate as imbeciles, and would he be prepared to come out to a place like Delisle, Saskatchewan, and stand on a platform with me and repeat that statement to western Canadians?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will repeat that those who have grossly exaggerated the effect of the policy, such as one farmer, for example, who said in the West that it would cost him $25,000 more in the first year because of this policy when in fact it will cost him $5,000 more in the fourth year, deserve the qualification—whichever one my hon. friend wants to take.

* * *

• (1500)

ELECTORAL BOUNDARIES READJUSTMENT ACT

TABLING OF REPORT OF COMMISSION FOR THE PROVINCE OF PRINCE EDWARD ISLAND, 1983

Madam Speaker: It is my duty, pursuant to Section 19 of the Electoral Boundaries Readjustment Act, Chapter E-2, Revised Statutes of Canada, 1970, to lay upon the Table a certified copy of the Report of the Electoral Boundaries Commission for the Province of Prince Edward Island, 1983.

Pursuant to Standing Order 46(4), this Report is deemed to have been permanently referred to the Standing Committee on Privileges and Elections.

* * *

[*Translation*]

PETITIONS

MR. DOMM—BROADCASTING OF PORNOGRAPHIC FILMS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the three hundred and eighty-ninth report of the Clerk of Petitions stating that he has examined the petition presented by the Hon. Member for Peterborough (Mr. Domm) on Wednesday, February 9, 1983, and finds that it meets the requirements of the Standing Orders as to form.

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, it being Thursday, I would like to ask the Government House Leader if he could give the House some idea as to the business for the rest of the week and as far into next week as possible.

Some Hon. Members: Hear, hear!

Mr. Crosby: Be nice this time.

Mr. Pinard: Madam Speaker, last week I had foreseen this appointment and I have congratulated my hon. colleague. I will not repeat myself this week except to say that I am sure that we will keep going along very well in the interests of Parliament and the people of this country.

Today we will be dealing with the third reading of Bill C-132, and tomorrow we will be debating the report of the striking committee. No House order is required, but we have agreement among the House Leaders that this debate will end no later than five o'clock tomorrow.

[*Translation*]

Madam Speaker, as far as the business of the House for next week is concerned, on Monday we shall resume debate on the second reading stage of Bill C-139, to amend the Income Tax Act, and since we have already spent ten hours on this debate, we hope to be able to complete second reading as soon as possible, so that the House can sit in Committee of the Whole to consider the details of this legislation, which arises from several previous budgets and ministerial statements on the financial situation.

The Minister of Finance (Mr. Lalonde) also intends to give notice of a Bill to authorize the Government to borrow additional funds until the end of the financial year and the beginning of the next one. This legislation is expected to be introduced next Monday, and if it is, I would like to inform the House that Tuesday morning at eleven o'clock we shall proceed with debate on second reading of this very urgent borrowing authority Bill.

Wednesday will be private members' day, as usual, and Thursday, if necessary, we shall continue debate on second reading of the borrowing authority Bill. I shall be giving notice in due time if there is to be an Opposition day next week, possibly on Friday, but that has not been decided yet. Madam Speaker, that was, substantially, the order of business of the House for the coming week.

[*English*]

SPORTS

RESULT OF PARLIAMENTARY HOCKEY GAME

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise on a point of order. I am sure that the House would like to acknowledge the great achievement of the Opposition PC-NDP hockey team which last night defeated the Government side 4-2 in the Second Annual Winterlude Parliamentary Face-off.

Some Hon. Members: Hear, hear!

Madam Speaker: I recognize the Hon. Minister of State for Multiculturalism (Mr. Fleming) on a point of order.

Mr. Fleming: Madam Speaker—

[*Translation*]

Mr. Cousineau: On the same point of order, Madam Speaker, I would like to know—

Madam Speaker: Order. As far as I know, I did not recognize the Hon. Member. I am sorry, but I recognized the Minister of State (Multiculturalism) (Mr. Fleming).

[*English*]

Mr. Fleming: I am sorry, Madam Speaker, I thought the Parliamentary Secretary rose on the same point of order, so I gave way.

[*Translation*]

Madam Speaker: The Hon. Member for Gatineau.

Mr. Cousineau: On the same point of order, Madam Speaker, I would like to ask the Opposition for the names of the Members who scored goals for their team last night.

[*English*]

Mr. Lewycky: Madam Speaker, I would just like to rise on a point of personal privilege.

Madam Speaker: Order, please. I thought the Hon. Member was answering the question. Perhaps the Speaker could get an official report tomorrow. I can find out, for Hon Members, who scored the points.

[*Translation*]

Mr. Pinard: Madam Speaker, I have just been told that none of the Members on the Opposition side scored; the security guards did—

Point of Order—Mr. Beatty

[*English*]

HOUSE OF COMMONS

CONGRATULATIONS TO MR. LEWYCKY ON ENGAGEMENT

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, in this battle for the floor, I rise on a point of order simply because I would not want to mislead the House, albeit inadvertently. I offered congratulations earlier concerning the marriage of the Hon. Member for Dauphin (Mr. Lewycky). I was a little in anticipation of the event. I want to change that instead to congratulations on his engagement. It was the light smile on his face recently and his pleasant comportment in the House which obviously misled me!

Some Hon. Members: Hear, hear!

Madam Speaker: What will it be when he gets married?

Some Hon. Members: Oh, oh!

Mr. Laverne Lewycky (Dauphin): Yes, I accept that. The reason I was rising was because I was sure the Minister had inadvertently misled the House. The best is yet to come!

Some Hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

TABLING OF EXCHANGE OF NOTES BETWEEN CANADA AND UNITED STATES ON USE OF CANADIAN FACILITIES AND AIRSPACE

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, in accordance with the provisions of the Standing Order, I would like to table in both official languages an exchange of notes between Canada and the United States constituting an agreement between our two Governments on the use of Canadian facilities and airspace for the testing and evaluation of U.S. defence systems. The notes are being signed today in Washington by the Acting Secretary of State, Mr. Kenneth W. Dam, for the United States and by Ambassador Gotlieb for Canada.

* * *

POINT OF ORDER

MR. BEATTY—FAILURE TO TABLE ORDER PURSUANT TO CANADA GRAIN ACT

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I have a point of order with regard to the tabling of documents. I waited to see whether the Minister of Agriculture (Mr. Whelan) would rise today to table an order under the Canada Grain Act which was an amendment to the Schedule to the Act, SOR/82-620. Section 15(6) of the Canada Grain Act contains the following clause:

> An order made under subsection (2) shall be laid before Parliament within 15 days from the making of the order or, if Parliament is not then sitting, on any of the first 15 days next thereafter that Parliament is sitting.

That particular instrument was published in the Canada *Gazette* in June of last year. Fifteen days expired on July 8. I recognize the fact that Your Honour has indicated in the past that you have no ability to tell the Government to obey the law, but I would point out that this was drawn to the attention of the Department and, consequently, the Minister's Department, by the Counsel of the Standing Joint Committee on Regulations and Other Statutory Instruments, who wrote to the Department on September 20.

We received a response from the Department of Agriculture several months later, on December 29, in which the Assistant Deputy Minister acknowledged that the law had not been kept by the Government. It had not complied with the law by tabling that instrument in the House on the following grounds:

> Due to an oversight on our part the referenced Order was not tabled.
>
> We have now prepared the necessary documentation for Mr. Whelan's signature and we expect that the Order will be tabled when Parliament resumes sitting in mid-January 1983.

That Order has never been tabled in Parliament.

I certainly recognize that Your Honour has made a finding that you cannot force the Government to comply with the law, but there is nothing more fundamental to the role of Parliament than the whole question concerning the rule of law. In instances where the Government recognizes itself that it has not complied with the law, and where it chooses to simply ignore the law, surely Parliament's function is being undermined by the Government.

Parliament does not frivolously include in legislation the requirement that an order be tabled in Parliament. When the Government simply ignores the law, thumbs its nose at it and pretends it is of no consequence, I think there is serious damage done to respect for the rule of law in Canada. Second, it seriously undermines the ability of Parliament to discharge its functions. That is why I draw this matter to the attention of Your Honour and the House today.

Some Hon. Members: Hear, hear!

Madam Speaker: I am sure that the point of the Hon. Member has been taken by the House. As he rightfully said, the Speaker has no means of determining whether the law has been followed or not; nor is it the responsibility of the Speaker to interpret the law. The Speaker certainly has no authority or way to force anyone to follow the law.

• (1510)

The point of the Hon. Member is well taken by the House. I would urge him to take recourse other than that which he has now taken in order to satisfy his request.

BUSINESS OF THE HOUSE

Mr. Deans: Madam Speaker, I rise on a point of order. I wish to revert to House business for a moment in order to ask a question of the Government House Leader.

In giving us an indication of the business that he anticipates, the Government House Leader has taken us as far as Thursday next. He indicated that he might be in a position at some future time to tell us about Opposition days. He will recall that a week ago I asked both him and the Secretary of State for External Affairs whether they would consider a statement on motions on the very topic which the Secretary of State for External Affairs has now tabled, the document related to the framework agreement.

Since there is no Opposition day in the immediate future and no apparent opportunity for a reasonable debate on the question of the framework agreement, is either the House Leader or the Secretary of State for External Affairs prepared to indicate whether a statement will be made on motions to allow for some discussion of this very important document?

Mr. Pinard: I have indicated that at the beginning of next week I might designate one day next week. That could well be Friday next, which will still be next week. The Opposition would have a good opportunity to raise this matter if they felt it was important to be raised. Meanwhile, I want to assure my colleague that he will have the opportunity to ask questions on the matter during Question Period every day next week. The Minister, his assistant, the acting Minister, or his Parliamentary Secretary will be here and will be very pleased to answer questions on the subject.

I want to assure my colleague that he will have ample opportunity to raise this matter. There are still four Opposition days before March 26, and between March 26 and June 30 an additional 13 Opposition days will be available. If they really care about this matter, they will use one of those days to debate this most important issue.

Mr. Deans: Madam Speaker, I am most grateful to the Minister for pointing out that we will have an opportunity to ask questions. We have that anyway. The difficulty is, as he will understand, that this is a document of vital importance, not only to Canada but to many other parts of the world. Up until this point in time, the document has not been available to Canadians for their scrutiny and, therefore, has not been debated in any form.

Notwithstanding the fact that the Government has put the whole system of statements on motions into disuse, is it not reasonable to ask, on a matter of such vital importance to the country, that the Secretary of State for External Affairs stand in his place and at least for ten minutes explain the content, the substance and direction that this agreement will take?

Mr. Pinard: Madam Speaker, I was most sympathetic to the request of the Hon. Member until he stated that the Government has made misuse of Statements by Ministers. It is the Opposition that misused this period of time.

Mr. Deans: I said disuse, not misuse.

Mr. Pinard: Disuse as well was caused by the Opposition. I feel they have ample opportunity to raise this matter. The documents were tabled today and are available. Parliament is aware of this. Starting tomorrow this question can be raised during Question Period. There are some 20 Opposition days between now and June 30.

If the NDP are really serious about this, they will see fit to use one of their Opposition days to raise this matter and not force the Government to limit debate all the time because they want to score political points and prevent Parliament from working, as they did with the last three Bills dealing with the six and five policy of the Government which have succeeded in bringing down inflation to 8 or 9 per cent.

Mr. McKinnon: Madam Speaker, I wish to speak on the same point of order. I would point out to the House Leader of the Government that traditionally Canada has always put international commitments before the House of Commons for approval or advice. This went on in the regime of the Right Hon. John Diefenbaker, the Right Hon. Louis St. Laurent and the Right Hon. Lester B. Pearson. They all believed that Parliament had a role to play in the formulation of our foreign policy and that international commitments were to be ratified by the House of Commons. This practice has died out in the last 10, 12 or 14 years. This is a major commitment that we are making.

Madam Speaker: Order, please. I cannot see the point of order in the Hon. Member's intervention. I believe he is debating the substance. I know he would like to do that, but this is not the time. We are dealing with House business. If the Hon. Member has a question about that, he may ask it. However, he may not enter the debate now on this particular matter.

Mr. McKinnon: Madam Speaker, this is a very difficult hour that you have caught us in. The Secretary of State for External Affairs now wishes to embarrass us on this. He has locked the barn door and now wants us to debate something that has been cast in stone by the very same Secretary of State for External Affairs. This has reduced Parliament to a nonentity. Why do we have a Parliament? I would ask the House Leader, why do we have a Parliament if we have nothing to say about international commitments that the Government enters into?

Mr. Pinard: Madam Speaker, that is exactly the question I was tempted to ask the Hon. Member in 1979 when he was Minister of National Defence. He made a very important decision on double-tracking in relation to NATO, but did he seize Parliament of that? I just wonder what he did at the time. He is in a very bad position to preach any example to be set.

The Hon. Member quoted previous Prime Ministers. In 1968 there were changes in the rules which allowed the Opposition the benefit of 25 days during the year. Therefore, they have full opportunity to debate any matter of their choice, including this very important subject. If they consider the

subject so important, they will make it possible for Parliament to be seized of the question. We certainly will not object. We will be glad to participate in the debate.

* * *

POINTS OF ORDER

MR. WISE—ALLEGED INACCURATE STATEMENT OF MR. WHELAN

Hon. John Wise (Elgin): Madam Speaker, I rise on a point of order. I tried to raise this matter during Question Period today, but time did not permit. My point of order will provide the Minister of Agriculture (Mr. Whelan) with an opportunity to clarify or perhaps change his response to reflect more accurately the actual case. In his answer to my question of yesterday, as reported at page 22657 of *Hansard* for February 9, the Minister concluded answering my first question by saying:

> For instance, the Canadian Federation of Agriculture unanimous endorsed Canagrex yesterday.

As we all know—

Madam Speaker: Order, please. I do not see any point of order in what the Hon. Member has said up until now. He seems to want to continue the debate on an answer which he received from the Minister. I remind him that that does not contribute a point of order.

Mr. Wise: Madam Speaker, the fact is that it is an inaccurate statement. The CFA meeting yesterday did not—

Madam Speaker: Order. That does not constitute a valid point of order. The Hon. Member may seek clarification or correction of a statement on another occasion, but not under the guise of a point of order.

MR. LEWIS—PROCEDURE RESPECTING STATEMENTS ON MOTIONS

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise on the point of order with respect to the question whether statements on motions have been used or misused by the Government. I want to correct something for the record which was alluded to today by the Government House Leader, namely the question whether statements on motions were abused or misused.

I did not bring this to Your Honour's attention through a question of privilege, but on a previous occasion the House Leader alluded to the fact that questioning on statements on motions had gone on far too long. As I understand it, the length of time for questioning on a statement on motions is in Your Honour's jurisdiction. I want you to know from this side that the last time there was a statement on motions, we felt it was the appropriate thing for the Minister to do. That was 14 months ago.

It is our position that statements on motions should be used as the Hon. Member for Victoria (Mr. McKinnon) said, and that you have sole control over the time of questioning. I want it to be very clear that we feel that is your jurisdiction and it should not be referred to by the Government House Leader as an abuse of the process.

• (1520)

Madam Speaker: I will refer the Hon. Member to the discussion which took place a few weeks ago on that specific point. If he looks in *Hansard*, I believe he will find a statement made by myself exactly on the point which the Hon. Member has raised now. The time allocated to the different sides for statements and for questioning on motions is entirely in the hands of the Speaker. I then explained, I believe, the rule of thumb which was followed. I believe that question was dealt with completely at that time.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, as you just indicated this was dealt with completely the last time, and you were right in so doing. You added that the Opposition could make it much easier for you to use the rule of thumb. Therefore, the Opposition has a role to play in all of this and it was not well played in the past.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, on the point raised by the Government House Leader, to begin with we cannot determine whether there will be any statements on motions. We have asked for them, we have begged for them. We have attempted to get from the Government the opportunity to debate this very important matter of the Cruise missile and the deployment of it in Canada for test purposes.

I want to ask the Hon. Member now, if we were to agree to have such a statement with a time limit today, expiring, let us say, in no more than one hour from now, would the Government House Leader be prepared to have the Secretary of State for External Affairs (Mr. MacEachen) make a statement on motions dealing with the agreement just signed in Washington?

Mr. Lewis: Madam Speaker, on a point of order, after a brief consultation with my colleague, the Hon. Member for Victoria (Mr. McKinnnon), I will indicate that we would be pleased to associate ourselves with the comments of the House Leader of the New Democratic Party in the interest of having this matter discussed in Parliament.

Mr. Pinard: Madam Speaker, this matter was not raised yesterday at the House Leaders' meeting. I understand my hon. colleague could not attend, with good reasons, and he sent a replacement. But this matter was not raised.

I have just indicated that there will be other opportunities to raise the matter in Parliament. If the NDP had not forced the Government to limit debate on three Bills which required the first three weeks of the 1983 session, then perhaps it would be much easier for the Government to agree to such a request; but we have some urgent legislation to be dealt with which requires Government time. Under the new rules, the Government is

limited to three days a week, giving Wednesdays to Private Members and one day to the Opposition. Therefore, if the Opposition forces the Government to limit debate on any stage of a Bill in the future, it is most difficult to agree to give statements to the Opposition.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, I also believe this is an extremely urgent and important matter, but I do not think an hour given to it is in any way going to exhaust discussion.

I would like to ask a question of the House Leader. There were some discussions earlier to the effect that this item might be the subject of a full debate, that is, a debate on general disarmament, that it might take one to three days, and that there might be some arrangement among the House Leaders that certain Opposition days, and perhaps a Government day, would be given up to this particular subject. I do not know of any subject which is more important. I would ask the House Leader whether negotiations to that effect have gone on, or are they going on, or would he broach the subject to the other House Leaders?

Mr. Pinard: Madam Speaker, this is a very interesting suggestion which can be taken into consideration. The Hon. Member raised it privately with me previously. I hope that in the near future, if the Opposition is willing to consider facilitating passage of Government legislation, we would be in a position to negotiate such an arrangement, that the Opposition would give one or two of its days and the Government would be in a position to give a day.

But I would like to make it very clear that we have to deal with some other pressing and urgent legislation, and if the Opposition continues to force the Government to limit debate on each stage of each Bill, it is not possible to talk about giving Government time for the purpose of discussing any other matters than the Bills chosen by the Government to be dealt with. If the Opposition wants to co-operate, and I believe there is room for co-operation since the subject is most important, the Government is open-minded to giving up some of its time, provided the Opposition is also disposed to give some of its time. However, we will be in a better position to assess that one or two weeks down the road when we see what happens with the two finance Bills which will be before the House.

Mr. Lewis: Madam Speaker, on a point of order and to correct the record, obviously we cannot discuss here what went on in House Leaders' meetings, but there might have been an inference that the matter was not raised at the House Leaders' meeting. I would like to point out to the House that it has now been confirmed that it was raised by the Hon. Member for Thunder Bay-Atikokan (Mr. McRae) with the Government House Leader.

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, the following questions will be answered today: Nos. 3,628, 4,396, 4,550, 4,627 and 4,635.

[*Text*]

SAMPLING OF INCOME TAX RETURNS FOR STATISTICAL PURPOSES

Question No. 3,628—**Mr. Blenkarn:**

1. In preparing the budget papers, did the Government examine a sample of 150,000 income tax returns and, if so, is it the Government's view that a representative sample of those earning over $100,000 in income was 296 sample income tax returns?

2. Is it the Government's view that 40 to 50 income tax returns in those earning over $200,000 is a representative return?

3. Is it the Government's view that, in taking 150,000 returns, it really had a proper representative sample of those earning $100,000 and more and those earning $200,000 and more, in view of the vast differentials between people in the larger earning brackets?

4. Of the people earning $200,000 or more, how many in the sample consistently over the past five years earned over $200,000 or was $200,000 or better a single or unusual return for those persons, enabling them to take advantage of general averaging and other methods of reducing an exceptionally large earning year?

5. Over the past five years, how many persons consistently earned (a) at least $200,000 or more a year (b) over $100,000 a year?

6. In compiling the statistic on persons earning over $100,000 a year, did the Government only use those persons who consistently earn over $100,000 a year or did it include those who on a one-shot basis earned $100,000 or better?

7. Who developed the word "tax expenditure" in the Government service?

8. Whose idea was it that income deferred or allowances made to individuals was, in fact, a tax expenditure?

9. Who prepared the tax expenditure detail on which the budget was based?

10. Is it the Government's view that a person who owns a single family house clear of mortgage is, in fact, receiving a benefit?

11. Is it the Government's view that those who have children and a spouse and the spouse declares no taxable income are receiving a taxable benefit and therefore fall within the tax expenditure theory of the Government?

12. Is it the Government's view that a capital income claimed to be a capital gain that is really only an inflationary gain is really income?

Hon. Paul J. Cosgrove (Minister of State (Finance)): 1. In preparing the budget papers, reference was made to a data set based on detailed information transcribed from approximately 150,000 tax returns. These tax returns were selected using a stratified random sampling technique. One aspect of this type of sampling is that the rate of sampling increases with the level of income. The number of returns with incomes over $100,000 actually included in the sample was 14 per cent of all returns filed reporting incomes over $100,000. This may be compared to a 1 per cent sampling ratio over-all. For incomes greater than $100,000 the 14 per cent sample represent 3,800 returns. Thus, the sample of such returns is considered adequate.

2. The number of returns included in the sample for incomes over $200,000 is 1,250 for a sampling rate of 21 per cent. Again, this is considered adequate.

3. Although the size distribution of tax returns by income is highly skewed, the stratified sampling technique used to select tax returns was specifically designed to anticipate this factor and to provide a reasonable degree of accuracy in the upper tail of the distribution.

4. The available data do not allow an answer to this question because the sample is not a longitudinal sample.

5. We do not have an exact answer to this question for the reasons given in answer 4. However, some indicators of variability of incomes over time are available. These show that a substantial majority of high income filers (those with incomes over $50,000) had average net incomes over the preceding four years that were close to or over their net income in 1979.

6. The statistics published in the budget papers, where they refer to individuals' incomes, refer to incomes in the given year. They do not refer to average incomes over a period of years.

7. The words "tax expenditure" can be traced back at least as far as 1969 when Professor Stanley Surrey of Harvard University explored the concept in his book "Pathways to Tax Reform". In Canada, the concept had been the subject of discussion in publications by the National Welfare Council and Professor Smith for the Canadian Tax Foundation before it was formally used by the Government of Canada in the publication of the Tax Expenditure Account in 1979 by the then Minister of Finance, Hon. John Crosbie.

8. It is generally recognized that income deferral or special allowances constitute tax preferences in businesses and individual Canadians have requested assistance in this form to encourage specific activities. The Government of Canada Tax Expenditure Account published in December 1979 describes in detail the concept of tax expenditures.

9. The detailed tax expenditure analysis underlying the November 12, 1981 budget was prepared by officials in the Tax Policy and Legislation Branch of the Department of Finance.

10. For tax purposes, the answer is no.

11. The personal tax exemptions for dependent children and for a dependent spouse are considered to be tax expenditures. The reasoning is outlined on pages 18 and 19 of the Government of Canada Tax Expenditure Account, 1979.

12. A distinction should be made between real and nominal income. The so-called inflationary component of a realized capital gain is part of nominal income, but is not part of real income. The current income tax base is nominal income. While the adverse effects of using nominal rather than real income as the tax base are recognized, it should also be appreciated that switching the tax base to real income would entail a major reform of the income tax system. These issues are discussed in A Review of the Taxation of Capital Gains in Canada, November 1980, in the tax expenditure context in the Government of Canada Tax Expenditure Account, December 1979, pages 9 and 10, and in Inflation and the Taxation of Personal Investment Income, June 1982.

PETRO-CANADA INTERNATIONAL

Question No. 4,396—**Mr. Shields:**

1. Since the establishment of Petro-Canada International, announced in the October, 1980 budget, which (a) countries (b) governments (c) private and non-profit organizations (d) regional organizations (e) international agencies received assistance from Petro-Canada International?

2. For each case, what was the (a) nature of the assistance or services (b) amount of assistance?

3. Were outside consultants employed by Petro-Canada International and, if so, in each case (a) what was his/her name (b) what was the amount paid (c) what services were rendered?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Petro-Canada International Assistance Corporation reports as follows:

1. (a)—(e) Petro-Canada International became operational in January, 1982 and as of July 5, 1982, PCIAC has not provided assistance to any country, government, private and non-profit organization, regional organization or international agency.

2. Not applicable.

3. No.

DND—ANALYSIS OF FUTURE POLITICAL SITUATION IN SAUDI ARABIA

Question No. 4,550—**Mr. McKinnon:**

Did the Department of National Defence award a $10,000 contract to Conant and Associates Limited of Great Falls, Virginia for an analysis of the future political situation in Saudi Arabia and, if so (a) on what date will the study be completed (b) will copies be available to Members of Parliament?

Hon. J. Gilles Lamontagne (Minister of National Defence): The Department of Supply and Services on behalf of the Department of National Defence awarded a $10,000 contract to Conant and Associates Ltd. of Great Falls, Virginia for an analysis of the future strategic and military situation in Saudi Arabia.

(a) The study has been completed and is presently being examined with a view to its acceptance and publication by DND's scientific authority.

(b) If accepted, copies will be available to Members of Parliament by early 1983.

TESTING OF COMPRESSED NATURAL GAS AS A VEHICULAR FUEL

Question No. 4,627—**Mr. Mazankowski:**

Was a study conducted on behalf of the Department of Energy, Mines and Resources to test and demonstrate the technical and economic feasibility of a compressed natural gas as a vehicule fuel in a captive commercial taxi fleet and, if so (a) by whom was the study done and what was his/her expertise in energy research (b) what was the cost (c) what were the results (d) to what use were the results put?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows:

EM&R is presently conducting two demonstrations to evaluate the technical and economic feasibility of compressed natural gas as a vehicular fuel. The first demonstration involves the Black Top Taxi Co. of Vancouver. The second demonstration is with Inland Natural Gas Company in Kamloops, British Columbia, and utilizes a fleet of light to medium trucks.

(a) Mr. Sam Chessa of Black Top Taxi is managing the taxi fleet demonstration and the project has engaged Resourcecon Ltd., a consulting firm, to manage the data acquisition and economic analysis. Dr. G. Born, formerly of the UBC Alternative Fuels Laboratory, has been engaged to provide the engineering assessment. The Inland Natural Gas demonstration has engaged Davis Engineering Company to provide the requisite engineering and economic expertise.

(b) The cost for each demonstration is $125,000, for a total of $250,000.

(c) and (d) To date both programs are in the process of start up and data gathering. Thus, no results have been submitted. The terms of the contracts do stipulate quarterly reporting and the first set of results is due in early 1983.

INTERNATIONAL PRICE OF OIL

Question No. 4,635—**Mr. Mazankowski:**

1. If the international price of oil were to fall to (a) $25 per barrel (U.S.) (b) $20 per barrel (U.S.), what impact would this have on (i) Canadian prices for old and new oil (ii) consumer prices (iii) Government revenues (iv) domestic supply and demand (v) payments under the import compensation program?

2. Has the Government made a contingency plan with respect to Canadian oil prices and the federal-provincial oil pricing agreements should world oil prices fall to $25 (U.S.) or below?

Hon. Paul J. Cosgrove (Minister of State (Finance)): 1. (a) If the world oil price were to fall to $25 per barrel (U.S.) from its current level of roughly $31.50 per barrel, we would expect the following impacts:

(i) Canadian wellhead prices for conventional or old oil would drop to roughly $25 per barrel and remain at that level for as long as the world price did;

(ii) the reference price for new oil would drop from approximately $44 per barrel to $35.50 where it also would remain for as long as world prices stayed the same;

(iii) the weighted average price facing Canadian consumers—the blended price of oil at Toronto—would be lower by roughly $5.50 per barrel, that is $30.25 per barrel, than it would have been were the world oil price higher, which would be $35.75;

(iv) consumer prices as measured by the Consumer Price Index would be approximately one-half of one percentage point (0.4 per cent) lower during fiscal year 1983/84 and almost a full percentage point (0.9 per cent) lower the following year;

(v) Government revenues could drop by as much as $1.7 billion during fiscal year 1983/84 and by $1.4 billion the following year from what they would have been at the higher world price;

(vi) the effect upon domestic supply of crude oil would be minimal over the period. Domestic demand for crude oil could be slightly higher in the 1983/84 fiscal year (roughly 1 per cent and roughly higher by 3 per cent the following year);

(vii) although imports of crude oil would rise slightly compared to what they would have been with higher world oil prices—for example, they could rise by three million barrels during fiscal year 1983/84 and 14 million barrels over the following year—the decline in the world oil price, hypothesized in the question, would be sufficient to reduce oil import compensation payments below what they would have been: for example, these payments could drop by approximately $200 million in fiscal year 1983/84 and by $100 million the following year.

(b) The impacts if the world oil price were to fall to $20 per barrel (U.S.) would be similar in direction but slightly more pronounced that those for a $25 per barrel world price, as follows:

(i) Canadian wellhead prices for conventional oil would drop to a level of $20 per barrel;

(ii) the new oil reference price (NORP) would drop to roughly $29 per barrel;

(iii) the blended price facing Canadian consumers would drop by roughly $10 per barrel to about $25 per barrel;

(iv) the moderating effect on the consumer price index would be approximately the same as for the $25 per barrel (U.S.) world oil price, that is; half of a percentage point drop next year and almost a full percentage point decline during the year after;

(v) the drop in Government revenues would be more pronounced that for the $25 per barrel (U.S.) world price, approaching $2.7 billion over fiscal year 1983/84 and $2.4 billion over the following year;

(vi) like the $25 per barrel (U.S.) world price case, for $20 per barrel, the effect upon domestic supply of crude oil would be minimal (roughly a 1 per cent change). As we would expect, domestic demand would be greater by 3 per cent for 1983/84 and 6 per cent for 1984/85, than in the case of a continuation of the current world oil price of approximately $31.50 per barrel;

(vii) for import compensation payments, the effect of the large drop in world price hypothesized (37 per cent) would more than offset any impact of the moderate increases in crude oil imports, and we could expect oil import compensation payments to drop by $350 million over 1983/84 and $225 million over the following year.

2. The Government monitors the energy situation closely and will continue to do so with the intention of making appropriate adjustments when the necessity and desirability of such actions become apparent.

Order Paper Questions

Impacts of Hypothetical Decreases in the World Oil Price

	Fiscal Year 1983/84			Fiscal Year 1984/85		
Various world prices: (U.S. dollars)	$31.50/bbl	$25.00/bbl	$20.00/bbl	$31.50/bbl	$25.00/bbl	$20.00/bbl
Conventional oil price: ($/bbl)	31.50	25.00	20.00	31.50	25.00	20.00
New oil price: ($/bbl)	44.00	35.50	28.75	44.00	35.50	28.75
*Consumer Price Index: (per cent change)	—	−0.4	−0.9	—	−0.4	−0.9
*Government revenue (change in $ million)	—	−1725.0	−1400.0	—	−2650.0	−2375.0
Domestic oil supply: (millions of barrels)	503	507	511	477	479	479
Domestic demand: (millions of barrels)	546	553	561	536	552	566
*Oil import compensation: (change in $ million)	—	−200.0	−100.0	—	−350.0	−225.0

* These figures represent differentials not levels.

[*Translation*]

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

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

FAMILY ALLOWANCES ACT, 1973

MEASURE TO LIMIT INDEXATION

The House resumed consideration of the motion of Miss Bégin that Bill C-132, an Act to amend the Family Allowances Act, 1973, be read the third time and do pass; and the motion of Mr. Hawkes (p. 22692).

The Acting Speaker (Mr. Blaker): When the House rose at one o'clock for lunch, the Hon. Member for Fraser Valley West (Mr. Wenman) had completed his remarks in debate and the House was in the ten-minute period of questions, answers and comments. At that point an exchange was taking place between the Hon. Member for Fraser Valley West and the Hon. Member for Ottawa Centre (Mr. Evans).

The Chair will now recognize any Hon. Member who wishes to continue within approximately seven or eight minutes of that period of questions and answers.

Mr. Bill Domm (Peterborough): Mr. Speaker, I cannot let this opportunity go by without some comment on a statement made earlier today as it pertains to this particular Bill, Bill C-132, which is an effort to reduce the Family Allowances expected to be received this year.

The Government House Leader mentioned earlier when discussing the tabling of documents, that had we not taken so much time in opposition since we reconvened after the Christmas break, we would be able to deal, perhaps, with parliamentary debate and discussion on the matter of the deployment of the Cruise missile.

I find it absolutely shocking that the priority of the day is the reduction of some 50 cents in Family Allowance cheques as compared to the seriousness of the deployment of the Cruise missile. The imbalance between the two is inexcusable and indicates very clearly that this detrimental social legislation which is currently before the House has more priority with the Government of today than the matter of the deployment of the Cruise missile.

Having said that, I would now like to take this opportunity to review some of the things which we are actually being asked to pass in just a few hours from now. Bill C-132 is another example of the Government's allocation of priority which I consider to be totally out of pace with the feelings of the people in this country today. I do not think there is a Member on the Government side of this House who would have the nerve to go home to his or her constituents and say "I am sorry, we did not have time in Parliament to discuss the deployment of the Cruise missile because we were all wrapped up in the priority of reducing Family Allowance cheques by 50 cents". That is a priority situation which is very frustrating for both Opposition Parties. I am afraid I have to agree with the NDP on this point. There are so many areas where the Government could find a place to make up the losses incurred by indexing Family Allowance cheques. Instead, this Bill if

passed will seriously endanger that element of society least able to defend itself.

• (1530)

Now, Mr. Speaker, we should take just a minute to see what continued full indexation would mean. Had it continued for Family Allowance cheques in 1983 the average monthly payment per child would have been $30 as inflation would have been 11.5 per cent. The annual loss per child under this proposed Bill—which we will pass here, I assume, with a Government majority—will mean deindexing the payment down to $17.76. As it exists, this Bill is totally unacceptable to our Party. Capping the Family Allowance for 1983 is ridiculous enough; extending this policy beyond the bounds of economic logic is really unparallelled insanity. Who in this House can in all certainty predict the inflation rate for 1984? We have a bureaucracy here in Ottawa reported to be rather astute. It determines what the rate of inflation might be in 1984 in order to give families sufficient income to feed their children, and they are prepared to set out a yardstick of 5 per cent in 1984. That is totally unacceptable to the Conservative Party. If the Government is really adamant in its desire to punish the poor, I implore it to at least restrict this horrendous act to a one-year period only.

Here is what the Government is going to say with this ridiculous Bill, Mr. Speaker, which is more important than the Cruise missile as indicated by the Government House leader today. The Government is reported to be saving .05 per cent of the federal budget, or one one-hundredth of 1 per cent of the Gross National Product. This could hardly constitute a major contribution to the fight against inflation. This Government thinks the people out there are naive enough to believe the Government when it says that, because of this piece of legislation, inflation is coming down. The Liberals are sadly mistaken because the people do not believe that the inflation rate will come down in small, minute percentages on a monthly basis if we restrict baby bonuses or Family Allowance cheques to 6 per cent and 5 per cent.

I would remind the Government of the factors which have been beneficial in lowering the inflation rate. Number one, a Gross National Product which has fallen 6.9 per cent since the second quarter of 1981. Secondly, in the third quarter of 1982 Canadian manufacturing was operating at only 67 per cent capacity thanks to this Government. Another factor is that business bankruptcies in 1982 were 33 per cent higher than in 1981, and 63 per cent higher than in 1980. In addition, in January the unemployment rate was a staggering 12.4 per cent, or in real terms, 1,598,000 Canadians were out of work. According to the Organization for Economic Co-operation and Development, Canada's economic decline in 1982 was the worst of that group's 24 Members. Consumer confidence in this country is at an all-time low. Obviously, Mr. Speaker, the most important factor in the slight decline of inflation has been the Liberals' own tragic mismanagement of our economy and our society. Yet they continue to cling to the illusion that deindexing of Family Allowances will save vast amounts of money, lower inflation and reduce the debt. But who will provide the savings? It will come from those who can least afford it. The Government attacks a program which has traditionally maximized benefits to that segment of society which requires it the most. This is yet another excellent example of enlightened Liberal social justice.

I would now like to suggest just a few areas which could be altered substantially by this Government to reduce the deficit while maintaining a just and equitable social policy. The Government, Mr. Speaker, purchased Petro Fina for $1.46 billion, or $120 per share. At the same time, the shares were trading for $90 and were actually estimated to have a value of about $80. In other words, the federal Government paid between $365 million and $486 million more than the real market value for a chain of gasoline stations. Number two, the carrying costs invested by the Government to date in Petro-Canada total over $700 million.

Members on this side in committee and in this Chamber have continually pointed out to the Government other areas which would have more impact on reducing inflation and saving the Government more money than this current legislation. I should like to bring to the attention of the House just a few of them. An analysis was handed out in committee which shows that in the fiscal year just ending, the hidden interest costs subsidy to Petro-Canada, one Crown corporation, will be $514 million. Can I repeat that, Mr. Speaker? The hidden subsidy, which does not show up in the Estimates, through one Crown corporation, in one calendar year, is $514 million. There are direct subsidies in the Estimates to that same Crown corporation in excess of $400 million. At that point we are remarkably close to $1 billion, and here we are spending days of House time to approve a measure which will take about $80 million away from families and children. That is the priority of this Government today. Not the Cruise missile, not the waste of Crown corporations, not the purchase of shares at almost twice their value in order to purchase a chain of service stations. The priority of this Government today, Mr. Speaker, is to make money away from families in order to balance a budget which is totally out of control.

Now it seems necessary to remind the Liberal Government again of the 1982 Auditor General's report, the details of which are well known to all Members of this House. In light of the considerable abuses of power enacted by this Government, in light of the blatant waste of taxpayers' money, and the deplorable state of the economy, I implore the Government at this time to discontinue its attempt to overburden the poor by restricting the Family Allowance which represents a very important and viable source of income for the less fortunate. While the Government preaches restraint it continues to pay the salary of Mr. Edmund Clark while he works for the International Cement Company Lefarge. Documents leaked in September 1982 suggested a price tag of $172,000 for a one year stay. That has since been scaled down to only $153,000. This sabbatical could last for up to 15 months, according to the article in the Ottawa *Citizen* of October 23, 1982.

• (1540)

If that is not bad enough, Dr. Lyall Black, Assistant Deputy Minister of Health and Welfare, the Minister responsible for this retrogressive legislation, was given a one year posting at the Canadian embassy in Paris. Working as a medical officer, Dr. Black was allowed to keep his own salary even though the medical officer at the Canadian embassy is usually paid as much as $20,000 per year less. In other words, Mr. Black was receiving the same pay in Paris while performing a lesser job. That was reported in the Ottawa *Citizen* on September 29, 1982.

Consider the horrendous nightmare story of Janet Smith, an Assistant Secretary to the Cabinet, who was sent to Nice in southern France for four months to learn French. The cost to the taxpayer of this Riviera education was $12,000 plus Ms. Smith's salary which is in the range of $60,000 to $70,000 per year, as reported in the Toronto *Sun*, June 27, 1982.

Keeping in mind that Bill C-132 is a restraint Bill, it is interesting to note that the federal Government spent $1 million to promote its six and five program by setting up exhibits at the Canadian National Exhibition, the Pacific National Museum and Expo Quebec, as reported in *The Globe and Mail* on December 2, 1982.

While the Government spends $1 million to promote and advertise restraint, it is also reported that it continues to pay the salary of the former Deputy Minister of Finance who annually receives in excess of $100,000, although he does not work for the Government.

This seems to be an extremely contradictory restraint program. In fact, it is obviously based upon a double standard. It allows large sums of money to be paid to people who no longer work for the Government, while extracting much needed funds from individual taxpayers. This point was discussed in the *Hansard* issue of February 1, 1982 at page 22373.

The generosity of the Government does not end here. We are all aware of the Maislin Trucking bail-out and the selection of Mr. Erickson to design the embassy in Washington. These are all examples of the Government's misuse of resources, and they represent an offence to all Canadians and to most honest Members in this Chamber.

In February 1981, the CNR spent $64,244 to purchase advertising space to wish the CPR, its chief competitor, a happy birthday. The source of that is Question 2135 on the Order Paper presented by the late Tom Cossitt, and answered in that fashion by the Government—$64,244 to purchase advertising space by the CNR to compliment the CPR, its chief competitor, and wish it a happy birthday!

My final examples are in reference to that model of efficiency, the ideal Crown corporation, Canada Post. On the day that Canada Post became a Crown corporation, the Government helped employees celebrate by providing $300,000 worth of free coffee, donuts and souvenir envelopes, according to a CP wire story of October 16, 1981, Item 861. In July of 1982, the Post Office spent another $200,000 to run advertisements in 39 newspapers and publications to tell Canadians that postal service will improve in the future. One would think that improved service would speak for itself. The preceding examples of Government waste are deplorable and inexcusable by the standards of any normal responsible Government.

Over the past 15 years, Government spending has increased at an unprecedented rate. On a national accounts basis, where data is comparable over time, spending has climbed from $12.4 billion in 1968 to $90.6 billion this year, an increase of 630 per cent. In the current fiscal year, the Government will spend $18 billion more on a national accounts basis than the P.C. Government had planned to spend. The gross national debt last March 31 was $134 billion, the equivalent of $14,200 for every taxpayer in Canada. The cost of interest alone on this year's debt is expected to be approximately $16.7 billion, more than the entire budget of the federal Government just a few short years ago.

As a Member of Parliament, elected to serve the needs of my constituents, I cannot in good conscience accept Bill C-132 which reduces the increases in Family Allowances while having full knowledge of a Government that has allowed spending to increase uncontrollably. Poor financial management and lack of expertise in formulating their priorities is a poor excuse for Liberal social policy.

In conclusion, I want to say that the Government's six and five restraint program is, in the final analysis, an exercise in futility. I have attempted to illustrate that this policy has been of extremely limited value in the fight against inflation. What it has managed to do, and quite successfully I might add, is to attack those segments of society most dramatically affected by the recession, a recession which is largely the result of monetary and fiscal irresponsibility on the part of the Liberal Government.

Bill C-131, C-132 and C-133 are all similar in that they attack the members of our society who have been and will be the foundation of Canada's future. First, they seek to deprive pensioners and senior citizens from funds they have themselves contributed. They are divesting this important social group of the security and independence they have worked for and deserve. On the other hand, the Bill which is being voted on today seeks to undermine drastically the potential of our youth and the ability of the less fortunate to raise their families effectively.

There is no financial reason for restricting the increases in Family Allowances to 6 per cent in 1983 and 5 per cent in 1984. As we have seen, there are countless areas within the governmental bureaucracy which could be trimmed and redesigned to save money and reduce the debt.

Let us give one credit where credit is due. The present Liberal Government has finally seen the light and has given the Metric Commission their walking papers. It has advised the Metric Commission that they are through in two years. The Government is following the path of Reagan in the United States and Thatcher in Britain. That will be a saving to the Canadian taxpayers of over $25 million, which is their budget this year, as soon as they get rid of the Metric Commission. The budget of the Metric Commission this year is up 105 per

cent over the same period last year when it was only $12 million. This year the Metric Commission will spend $26 million. Congratulations to the Liberals, who have abolished the Metric Commission and told them the truth, that they have walked their last kilometer.

Mr. Hawkes: Mr. Speaker, I rise on a point of order. I would like to bring to the attention of the House that we are in the question period, there is an opportunity for Liberal Members to defend this policy but we have not yet heard from a Member from the Government side since the opening speech this morning. We are not hearing any questions, and I am wondering if they are accepting what we have to say on this side of the House, if they are in the process of changing their mind or whether they are being silent for some other reason.

• (1550)

The Acting Speaker (Mr. Blaker): The Chair has to indicate to the Hon. Member and to the House that that is not a point of order. However, it fits perfectly into comment, which is quite permitted by the procedures. The Hon. Member has in fact been recognized for the purpose of making a comment relating to the preceding Member's speech. Are there any other comments or questions?

Mr. Hawkes: Mr. Speaker, I would like to comment on the speech of the Hon. Member for Peterborough (Mr. Domm) and simply reinforce to the House the basic theme of the third Member who spoke to us today. There are choices in the system, there are expenditure choices in the system. He identified a great many of them. We do not have to sock it to the pensioners or to the children of the country. We can decide to save money in other areas and put it into the pockets of families and pensioners.

The second speaker for our side today made the point that he proposed a brand new set of ideas which in a sense takes moneys that are given to families and gives more of it to the poorer segments of society—give more of it to the children who need it and less to the children of parents who do not need that support.

In my original speech in the House I think I identified for the Chamber the fact that support for children today, because of the changes made by the Minister, does two things. It provides maximum support for families which have about $40,000 per year gross income. If they have an income of $10,000 or $12,000 per year, they obtain less out of the system. Also I pointed out that in 1976 the Liberal Government deindexed the Family Allowance for a year, in 1978 it reduced the payments from $28 to $20 a month, and here we were in 1982 getting capping for two more years. There is a systematic attempt on the part of the Liberal Government to reduce support to famililes and in fact to transfer responsibility for that support away from the Minister of National Health and Welfare (Miss Bégin) and toward the Minister of Finance (Mr. Lalonde).

We on this side of the House find it particularly objectionable that an already overburdened Minister such as the Minister of Finance, a very important Ministry, should suddenly be seen as the agent most responsible for family policy in the country. We think family policy belongs quite naturally under the Minister of National Health and Welfare and under the Standing Committee of the House, and that when we are talking about family policy we should be talking about it basically in that forum. Also we think that the economic committees of the House of the Minister of Finance should not be dealing with family policy. They should be dealing with policy elements which would get the economy going again so that we could create jobs and return to providing the kind of family support that comes from the workplace, and which the country really needs.

The Acting Speaker (Mr. Blaker): The Hon. Minister—the Hon. Member for Lincoln (Mr. Mackasey).

Hon. Bryce Mackasey (Lincoln): Thank you, Mr. Speaker, for your Freudian slip. I want to address myself to the business at hand, third reading of Bill C-132. However, I say to the Hon. Member who just sat down that he has shown in recent weeks by his interventions a propensity to try to have the best of both worlds. I can recall from reading *Hansard*, as I like to do, that the main issue to which the Hon. Member used to speak eloquently in the House was inflation. Speaker after speaker after speaker quite properly castigated the Government for the fact that there was every evidence that inflation was running away in this country as it was in the United States and in the industrialized nations of the world. The challenge to the Government was to face up to it and do something about it.

Now that it is evident we took that challenge, now that is it evident the six and five program is successful, and now that it is evident inflation is so low that the impact on Family Allowances and pensions is indeed minimal, Hon. Members opposite are trying to create the false impression that somehow this Party is selecting a particular group of helpless people to be affected more adversely than others.

If there is one thing which distinguishes this Party from the Official Opposition, it is our concern and compassion for people. Every piece of social legislation on the books of the country—Family Allowance, old age pension, unemployment insurance, Canada Pension Plan and medicare—stem from this Government when we were in power, not from the Opposition. If one wants to see a mismatch on fighting inflation, if one wants to see how the Tories handle it, then one should look at the record of Margaret Thatcher with unemployment of 15, 16 and 17 per cent, galloping inflation and virtually no social programs in place. This is what we get from Tory Governments which have the freedom of a centralized Government to practise old fashion Toryism at its best or at its worst.

I do not intend to rise to the bait and answer the simplistic argument of the Hon. Member for Peterborough (Mr. Domm) that somehow inflation would disappear if we cut out Government waste. What a simplistic approach! But it is consistent with the Conservatives of the country whose answer to inflation some years ago, some months ago, some weeks ago, was

that we must restrain spending. Where were we supposed to restrain that spending? It was in social programs. Hon. Members should read the financial papers and the speeches of Hon. Members opposite a year ago when they were talking about wages, spending and restraint. Where did they look for restraint? It was to social programs. They said that we cannot afford old age pensions, Family Allowances or to continue the Canada Pension Plan. They said that they would love to continue supporting these social measures, that they had the greatest respect for the dignity of people, that they wanted to help the unemployed and the less fortunate. The Tories said that they supported private enterprise and that if we could only return to that laissez faire attitude, somehow increased prosperity brought on by supply and demand would eventually trickle down to the less fortunate. That is not true. It has never been true. It has proven to be an abject failure under Margaret Thatcher.

What do we have in front of us here? We are talking about Family Allowances. As we approach the last of these Bills, I want to pay tribute to the Minister of National Health and Welfare (Miss Bégin). I say this because Governments at best can only govern through consensus. In every Cabinet and every caucus there are different points of view, all valid and all important. What comes out in the form of legislative policy has to be a consensus. That is true in caucus. I might mention, in case I forget it, that some months ago at our convention we had time, not to cut each other up but to talk about policies. We debated fully the universality concept of Family Allowances because trial balloons were floating around this city and this country from all parties as to what we could do, how we could get our little hands on the Family Allowances, how we could restrict universality, and what we could do to get our hands on this big pocket of money. The Liberal Party, the backbenchers and the militants, made it very clear to Cabinet that universality must be retained and maintained as the nucleus of our Family Allowance program. It is to the everlasting credit of the Minister of National Health and Welfare, as we come out of this debate, that both old age pensions and Family Allowances retain and maintain their dedication to the principle of universality. There is nothing in this Bill which in any way impedes or restrains the concept of universality.

As a matter of fact, I am partly surprised by the success of the Minister in persuading her colleagues, not only that universality can be maintained, but that a formula could be devised to minimize or eliminate entirely the impact of six and five on people we can clearly identify as the poor and the underprivileged who need every last nickel of Family Allowance. How did the Minister do that? How is the Government doing that? When we get to Bill C-139, we will legalize or bring into legislation changes in the Child Tax Credit for 1983. Hon. Members may be surprised to know that it is hard to keep up with statistics. No less than two out of three recipients in this country receive Child Tax Credit benefits. When you take those changes, which are still not legislation, and add them to the minimal impact of the six and five, you will find that two out of three beneficiaries in this country will receive at least a $33 net gain in the 1983 taxation year.

• (1600)

How can you say in any way that we are discriminating against recipients of Family Allowances? If we were, we would not bring in a Child Tax Credit for 1983, the impact of which will be to direct to those two out of three recipients of Family Allowances some extra financial assistance. The one out of three who does not receive the Tax Credit allowance obviously does not need it by reason of the very table that goes with the Bill on which we will have a chance to expand when we debate Bill C-139 because the tax credit is linked clearly to income, as is the GIS to old age pensions.

It is almost pathetic to hear Members of the Opposition take advantage of this legislation in their attempts to garnish support in this country by playing on the fears of the average Canadian. If you listened only to Members of the Opposition, you would believe that every single pensioner in this country would be worse off, dramatically worse off, because of the six and five program. If you listened only to the speeches made here today, you would believe there would be no need for six and five at all if somehow we could say to some young lady, "You have no right to go to France to learn French. It is not important to learn French." The inference is there. It is not important that we get into the twenty-first century with the metric system. It does not mean much to our export countries. If they want our products shipped in metres, millimetres, grams and all the rest, and we do not intend to do it, they say, let them turn somewhere else because we do not care. Every single argument that you hear from the Tories on this issue represents classical Tory thinking of the nineteenth century. It shows how far they have advanced. They have advanced nowhere at all.

What have we been able to do in 18 months, Mr. Speaker? We have been able to put in place a program that has protected the limited income of those who suffer most in times of inflation. I am speaking of people on fixed incomes, people on pensions, people who tend to be under-employed—

Mr. Taylor: How about the one million unemployed people in this country?

Mr. Mackasey: —people who need these kinds of Family Allowances. We have to protect the integrity of those programs.

One can argue, and can I accept the views of anyone who wants to talk about the economy, as to whether our method of attack on inflation is right or wrong. I do not think there is an economist in Canada or the United States with any credibility who would suggest the alternative to inflation is to index everything. There are countries led by governments which believe that, for instance, countries in South America and the Middle East. Their answer to inflation is simply to index everything. If inflation goes up by 90 per cent, you index everything 90 per cent. But do not take your money out of the country because I do not know where you could spend it. Do

not attempt to use your money for trade. It is fine perhaps if you are a citizen of a little island, totally insulated or if you are perhaps on the moon. That is the policy of the Tories. If there is to be the slightest impact from the six and five, if there is any evidence that you must suffer a little because of inflation, the answer is to index. That is the answer of the Opposition. Cut out somebody's trip to Paris. That is a waste. Restore full indexing on Family Allowances, full indexing on old age pensions and full indexing on the Public Service salaries. But the Opposition lacks the courage of its convictions. Opposition Members get up on second reading and support the six and five program. At least the New Democrats, whom I respect, philosophically said, "We don't support it." The Conservatives said, "We support it in general, but we are against every single segment and practice of the program."

Mr. Taylor: You are in bed with the NDP.

Mr. Mackasey: The Tories said, "We are for the six and five, but don't dare touch the salaries of the civil servants."

Mr. Taylor: Why don't you move over with the NDP?

Mr. Mackasey: The Hon. Member from Ottawa said, "Don't dare attack the Family Allowances that go to people whose income is over $25,000. Don't attack old age pensions, including those that go to people who do not need it because of the GIS." In other words, it is typical Conservative policy. They say, "We support the program but we are relating to every single person who is affected by it." They wonder why they have been in the wilderness for so many years. They have been in the wilderness because there has been no sincerity in their arguments. They underestimate the intelligence of the Canadians. They underestimate the sophistication of the people watching this program. Their argument that somehow you can eliminate inflation by indexing everything, that somehow inflation is no longer a problem or never was a problem, is not acceptable. If inflation was never a problem, why is it that day after day after day in this House the Opposition, carrying out its legitimate role, hammers at the Government because of inflation? If we were blamed when inflation was 12 per cent, 13 per cent and 14 per cent, then we have a right to take the credit when inflation has been reduced to 7.2 per cent because of the success of the six and five program.

Mr. Taylor: Yell louder, it is a weak point.

Mr. Mackasey: Anybody who cares about the underemployed, who cares about the working class, who wants to see this country prosper, knows that we have to get inflation down if we are to continue being a competitive nation in the field of exports.

Mr. Taylor: Spending $800 a day?

Mr. Mackasey: Do you think we can compete, Mr. Speaker? The Hon. Member over there always makes good speeches on his seat. If he would turn the other way and talk to himself, we would all be happy.

Do you think for a minute that we can continue to compete with other countries that are mineral-wealthy, Mr. Speaker? Do you think we will be priced out of existence because built into our export prices is an abnormally high level of inflation? Does anybody here think we can regain our markets in the United States, as that country recovers, in the field of copper and mineral wealth? You would understand that better than most of us, Mr. Speaker, representing your riding if, built into the price of copper per pound, or into the price of lead, wood or lumber, or whatever we export were, X number of cents or dollars because of the inflationary factor in this country. No one in his right mind would suggest that 18 months ago inflation was not the number one issue in the country, just as no one in his right mind today would deny the fact that unemployment is the first issue before us now.

I appear angry, but I am not. However, I do get angry when I see the callous efforts of Members opposite who prey on the fears of those people less able to speak out for themselves in this Parliament. I feel very angry when Parliamentarians leave the mistaken impression that somehow we are restricting Family Allowances when, in fact, every single person who needs that Family Allowance, as evidenced by their income, will be better off at the end of the year because of the combination. Two out of three will be better off because of the combination of their indexed Family Allowance—not indexed quite to the extent it used to be—together with the Child Tax Credit allowance of $50, and every single recipient of Family Allowance will be better off.

I should not be impatient with the arguments of the Conservative Party. I heard them last year, I heard them three years ago, I heard them five years ago and I heard them 15 years ago. Sooner or later the classical right wing of that Party emerges, not only in the House but in caucus and in conventions. Those few in that Party who think progressively, who do care about people and who understand what I am trying to say—that we have a responsibility to people—are subjugated, shoved aside and their spokesmen come forward. There is only a minority in that Party who come forward and suggest that somehow inflation would have disappeared if we curtailed trips to Paris, lessons in French or something else that appeals to the prejudices of people.

Miss Bégin: That's it.

Mr. Mackasey: That is the unspoken thing that bothers me.

I want to say in conclusion that we who concern ourselves with people, particularly the Minister of National Health and Welfare, have come out of this whole exercise much greater, in my opinion, than when it began. We have been able to reduce inflation in this country from over 12 per cent to 7 per cent. Never mind the reason.

Mr. Keeper: Never mind the reason?

Mr. Mackasey: It is unfortunate that unemployment had to grow as it did, not only here but also in Tory Great Britain, astronomically in that country, in Germany, in France, in the

United States and in Sweden. Tell me of one industrialized nation where unemployment has not increased.

Mr. Crosby: Austria.

• (1610)

Mr. Mackasey: Tell me of one industrialized nation that has not been concerned about its ability to maintain a social program and keep its unemployment as low as possible while remaining viable and competitive. Each one has to vary the theme.

What our Party has opted for, since this is a federal system with limited control over the various levers for which the Province also have responsibility, is a six and five program that says, in effect, that we have a moral obligation to the less fortunate. I say to those who believe that the deficit can be eliminated or reduced dramactically by eliminating Family Allowances or the GIS because no one needs it anymore, that we will be able to come out of this recession relatively well inside of a few years. As our customers' recovery begins, we will be able to tell them that our prices reflect a very nominal rate of inflation. Perhaps it will be 5 per cent, 6 per cent or even less. We will be able to show everyone that the unique characteristics of Canada's social problems are intact. We can say that they are still based on universality and not on a means test.

We recognize that the Family Allowance cheque is the only one that comes from the Government in the name of the mother. It is the only cheque that comes from the Government that is totally in her control so that she can do what is best for her children. According to Mackenzie King, it was in recognition of her contribution during the war.

We will be able to turn to the senior citizens and say that their old age pensions will remain intact. It will remain universal. There will be no public servants scrutinizing their bank books or looking for money under their beds. As well, if that pension is insufficient, the GIS will still be in place.

We can say the same thing about unemployment insurance. I can remember when unemployment insurance was on trial in this country and how Members opposite, day after day, would rise to talk about the generous UIC program and imply that everyone on UIC was a lazy welfare bum. We do not hear that today. Unemployment insurance has met its test. It is Liberal philosophy, and that is why I am a Liberal and not a Tory.

I hope that this debate might illustrate the rather simplistic solution being advanced by the Opposition. It is their argument that we can somehow deal with inflation by eliminating waste and that we can deal with inflation by returning to the old fashioned laissez-faire principles of Adam Smith.

I want to repeat that we are fortunate to have in our Minister of National Health and Welfare a person who, by her conviction and dedication, is prepared to stand up in Cabinet week after week and tell her colleagues, on the basis of facts and figures, that there are ways and means of adhering to the six and five program. There are ways and means of allocating sacrifice in a democracy that does not discriminate against those least able to protect themselves. That is the best spirit of this Bill, and I wish we would get on with it.

The Acting Speaker (Mr. Blaker): Comments, questions and answers.

Mr. Keeper: Mr. Speaker, I would ask the Hon. Member for Lincoln (Mr. Mackasey) if he is aware that a recent report by the Canadian Council on Social Development has indicated that for the first time since the early 1970s we have had a rise in family poverty. Is this the time when we want to cap the indexation of Family Allowances?

This rise in family poverty is quite evidently related to the fact that we have a depression level of unemployment in this country today. While the Hon. Member speaks a good line on inflation, does he realize the importance of putting the priority on employment so that people may have adequate incomes? Would he refer to the Family Allowance question as well?

Mr. Mackasey: Mr. Speaker, I appreciate the question from the Hon. Member, who is a close friend of mine and asks his question quite sincerely. As far as I am concerned, the number one issue in this country today is unemployment. I know that the Liberal caucus thinks that, the Party thinks that; I know that the Prime Minister (Mr. Trudeau) believes that and the Minister of Finance (Mr. Lalonde) believes that. No doubt that will be reflected in his budget. I agree with the hon. gentleman in that respect.

I agonize, as he does, that no nation, certainly no democratic nation, has been able to develop a way of curtailing inflation without at the same time, impeding growth and creating unemployment. I am not sure if it was Phillips Robatyn, who straightened out the mess in New York some years ago, and who said that democracy works exceptionally well in prosperous times but its real test comes in difficult times when it has to apportion sacrifice and determine who bears the brunt of the battle against inflation. Inevitably, it is the workers. That is why we try to cushion the negative impact with social policies such as unemployment insurance.

I suffer along with the Hon. Member when he talks about unemployment. I appreciate what he is saying. I say quite categorically that the number one problem facing the nation today is unemployment. At the time we brought in the six and five program it was inflation. Now that we have inflation directed in a downward slope to where we should be well below 5 per cent within the year—barring something quite unforeseen—we can devote all our attention to unemployment. Hopefully, we will not create inflation again with job stimulation. The difficult job which the Minister of Finance faces is to stimulate the economy without rekindling inflation.

With respect to the Hon. Member's other point, of course this is the time in history when those on the bottom income scale need more assistance than ever before. That is obvious because inflation does not wreak its havoc equally. Those who had money in the bank a year ago and who were earning 19 per cent and 20 per cent interest were the beneficiaries of inflation. The businessman, the home owner, the home builder, the small-businessman and the farmer suffered from inflation.

The impact of inflation is hardly equal across the board. It is inevitable that people at the bottom end of the scale need increased benefits. As a Liberal, I would say that as soon as the country can afford to increase old age pensions and the basic Family Allowance and return full indexation, it probably will do so.

It is amazing to see how many people fail to appreciate what might have happened to those programs if the six and five program had not been successful and inflation had risen from 12 per cent to 25 per cent. Where would the money come from? Would we here in the House allow indexation at 25 per cent or increase the base of pensions and Family Allowances and, in doing so, drive the deficit of the country up by $10 billion or $15 billion? Would the business community stand idly by or ask us where we expect to get the money from?

I fail to understand why people do not realize that inflation must be curtailed before we can generate the kind of money that is needed for distribution to the less fortunate.

Mr. Crosby: Mr. Speaker, I listened intently to the stirring defence of the six and five program given by the Hon. Member for Lincoln (Mr. Mackasey), particularly in the presence of the Minister of National Health and Welfare (Miss Bégin), who also gave a stirring defence of the same restraint program in Government spending that affects the young people, children and senior citizens in this country.

In addition, there are other Liberal Members who gave the same stirring defence. They were the Member for Ottawa Centre (Mr. Evans), the Hon. Member for Gloucester (Mr. Breau), the Hon. Member for Lotbinière (Mr. Dubois), the Hon. Member for Montreal-Mercier (Mrs. Hervieux-Payette) and the Hon. Member for Manicouagan (Mr. Maltais). All of them gave stirring defences of the six and five program.

However, the Canadian Council of Catholic Bishops criticized that program by saying that it was repressive, unfair and leading to massive unemployment—1.6 million unemployed—and created an immoral situation in Canada. That is what the Roman Catholic Bishops said. The Member for Lincoln (Mr. Mackasey) apparently went public and condemned his colleagues—

Miss Bégin: That is a lie.

Mr. Crosby: —from Ottawa Centre, Gloucester, Lotbinière, Montreal-Mercier and Manicouagan. He said that they were being unfair and would not stand for that attack on the Bishops.

Where does the Hon. Member stand? Does he stand with his five colleagues in defence of six and five or against the Roman Catholic Bishops in their opposition to the six and five?

Mr. Mackasey: Mr. Speaker, the hon. gentleman, for whom I have great respect, ends up with a rather false argument by comparing apples and oranges. I think the Hon. Member is more intelligent than to think that being for six and five means that one is against the Catholic Bishops, but I am not sure anymore.

• (1620)

Mr. Crosby: You explain.

Mr. Mackasey: I do not think he has read the statement of the Bishops, because if he had read it, he would find that it did not tackle the six and five program. I happen to share their views, and happened to be on record last night on the radio program "As It Happens" concerning the number one issue in the country.

The Hon. Member asks the question in good faith, and I am answering it. If I believed everything I read, or everything that happened in Winnipeg last week according to the newspapers, I would say, "God help the Tories", but I do not. I have more respect for Joe Clark.

Mr. Crosby: Find out about economic affairs, Bishops.

Mr. Mackasey: The Hon. Member asked the question, and I am entitled to answer. If the Hon. Member reads beyond the headlines, that is, if he is capable, he will find that in the body of that article it was made very clear that I was not fighting with my five colleagues. But let him read it.

Mr. Crosby: Oh, oh!

Mr. Mackasey: Maybe the Hon. Member cannot. I will not go into that. I want to say what I indicated, that I too have an opinion on what the Bishops said. As I understood their remarks, they said that the level of unemployment in this country was deplorable. I share their view, and said so publicly. I relate to that statement, entirely. What I also said was that I may have a different view from other people who have been publicly commenting on what are moral issues and what are temporal issues.

If the gentleman so desires, I will provide him with a transcript of what I said publicly last night and what I will repeat over and over. I simply said that what is spiritual today is not what would have been considered spiritual 25 years ago. Young priests and ministers, some of whom are in this House—and I am looking at one—see their vocation in life as going beyond a little square box which limits them to very narrow spiritual concepts. Young Catholic priests think it quite in order, spiritually, to worry about unemployment and about the things that lead to the breakup of marriages, to worry about the wasted years of the unemployed, and to speak out on Government matters and to say, "Do something about it". I applaud the Bishops for exactly that.

Mr. Crosby: Denouncing the six and five.

Mr. Mackasey: Where I differ with them is concerning their views on economic policy, which I do not think would resolve the issues.

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

Mr. Mackasey: I will sit down a little inflated, because I have not said it all.

The Acting Speaker (Mr. Blaker): The Hon. Member will realize that the intention of the procedural reforms is that questions and answers should be "short and sharp". The Hon. Member for Crowfoot.

Mr. Malone: Mr. Speaker, I am pleased to speak on this occasion, especially since the Hon. late Minister—

The Acting Speaker (Mr. Blaker): Order, please. My apologies to the Hon. Member for Crowfoot but there still remains some time for questions and answers.

Mr. Malone: I rise on a point of order, Mr. Speaker. I would just like to point out that it is very difficult to ask a question of an Hon. Member who has just left the House.

The Acting Speaker (Mr. Blaker): The Hon. Member for Crowfoot may not have had his microphone open, so I will indicate to the House what he himself has said; that is, that it may be difficult to ask questions when an Hon. Member is no longer in the House, but that does not constrain Hon. Members under those rules, from making such comments as they see fit, and I would have to continue to recognize Hon. Members after that.

Mr. Taylor: Mr. Speaker, I am sorry that the Hon. Member has left the House so quickly. I wanted to know why he was yelling so loudly and pounding the desk with his lily-white fingers. Perhaps it is because he had such a weak argument. I want to know how he can reconcile the Bill, which he now supports, which is taking money and food from children—

Miss Bégin: Oh, oh!

Mr. Taylor: Stay calm a minute. Do not get excited. You will break a blood vessel.

I do not know how he can reconcile taking money from mothers, who are having a difficult time feeding their children, and then giving $800 a day, plus $125 for expenses, to a rich man. How can that be reconciled? It is completely contradictory. He says it is not inflationary, but it is inflationary. That is not straight at all. Does the Hon. Member talk that kind of nonsense to the people of Canada, 1.5 million of whom are unemployed? It is no wonder that the Liberals are on their way out. I have no question to ask because the Hon. Member is not here.

The Acting Speaker (Mr. Blaker): Is there debate?

Miss Bégin: Mr. Speaker—

Mr. Crosby: The Minister cannot speak. Sit down.

The Acting Speaker (Mr. Blaker): The Chair will recognize the Minister of National Health and Welfare (Miss Bégin) if her comments are pursuant to those made by the Hon. Member for Bow River.

Miss Bégin: Yes, I think it is very important—

Mr. Crosby: Tell us about the Catholic Bishops.

Miss Bégin: —for the Hon. Member not to get too mixed up in the large dossier which is before him. He has just totally misinformed the House and the population so badly that I want to correct him. How can he say that the person who earns $26,330, and who has only one child, is living in poverty? I do not quite understand it. I would love to hear an answer.

Mr. Taylor: Mr. Speaker, surely the Minister is not so naive as to think that all of the 1,200,000 mothers are making $26,000 a year. Many of them are not. Many of them have three, four, five or six children, and many of those children are crippled and some are abnormal. They need extra money and they are not getting enough for milk now, so let the Minister not start giving me that baloney.

The Acting Speaker (Mr. Blaker): As a last exchange, I will recognize the Minister of National Health and Welfare.

Miss Bégin: This is exactly what I wanted the Hon. Member to recognize, the fact that that is the limit, the maximum Child Tax Credit, for only one child. The Child Tax Credit has increased by $50 to make up for the reduction of indexation. Therefore, he has totally misinformed the mothers in this country, because if they have two children, they can make much more, and if they have three or four, they can make much more.

Mr. Taylor: A little more.

Miss Bégin: They can make much more money and will still be allowed the full, additional, non-taxable $50 per child on this year's Child Tax Credit, in such a way that two-thirds of all the mothers in Canada will not have lost a penny, and some will be better off—

Mr. Crosby: What are you doing it for?

Miss Bégin: —because of the six and five. Therefore, I would like him to remember that and read all his documents before he opens his mouth, because he is making such a *bouillie pour les chats* that it is unbelievable. It is unbelievable that he should be creating panic among mothers that way.

Some Hon. Members: Hear, hear!

Mr. Taylor: Mr. Speaker—

The Acting Speaker (Mr. Blaker): I have just received a note indicating that because of certain signals, which Hon. Members recognize I sometimes give to them as to their amount of time left to debate, the Hon. Member for Lincoln apparently did not realize that there was time remaining in the ten minute period.

Mr. Crosby: Oh, he realized. He just left.

Miss Bégin: Oh, come on.

The Acting Speaker (Mr. Blaker): I have only two choices I can make in this matter, and I will be guided by the House. I

will extend the ten minute question period now that the Hon. Member for Lincoln has returned to the Chamber, but only based on the unanimous consent of the House, so that I can determine that that is what Hon. Members want. Otherwise, we will continue the debate. Is it the wish of Hon. Members that we debate?

Some Hon. Members: Agreed.

Mr. Taylor: Point of order, Mr. Speaker—

The Acting Speaker (Mr. Blaker): The Hon. Member for Bow River rises on a point of order.

Mr. Taylor: Mr. Speaker, you permitted the Minister of National Health and Welfare, who was not being questioned at the time, to rise and make two statements. Surely we cannot leave without comment some of the baloney she advanced, because that is what it was. There are 1,200,000 mothers who will be affected, and she knows it.

Some Hon. Members: Sit down.

Mr. Taylor: Why are you trying to kid the people?

The Acting Speaker (Mr. Blaker): The Hon. Member for Bow River raises two matters, one being a point of order with respect to the fact that allowed the Minister to enter the exchange, and the other raises a matter of debate. Yes, I did recognize the Minister as I would recognize any other Hon. Member in the House who wanted to rise in that ten minute period, even if that Hon. Member is from the same Party as the one who had spoken.

If there are no further points of order, the Chair will recognize—

Mr. Mackasey: Point of order, Mr. Speaker.

The Acting Speaker (Mr. Blaker): There is another point of order.

Mr. Mackasey: I want to make it clear that I left the House fully under the impression that I had utilized my ten minutes. I realize my answers were very lengthy.

Mr. Crosby: So you cannot tell the time either.

Mr. Mackasey: I make this point because I did hear someone suggest that I had left on purpose. The Hon. Member knows that that is not true. He should either retract that statement or apologize because he should accept the word of a gentleman. I left because when the Speaker, with his usual delicacy and finesse, suggested that the question was too long and the answer was too long, I presumed that he was telling me that I had spoken longer than my allotted time, and I ran to make an important phone call. I would not have missed giving the Hon. Member an opportunity to ask any questions he would have liked. The questions I have heard so far have been typical of the type which would have been asked.

Mr. Arnold Malone (Crowfoot): Mr. Speaker, I would like to begin by telling the Hon. Member for Lincoln (Mr. Mackasey) that I did not think his ten minutes had expired. I thought that a light year had passed. I also noticed that it was one of the interesting speeches we have heard in the House, one which we did not measure by its length in *Hansard* but, rather, as it registered on the Richter scale.

• (1630)

I want to deal with the analysis put forward by the Hon. Member for Lincoln before getting into my specific comments. He took considerable pleasure on behalf of the Government Party in advocating that the six and five program has been bringing down inflation. It is an interesting paradox to note that all the while that inflation and interest rates were increasing sharply the Government Party blamed the Americans and world conditions. They told us there was nothing Canada could do with respect to its internal policy because we had to live within the reality of a world economy.

All of a sudden inflation in the United States started to decrease. Interest rates began to come down. That fact is also reflected in Canada, and the Liberals take claim with a slogan called "The six and five program". They say if it was not for that program, inflation would not have come down. One of these arguments may sell, but not both. It cannot be a fact that we live in a world economy and then somehow find that we are divorced as a result of something that is not a program but rather a slogan, which is what six and five is.

The Hon. Member for Lincoln took particular pains in trying to tell us that this Party was void of social conscience. He made reference to Margaret Thatcher and the Conservatives in Great Britain. I ask the Hon. Member for Lincoln, and he can tell me on another occasion, whether he embraces the social policies of Jeremy Thorpe. That might be the social policy that the Members of the Liberal Party will want to concern themselves with.

We are dealing today with a question that is indeed serious, one that talks about Family Allowances and decreasing the capping of the indexation thereon. This will cause a constriction on the poorest in this country rather than those who are richer. I see the Minister of National Health and Welfare (Miss Bégin) again behaving like a chicadee eating fermented chokecherries. She knows full well that constraint is there against the poorest people in this country.

Miss Bégin: It is not true.

Mr. Malone: Statistics show that for 15 years Canada's poverty level was decreasing. We were having fewer poor people in Canada. This year the statistics are turned around and the poverty rate in Canada is increasing.

I submit that this is a terrible situation. Canada has one-third of the world's fresh water, has no lack of resources and educated people. This group of 20 million people has all the tools to build a healthy and wealthy society, yet we cannot compete with our major competitors, Japan, Germany and other European countries, to the extent that this year the

OECD ranked Canada lower than the twentieth position in the world. This is shameful in light of the fact which demonstrates clearly that just 14 years ago when this Prime Minister (Mr. Trudeau) took office we were the second highest nation in the world in terms of standard of living.

For the first time in 15 years, after a tremendous record of decreasing poverty in this country, we have an increase. There are now more poor people in this country. The Liberal answer to that is to cap the Family Allowance. When inflation is going up, they put a lid on those people so that their power with respect to value is decreasing.

The Minister might say we are allowing it to go up some. If it does not go up equally with inflation, it is going down. There is no other direction. All indexing does is to index value. If the indexing is less than the value of inflation, the value goes down. They are giving to the people of Canada not only poverty, but more poverty; poverty upon poverty.

The Liberals do this in the same week that they tell poor Donald Macdonald he can have $800 a day. Do you know that Donald Macdonald has to work ten days every year before he reaches the poverty level? That is how much that poor Liberal has to work. Poor Michael Pitfield in the Senate. He has to work another 15 or 20 days before he gets enough money to reach the poverty line. The Liberal answer for those families below the poverty line is to cap their Family Allowance, to hold them below the rate of inflation.

It would have been different if that were the policy for the richer people in Canada, those in the higher income levels. To put a cap on them would have been saleable to Canadians. However, universally to put a cap on those in all brackets, including the growing poverty group, is not acceptable.

I want to bring to the attention of Hon. Members the fact that of all families, 48 per cent are single-parent families headed by females. Let me assure those who somehow think this money is being spent foolishly that in the majority of cases, and the data proves this, the money is directed to food, clothing, shelter and other necessities.

The Hon. Member for Lincoln accused us of playing on fears. There is fear. It would be blind of us not to recognize it. There is the fear of the 1.5 million unemployed, which does not include the more than 500,000 who have given up looking for work. After months of looking, they have found no work.

It does not include the native Indians of this country, none of whom are listed in the Statistics Canada rating of unemployed people in Canada. We have an unemployment rate on the different reservations across the country ranging from 60 to 80 per cent. Native people are not included.

Miss Bégin: That is not true.

Mr. Malone: That is true. Let us have a little talk afterwards and I will show you.

Miss Bégin: It is not a fact. It is the opposite.

Mr. Malone: It is not the opposite. There is a nice debate across the floor of the House. It would be good to enlighten the Liberals. It simply is not the fact at all. This is lovely. I have some support from the NDP, which sits to my left. That at least demonstrates that I have the support of both the Conservatives and the Liberals because I have the support of the Conservatives and the NDP.

On the one hand we have the situation where there is the capping of Family Allowances. That affects the poor and keeps them below the rate of inflation. On the other hand, we have to look at what is happening with respect to Government expenditures. The Member of my Party who spoke before me went through a number of issues. Interestingly enough, he dealt with many of the same ones on which I intended to comment.

Miss Campbell: You must have the same researcher.

Mr. Malone: It is important, when we talk about restrictions and Government spending, to recognize the onus upon us to talk about where the money will come from. That is not hard, thank goodness, because we have a Liberal Government.

Look at Mirabel Airport. I know that if Mirabel were not there, we still could not buy everything. We cannot use it as an excuse all the time. However, the truth is that hundreds of thousands of acres of farmland were destroyed and that it was built at a cost of $600 million. Every year it has an operating deficit. The airlines do not want to use it, nor do the people of Montreal.

• (1640)

The newspapers in Boston advertise encouraging people to go to Boston to use their airlines to fly overseas because there is less fuss there for Canadians than in using the Mirabel Airport. That is just one $600 million expenditure of the ones I have listed, Sir, which would have covered the cost which the Minister is talking about today dealing with food, clothing and shelter of children in those families that are under the poverty line.

There is also the fact that the Government spent over $1 million to advertise its six and five program. The six and five program was intended, in part, to hold down the increase in Family Allowances. We certainly never supported any $1 million advertising program telling us that the program was okay. This is the same Government which runs Canada Post where the stamps lick the people rather than the other way around. We are in a situation where the Canada Post deficit is running wild—

An Hon. Member: We have reduced the deficit.

Mr. Malone: What a brilliant piece of Liberal logic I heard from the other side, Mr. Speaker. The Hon. Member has told me that the Government has reduced the deficit. That must mean that if it can make the deficit high enough and then reduce it, it has cleared its conscience. That will not wash. As the Hon. Member for Lincoln was saying a few moments ago, Canadians are more sophisticated than that. He is right. And at the present time the polls indicate that.

The fact of the matter, Mr. Speaker, is that $1 out of every $4 tax dollars spent in this country is spent purely on paying the interest on our foreign debt. That, again, underscores the wild expenditures of the Government for the monuments it has been building in tribute of itself. Another example is the purchase of PetroCan, Petrofina and BP Oil. The Government may not have enough money for poor children in this country, but it can buy oil companies and tax the people at the gas station. When farmers are buying their gasoline and their fertilizer, they are paying more money. But this Government cannot find the dollars necessary to help the children in need across this country. They cap the increases in family income at levels below that of the rate of inflation, and that, Sir, is a shameful act. It is unacceptable that the Government would make that a priority when there are so many other areas where it could save the moneys needed to hold down the rate of inflation and to make its programs work.

There are 1,500,000 persons in this country today who are unemployed. More than three million live below the poverty line, and that is by international standards. Out of 24 million Canadians we have some three million persons today in this country who live below the poverty line. The Hon. Members to my left tell me it is four million. I did not see that statistic, but whether it is three million or four million or some other number, it is too much. My data says it is three million. That is too much. If four million is fact, it is just that much more "too much, too much". I did not get my "tang tungled". I meant that, because it is a very cruel, crass attitude of the Government that in order to build its monuments to itself it would choose to cap Family Allowances, including those of people below the poverty line. That is just unacceptable.

The Minister of National Health and Welfare should know that if you are going to cap, you should cap in such situations the incomes of those of higher wealth, not universally. If that is what the Hon. Member for Lincoln meant when he said the Liberal Party supports universality, then it is the Liberal Party which is at fault, if believing in universality leads to that kind of crass treatment of the people. On the basis of the Government's own data, over the next year families earning $35,000 per year and more will receive $800 per child, and those at the poverty level will receive $700 per child. That is not necessarily from Family Allowances; it is the total benefits which they are going to be able to get from tax credits and from other benefits. If this Bill passes it is going to cause a loss of at least $30 per child, and that is a burden which should not be placed upon those children whose families are living below the poverty line.

This Government has put in place, or allows to stay in place, somewhere in excess of 480 Crown corporations. It has the CBC which it subsidizes at almost $1 billion a year. Some $800 million in subsidies goes to that organization. Yet despite that, despite forced metric, rightly or wrongly forced with all of its bureaucracy, there is money there for those children, for needs which are basic to human life, and it should not be acceptable that a Government in its crassness would refuse to give the kind of adequate support which has been traditionally there.

Single-parent families, most of them headed by females, make up 8 per cent of all of the families in Canada today. But the unfortunate fact is, Mr. Speaker, that those single-parent families headed by females make up 48 per cent of those families which are listed within the poverty bracket. That is what this legislation is aimed at, hurting those people who are least able to cope with their circumstances, female heads of families, caring for their children, who cannot go out to work. That is the insensitive position which the Government is taking toward those particular people. At the same time it tells Donald Macdonald he can have $800, or $900 if he is away from his home. That simply is not going to wash with the Canadian people.

The savings for the federal Government for this particular policy, the capping of six and five on Family Allowances, adds up to .05 per cent of the federal budget, or one-hundreth of 1 per cent of our Gross National Product. Surely, in light of Mirabel, Petro-Canada, Petrofina, British Petroleum, the 480 Crown corporations, CBC, and all the other spillage of money which goes on, there is some money in the public Treasury that in this time of inflation and hard economic times, and in this time when there are 1,500,000 persons unemployed, to would retain the traditional standards for families who are under the poverty line. I believe it is an abominable failure of the Government that under such conditions it would choose to pay persons like Donald Macdonald $800 per day, put wealthy people in the Senate at two salaries, continue with metrication, and continue to support the oil companies. The Liberal landscape, Sir, is a billion dollars of subsidies for PetroCan and a $80 million cut for poor families and children.

• (1650)

That is the landscape we are looking at, and it is unacceptable. If the Government thinks that it will make a saving by capping universal Family Allowances, it should bear in mind that that expense may very well recur somewhere else. If children do not have the proper nutrition, it could well be that they will fail in school, their health will be affected, and it could affect our rate of crime and unemployment. If we do not take care of the children of the nation, we have to recognize that we are not necessarily making a saving; the cost may reappear somewhere else. We are bound to see that children have an adequate start in life, especially in those families last able to cope, such as that 48 per cent who are poor, families headed by single parent mothers.

Mrs. Erola: Mr. Speaker, it occurs to me that the Member has been making some very serious charges, using figures which are not really very accurate. In the year 1982 the Child Tax Credit was $261. Is he aware of what the Child Tax Credit will be this year? It will be $343.

Miss Bégin: He did not know.

Mrs. Erola: Who are the recipients of that Child Tax Credit? Those very people he was referring to, single parent

mothers. I am delighted to tell him that all Indian mothers, I am informed by the Minister of National Health and Welfare (Miss Bégin), are recipients of the full Child Tax Credit of $343. So the poor of the country, the poor mothers, are indeed being protected by the Child Tax Credit. Let us put that on the record.

Mr. Malone: Mr. Speaker, I want to thank the Minister of State for Mines (Mrs. Erola) for putting on the record the fact that Indian mothers are able to get a tax credit. I accept that. As a matter of fact, I never even said anything other than that. She says I did, but she will notice tomorrow in *Hansard* that what I said was that Indian families are not counted amongst the unemployed.

Miss Bégin: You will change the "blues".

Mr. Malone: I am sorry, the sound waves did not get across to the other side, but I stand by my position. Indians are not counted amongst the unemployed in this country, and that is what I was talking about at the time.

With respect to the $240 tax credit, I accepted that there will be an increase over last year. However, because of the capping of the Family Allowance this year there will be a permanent loss of $30 for each family thereafter. It is a permanent loss and it will hit the poor families harder than it does the rich. The Minister can come forward with her tax credit, but that will not solve the ongoing problem. That is not the way to put into place national policy.

Miss Bégin: Madam Speaker, I should not even react to the scare tactics used by the Official Opposition—

Mr. Manly: A point of order, Mr. Speaker. Is it not customary to rotate amongst different Parties during the exchange following a Member's speech?

The Acting Speaker (Mr. Corbin): You are absolutely right. We will do that eventually. The Hon. Minister for National Health and Welfare (Miss Bégin).

Miss Bégin: Mr. Speaker, I would like to ask the Hon. Member if he is not aware that his last explanation is totally false. He explained to the people of Canada who are watching television right now that there will be a loss forever in the base of child benefits received by mothers in need. That is not the case. Is the Member aware that the Child Tax Credit will be a full $50 more, on top of indexation, which will replace all possible loss this year and next year? I repeat, all possible loss. I will send him a copy of the detailed figures I gave in committee because he may not be aware of the damage he is trying to create amongst mothers with false information.

Is he aware of how many mothers get the Child Tax Credit, partially or fully? I would like to know what number he thinks it is.

Mr. Malone: Mr. Speaker, the Minister is at odds with the Canadian Council on Social Development who support the position I have expressed here today. Not only has she a debate with me, she has one with that organization also.

I want to say to her that whenever you restrict the increase in Family Allowance with the intention to start full indexing later, you will be indexing from a lower base. The calculations I have, on the basis of the legislation before us, show there will be a $30 reduction for every child. I concede there is a one-year supplement, but that does not make up for the fact that the base will be lower thereafter in perpetuity, unless the Government makes some other legislative changes. I stand by that statement, and I guess there is nothing else I can say about it other than that that is a fact.

Mr. Anguish: Mr. Speaker, as I understand what has been said here, the recipients of Family Allowances are not really losing anything because they are getting it back in the Child Tax Credit. Is this Liberal Government telling us that it has put us through all kinds of debate in the House of Commons over the six and five program when it really does not change anything? Has this been done for cosmetic, political posturing in the country when there is really no loss to the recipients and no gain to the Government of Canada? What is the whole point of the six and five program?

Mr. Kristiansen: And they talk about wasting time.

Mr. Malone: Mr. Speaker, I have no quarrel with that submission. I am sure there is some accuracy in it.

Mrs. Mitchell: Mr. Speaker, I would like to compliment the Hon. Member for Crowfoot (Mr. Malone) on his speech. I was watching him on the monitor and I thought for a while I was watching Dallas. That vest is very impressive. However, I know that in addition to being a fine orator, he also was very serious about what he was saying. Indeed, we agreed with many but not, of course, all the points he raised.

He talked about Government expenditures and I would like to ask him whether he would be willing to reduce the Government allocations for defence in order to raise Family Allowances for Canada's children?

Mr. Malone: Mr. Speaker, I am quite willing to find ways of raising funds out of the wasteful expenditures the Government is making at the present time, so that women and children in this country do not have to suffer. However, at a time when this country would lose a war with Cuba because we do not have Armed Forces to match those of Cuba, I would be somewhat reluctant to tone down our defences, especially since there is, on both sides of the House, some feeling that there is a need to beef up Canada's defences.

Miss Bégin: Mr. Speaker, we just saw the usual fight between the NDP and the Conservatives. When it suits them, they gang up one way, then gang up the other way, and go to bed together.

Of course the Hon. Member for Crowfoot has not read the report of the Canadian Council on Social Development, nor is he aware of the amount of poverty, as he showed clearly in his

speech. But is he aware that his thesis is absolutely false in that the projected rate of inflation toward the end of 1984 is 4.8 per cent, with which we are very pleased? That would be just below 5 per cent, which means that no mother on welfare or otherwise would lose a penny. I know it is difficult to make him understand our social programs; he has never spoken on that in the time he has been in the House, but I would just like him to tell us if he knew that, because he should. Those are the facts.

Mr. Malone: Mr. Speaker, I have some experience with the Government's projection of deficits. If the Government is so comfortable with the projected rate of inflation next year, then I am quite comfortable in asking why the Government does not accept the amendment of the Hon. Member for Calgary West (Mr. Hawkes) that it be just a one-year program. The capping of indexation would be relative to inflation and there would be no problem because it would simply go up by that 5 per cent, if in fact we can trust the Government's prediction.

• (1700)

Mr. Russell MacLellan (Cape Breton-The Sydneys): Mr. Speaker, this afternoon we have heard everything the Opposition knows about defence and Mirabel. I think we should now get to the question being debated in the House this afternoon, and that is Bill C-152. What we have to do is look at this Bill in the proper perspective. This is not a Bill that we apply against defence spending or any other question that—

Mr. Anguish: Mr. Speaker, I rise on a point of order. I would like to bring to the attention of this House, and to the Hon. Member, that we are not debating Bill C-152 here this afternoon, if that is what he has come into the House to debate. We are actually debating Bill C-132, and he should be speaking to that Bill, not Bill C-152.

Mr. MacLellan: Mr. Speaker, it is encouraging that the Hon. Member does know something else. I imagine if we give him one more chance he will exhaust everything he knows.

I think it is important to look at this Bill in perspective; why the six and five program was brought into play. The reason was to reduce inflation. The way to reduce inflation is to have cut-backs on spending and wages across the country. It was important for the Government to set an example. Of course it is important that those who cannot afford to bear reduced incomes not be hurt. I think this has been taken into consideration with respect to Bill C-132.

The Government has chosen to exercise a concerted national effort to lead Canada from a situation of world-wide recession to a realistic world of recovery. To make this or any national effort work, the full thrust of all Canadians is required. Each segment of our society must co-operate, whether it is the elected representatives, public servants, or even, unfortunately in this case, the pensioners, families and children, who are involved as well.

This is not a Bill that is going to be a detriment to families, to single parent families, children, or anyone in this country. I think it is an excellent example of how to keep the six and five program alive while maintaining the incomes of those who most need the income, and need assistance in this country.

It is difficult for anyone, individual or corporate, to give up a benefit to which they have become accustomed, but it is only through limited involvement of each segment of the Canadian population that the six and five program will attack and lower the inflation rate. The problem is universal.

Canadians are being called upon to sacrifice a little in the short term in order to ensure Canada's economic recovery and stability. We must pitch in to achieve this goal. The economy of this country is far too important to be taken lightly, as it is taken by the Opposition. There is a common denominator in this battle. We all, as individuals, unfortunately have to tighten our belts and redistribute the cash flow in response to economic conditions. The Government is doing the same. We are attempting to implement this measure in a way that is least injurious to our basic quality of life. The Government likewise is attempting to redistribute its budget in a way that maintains the basic lifestyle of its citizens, particularly those who are most unable to protect themselves against changes in an economic climate over which they have little or no control.

There are armchair philsophers and prophets of doom and gloom sitting in the Opposition who would criticize any Government program on the basis of partisan politics, but can offer no constructive alternatives. They have indicated that Bill C-132 will take food from the mouths of children and jeopardize their chances of a university education. The simple facts of this straightforward Bill negate this type of sensationalism.

The current Family Allowances Act provides an annual escalation of allowances in January of each year on the basis of increases in the Canadian Price Index. The current 1982 rate is $26.91 per child per month. Under this Bill the amount as of January 1983 will rise to $28.52 a month, and not more than $29.95 a month in January of 1984. Based on the estimate that the average rate of inflation will fall to about 6 per cent—let us hope it will go lower but say 6 per cent—by the end of 1984 the reduction will be approximately $16.80 per child for the year 1983 and $28.32 per child for 1984, a total reduction of $45 per child for the two year period.

The difference between the expected increases in the Family Allowances and the actual increases due to the six and five program capping is between $1.40 and $1.50 per month. As with all aspects of the six and five, there will be increases, so no one will be treading water at the 1982 rate. That is, there will still be increases of 6 per cent and 5 per cent in 1983 and 1984 respectively, even though they will not be at the rate of inflation at the particular time. That is what we see on the one hand; the reduction of $45 per child approximately over the two year period.

On the other hand, just as the indexing of old age pensions protects those most in need of benefits, the seniors who did not have sufficient income to handle this kind of reduction, the Government instituted an indexed increase in the Guaranteed Income Supplement.

As in the case of the old age pensions, Bill C-132 has made special provisions for those families eligible, and therefore most deserving of the Child Tax Credit. The Child Tax Credit was introduced by the Liberal Government in 1978 to provide special assistance to families earning less than $18,000 a year. The amount of family earnings for full entitlement has since been increased to $26,300 per year. As a one time effort under Bill C-139, $50 will be added to the 1982 Child Tax Credit as a compensation in advance to low and middle income families for the reductin in Family Allowances over the two year restraint program. Of the 3.6 million families currently in receipt of Family Allowance payments, approximately 2.5 million families will not be adversely affected, due to the special temporary increase of a $50 Child Tax Credit.

As an example, a family with two children and a yearly income of less than $26,300 will receive the full Child Tax Credit of $686, comprised of the basic $293 per child, plus the special $50 Child Tax Credit per child. The Child Tax Credit is applicable to a similar family on a diminishing scale with a family income of up to $40,050. It is not Family Allowances that will be cut, as claimed by the Opposition. The anticipated increase will be reduced. Recipients in 1983 and 1984 will still be receiving more money than they did in 1982.

• (1710)

To return to the example, only one third of Canadian mothers receiving Family Allowance will receive a smaller increase than anticipated for their child benefits in the coming two years. As stated, this reduction will be between $1.40 and $1.50 per month. Of course this Bill does not in any way affect the special allowances paid for children under 18 years of age maintained by Government care, such as through welfare agencies or institutions. They are fully indexed in both 1983 and 1984.

The results will be that expenditures through the Family Allowance program will have a net reduction of about $93 million in 1983, and potentially $154 million in 1984, depending on the decline in the inflation rate. The gross reduction is approximately $115 million in 1983 and $190 million in 1984. Of course the reason for the difference is the revenue lost in taxation.

At a time when national Governments are faced with the same set of economic circumstances as individuals, they are willing to cut their programs, and the largest expenditures are those to individual Canadians. I say this knowing that the Government does not want to cut expenditures, but, in this case, because of inflation and the need to reduce the rate of inflation, action had to be taken. I commend the Government for taking action. I do not think anyone would suggest that this was not a difficult decision to make. No one likes to have their income expectations reduced.

Only those families with incomes of more than $40,050 will receive no Child Tax Credit. Families with income less than $26,300 will receive the full Child Tax Credit. This will more than compensate for the reduction in the indexation of Family Allowance increases which were anticipated in 1983 and 1984 before the six and five guidelines were put in place. It is my feeling that Bill C-132 will entrench the Liberal commitment to universality, while ensuring that the burden of restraint is not placed on those who are unable to bear it. The spirit is teamwork. Little has been taken from those who cannot afford a reduction in income; it has been more than compensated by the Child Tax Credit.

Mr. Keeper: Mr. Speaker, would the Hon. Member clarify for the House and for Canadians his argument about whether or not Family Allowance changes will mean any reduction in money to families? Does he realize, or is he aware of the fact that in 1981 Statistics Canada showed that family poverty had increased in the country for the first time since the early 1970s, that among those poor families the most significant increase was in number of single parent families, and that with the recession and the increase in unemployment poverty would balloon in 1982? Is he aware of the fact that there is increasing family poverty as a result of increased unemployment? When will his Government stop talking about inflation and start doing something about the need for employment so that people can have decent incomes?

Mr. MacLellan: Mr. Speaker, I appreciate the Hon. Members concern about low-income families, but the truth of the matter is that poverty has not increased in the country.

Mrs. Mitchell: How can you say that?

Mr. MacLellan: Those who are in need—

Mrs. Mitchell: Don't you know your riding?

Mr. MacLellan: Yes, I know my riding much better than the Hon. Member.

Mrs. Mitchell: Those figures were from 1980.

Mr. MacLellan: No, not at all. Those people who have lost employment certainly do not have an abundance of income, by any means, but unemployment insurance has been maintained. Job-creation programs have been escalated, and the actual poverty line is subject to change by anyone who wants to change it. In my opinion poverty has not increased. The income of those with higher incomes has been reduced, but poverty itself, as it was measured in the past, has not increased.

Mr. Keeper: I am rather surprised that the Hon. Member should deny the fact that family poverty has increased for the first time since the early 1970s, according to the 1981 figures of Statistics Canada. This is not a matter of opinion. They are statistical figures, analyzed by competent economists and researchers with the Canadian Council on Social Development. Poverty has increased, and one of the clear indications of that fact is that there are now more workers who are heads of families, who traditionally had jobs, than ever who are unemployed; in numbers unknown in recent times. How can the Member sit in this House, or travel in this country and come to the conclusion that poverty has not increased?

Mr. MacLellan: The Hon. Member can quote any figures he wants, and substantiate them on any scale he wants, but incomes have also increased substantially over the last ten years. There is no suggestion that unemployment has not increased. There are a great many people whose unemployment insurance benefits have expired. This is of grave concern. I would not argue that point.

How we are to define poverty, keeping in mind that the incomes of those who have jobs have increased? I would like the Hon. Member to set forth his parameters; what does he consider the poverty to be, and then we can take it from there. Unfortunately we cannot do that this afternoon, but I would be interested in learning his parameters and comparing them with comparable parameters of the past.

Mr. Anguish: Mr. Speaker, Before posing my question, I would like to say I was surprised by the Hon. Member's earlier remarks when I raised a point of order in an effort to ensure that he was speaking on the correct piece of legislation.

In light of his unfortunate comments about the circumstances which require keeping the six and five alive, and that it has to affect pensioners and some other people in our society, why does he not urge the Government in caucus to extend the six and five program? I could possibly support a six and five program if it covered everyone. What bothers me most about the program, and this has caused most of the time waste in the House of Commons, is that it is directed at specific segments of society. Why do you not encourage your caucus to have the six and five program extended, say, to the bank's profits and other corporate sector profits? Limiting of profits to six and five should be done. The banks have always maintained that they should have high profits because their profits should relate to their assets. If that is true, why does the Government not guarantee a profit of six and five per cent to the farmers of this country? I know many farmers in my constituency, who have over $500,000 in assets, who, for the past few years, have hardly received any net income at the end of a year. This situation will get worse by doing away with the Crow rate as a result of the Pepin plan. Why does the Government not extend that program to cap profits to some and guarantee profits to others who are not making it in our society right now?

• (1720)

Mr. MacLellan: Mr. Speaker, I can appreciate the concern generally on the six and five program. But the six and five program has worked and it is continuing to work. It does apply to everyone as far as income tax indexing is concerned. In this country we have to look at a great deal of unemployment. We have a very high rate of unemployment, much higher than is acceptable to anyone in this House. At a time when we are trying to create jobs and trying to get an economic recovery, how can we say to companies close to bankruptcy that have perhaps used every dollar to pay off debts and are squeezed by increased interest rates on the one hand and reduced sales on the other, that we are going to apply a reduced level of profits, that they will have to accept a reduced level of profits when their profits are low enough as it is? How are we going to stimulate the economy at this particular time by applying income restraints against these companies? I agree there are companies that do make profits over what one would consider a justified profit, but right now the economy is in great difficulty. We have to try to stimulate the economy, create jobs and get out of this deep recession in which we find ourselves at the present time.

Mr. Kristiansen: Mr. Speaker, my question arises out of the Hon. Member's last remarks. Why is it that he and his Liberal colleagues, who seem to be talking like Conservatives on this issue, when they want to restore confidence and stability to the economy do so by offering extra incentives, extra grants and extra payments to those who have, and forcibly restrain those who, relatively speaking, do not have? How do the Liberals justify that, particularly by creating the kind of insecurity which seems to be the only tangible results of the Bill before us? At least that is the statement made by representatives of the Government. They say it will not make an actual difference to their income, it will just create that feeling of insecurity among them so they have the psychological idea that they are being mobilized to help restore some stability and security to our economy. How do the Liberals justify the two tracks? The Liberals hit at those who do not have and they give more to those who do have.

Mr. MacLellan: Mr. Speaker, I would like to remind the Hon. Member, when he accuses us of talking like Tories, that what we are discussing here at the present time is Bill C-132 and the compensation for reduction in the indexation of the Family Allowance by a $50 Tax Credit over the two-year period.

When the Hon. Member talks about incentives, where was he and his NDP colleagues when the Government presented its November 12 budget and the Government took the criticism from the business community for the regulations which it was putting forward? Where were the NDP then?

Mr. Dan Heap (Spadina): Mr. Speaker, it is by the Government's decision, of course, that this afternoon we have to continue debating this six and five legislation, in this case to put the cap on Family Allowances. It is the Government's decision that this is much more important than to debate what part Canada will play in the nuclear arms race.

This afternoon the Secretary of State for External Affairs (Mr. MacEachen) tabled the agreement for the framework of testing weapons like the Cruise missile, but refused to make a statement that should have been made. In other words, he refused to allow any opportunity for Members of this House to question or debate a very, very important statement. Therefore, it is with regret that I have to speak not on what has concerned many thousands of Canadians very deeply, not on an issue in which 52 per cent of Canadians are recorded by the Gallup poll as disagreeing with the Government's actions, well in advance of the Government signing that agreement today, but on an issue which, according to Government speakers, is really quite unimportant.

We have been told by Government speakers, including the last one, that almost all of the people concerned will receive the same amount in total between Family Allowance and Child Tax Credit. Only a few on higher incomes, he tells us, will miss anything. He might have told us also that those people on higher incomes may well lose money or would lose money on the income tax if it were fairly graduated. The Government has failed to show why it is so important to put down a debate on national defence in order to have a debate about an income arrangement, which, according to the Government's own spokesman, makes no difference at all to the incomes of most people. This is the only thing on which the Government will allow us to speak.

I hope the Government will come to its senses later and allow us to speak on a more important subject soon.

Bill C-132 fits in as part of a general anti-child temper of the times. It cuts Family Allowance. There may be a temporary compensation for that, but the cut for the future is a message for families, namely: do not have children. This Bill picks on the weak, in this case the children, as the other two Bills pick on the weak, in those cases the pensioners. But this Bill picks on those even weaker because children cannot vote.

The Government's estimates of how much money it would save by this measure have varied all the way from June last year—through committee hearings when the Government admitted that the Government would save only about $10 million—until now when the Government suggests that nothing will be saved at all, or perhaps there will be a net outlay to the children. That situation depends on the projections concerning the rate of inflation. The projections in both the November budget and the June budget were so wildly inaccurate that we cannot take them seriously. Therefore, the fact that the Government keeps pressing for the passage of this legislation and will not withdraw it, even though, by the Government's own figures, the Bill is meaningless and makes no difference to the battle against inflation, has to be examined more deeply.

As I said, this is in the context of a general drift of Government action in which there is less money for housing for ordinary people, less money for education for ordinary people, less money for health care and less money for public services, such as social and recreational services for ordinary people. In some places, such as downtown Toronto, this is even extended specifically to children where there are thousands and thousands of apartments that ban children and expel parents who are guilty of giving birth to children. Therefore, it is very interesting to find this piece of legislation pointed against the Family Allowance.

• (1730)

The Minister gave an interesting explanation in committee. When asked why another measure such as the child tax exemption or the Child Tax Credit was not used, she answered that it was necessary to use something that comes as a cheque into as many houses as possible, a cheque that people receive by mail. If she wants to look up that reference, it is on page 14 of the report of the fiftieth meeting. This was in support of her concept of mobilization. You have to show people that they are being cut in the amount they receive rather than through a tax deduction that they do not receive. In other words, she wants to hit several million families with a monthly reminder of some type of penalty.

This is the part of the Government's approach to the economic crisis that we all recognize. I would like to give a contrasting approach. It is not the approach of any Party in the House, nor is it an approach of a political body. It is the approach of the Bishops of the Roman Catholic Church who have suggested, through their commission, an ethical standard. It has been the cause of much debate. Some Hon. Members have opposed it. One Hon. Member opposite is apparently defending it or the Bishops' right to speak on it. I wish to comment on this approach.

The Bishops have suggested that the present recession appears to be symptomatic of a much larger structural crisis. They say that observers have pointed out that profound changes are taking place in the structure of both capital and technology which are bound to have serious social impacts on labour. It is obvious that when they say "capital", they do not mean the national manufacturers association. When they say "labour", they do not mean the Canadian Labour Congress. They are talking about human activities in a basic sense.

They say that we are now in an age when transnational corporations and banks can move capital from one country to another in order to take advantage of cheaper labour conditions, lower taxes and reduced environmental restrictions. They say that we are in an age of automation with computers, when human work is rapidly being replaced by machines on the assembly line and in administrative centres.

The Bishops do not claim that these are facts that are, in any sense, revealed by the Gospel. They claim that these are facts observable by any reasonable human being. I agree.

They also point to a reasonable conclusion. They conclude that the consequences are likely to be permanent or structural unemployment and increasing marginalization for a large segment of the population in Canada and other countries. That is exactly what we have today. The Bishops have suggested a cause for it, which I think the House would do well to consider seriously. In light of the Minister's refusal this afternoon to allow us to debate the matter of armaments and the arms' race, the Bishops' next comment seems very timely. They say, "In this context, the increasing concentration of capital and technology in the production of military armaments—

The Acting Speaker (Mr. Corbin): Order. I apologize to the Hon. Member but I have been listening to him for the last few minutes and it seems to me that he is getting away from the matter now before the House. That is, the motion relating to Family Allowances. I would appeal to the Hon. Member to come back to that subject matter.

Mr. Heap: Mr. Speaker. I am attempting to get to the bottom of the Government's strange behaviour in insisting beyond all else on pushing a Family Allowance capping Bill

which does not, according to the Government itself, make any serious difference to anyone's income. It seems strange to insist on debating that rather than debating what many Members of the House feel is a very urgent issue, namely, Canada's part in the arms' race.

I think the Bishops have hit the nail on the head when they said that there is this economic crisis which has generated a moral crisis. They are saying that the emphasis on capital and technology directly contradicts the principle of the dignity of labour. They are also saying that it directly contradicts the principle of a preferential option for the poor. Those are two principles which perhaps—they do not make it clear—they do base on the Gospel. Those are certainly principles that many others besides Christians hold and teach.

My point is that if we accept those two principles, the dignity of human labour and the preferential option for the poor, then this whole program of the Government comes into question. This is the program that the Bishops question.

The Government blames inflation on workers' wages, Government spending and low productivity rather than on the monopoly control of prices. That is the crux of the matter. If the Government is blaming workers' wages and Government expenditures which have been built up over the past three decades to equalize the inequalities of income in this country, and refusing to touch the monopoly prices that are the real cause of inflation, then it is putting up a smokescreen. The Bishops have not accused the Government of putting up a smokescreen, but I do. I believe that the Bishops' remarks provide a very sound base for that accusation.

The Government's strategy is simply to increase profitability by cutting workers' incomes, both the direct pay and indirect pay, through things like Family Allowances. Even if the recession brings the inflation rate down below 6 per cent and 5 per cent, something which has not been proved, the fact is that it is trying to instil in the 3.5 million people who receive Family Allowance some sense that they are to blame for inflation. This is similar to last winter when the Governor of the Bank of Canada said that even minimum wage is a cause of inflation. To blame the victims of inflation for the inflation itself is extremely cynical.

This Bill cuts into Family Allowance at a time when, according to the evidence before the committee, 900,000 children in Canada were living in poverty. It is a cut that will potentially affect the poor more than the rich. It has been pointed out that even if there is a Child Tax Credit that maintains the level of total benefit for two years, the benefit is reduced after that. In fact, the Liberals have been reducing that benefit year by year. In 1976, it suspended the indexation of Family Allowance. In 1978, it reduced the Family Allowance from $28, which it should have been, to $20. The result is that the Family Allowance is now $27 a month when it should be $40 a month, had it not been tampered with. This is a consistent policy on the part of the Liberals.

We are told by the Hon. Member for Lincoln that they discussed this at the convention. He did not tell us what the conclusions was. We know that they did not discuss this at the Conservative Convention: they just took a poll. Sixty-two per cent were in favour of cutting the Family Allowance.

The Government is not only not cutting profits, it is feeding them. It wants to give hundreds of millions of dollars to the railways and guarantee them 39.5 per cent profits. In 1980, it already gave $15 billion to industries in return for only $11 billion in taxes. We are now told that it is up to pensioners, mothers and civil servants to be mobilized in the fight against inflation. The big companies will not be mobilized; only the poor. This mobilization talk is a means of attacking people through a monthly pay cheque which tells its recipients that it is their fault that we have inflation. It is a means of putting people down, a means of blaming the victims for the crisis, each one in his or her home. It is a means of repeatedly penalizing people with small cuts or insults. Along with the hign unemployment, it contributes to paralyzing people, at least for the time being. They just do not understand what the Government they elected is trying to do.

● (1740)

I would seriously recommend to the Government that it consider a complete, alternative policy, as suggested by the Bishops of the Roman Catholic Church. First, the Government should regard unemployment, not inflation, as being the number one problem of our country. A couple of Hon. Members have said that they do, but they continue to act on the theory that inflation is their number one problem. I wish they would put their action where their mouths are today and turn their Government's policy around and treat unemployment, not inflation, as being our number one policy.

Second, there should be a broad industrial plan for rebuilding-industries, especially manufacturing industries and the labour intensive industries of this country. Third, if there is to be a way of fighting inflation, it must be done on a fairer basis. Instead of hitting only employees, pensioners and children, there must be some system for raking in some of the excess profits, some of the fat profits which are being made at this time on the backs of the unemployed and the low paid. There must be maintenance of the network of the support systems of unemployment insurance, welfare, subsidized housing, medicare, subsidized education and all the benefits which have been built up in Canada. Those must be maintained on behalf of the poor. Family Allowance is one of the very important ones.

Finally, the Bishops say that the views of unions should be considered more in these decisions, and I would urge Hon. Members opposite to remember the very strong representations made by the Canadian Labour Congress against this Bill as well as other Bills.

As first the action of the Government simply seems unjust. At the time when it predicted that the inflation rate might be around 10 per cent or 9 per cent, cutting the Family Allowance to 6 per cent and 5 per cent seemed unjust. Now that it claims that the inflation rate will go down below even 5 per cent, it not only seems unjust, but also ridiculous. It seems like a way of stalling, a way of distracting people's attention from the real troubles in this country which arise from monopolistic

prices which are forced up by very large groups of corporations. The Government is distracting attention from those by pointing at the Family Allowance recipients who, by its own admission, may in fact not actually be affected in their dollar receipts by this legislation. It is a shameful charade which the Government has played on the House and the nation.

The Acting Speaker (Mr. Corbin): Order. Are there any questions or comments?

Mr. Hnatyshyn: Debate?

The Acting Speaker (Mr. Corbin): I will recognize the Hon. Member for Saskatoon West.

Mr. Hnatyshyn: Mr. Speaker, I see that I have two minutes in which to—

The Acting Speaker (Mr. Corbin): Order. I apologize to the Hon. Member. Was the Parliamentary Secretary rising to ask a question?

Mr. Schroder: No. I just wondered if we had used up our question time for debate.

Mr. Hnatyshyn: Sit down. I have a minute to go, and I will tell you what I think.

The Acting Speaker (Mr. Corbin): The Chair called for questions or comments. No one rose, and we are therefore now proceeding to debate. I recognized the Hon. Member for Saskatoon West.

Hon. Ray Hnatyshyn (Saskatoon West): I have one minute left in which to speak in this particular debate. I think it is significant that today we have seated across from us, on the Government side, the Minister of National Health and Welfare (Miss Bégin), who is responsible for Family Allowances and is to be the guardian of Family Allowances for the people of Canada, the Minister of Employment and Immigration (Mr. Axworthy), who has a special responsibility to the youth of this country, the Minister of State for Mines (Mrs. Erola) who is responsible for the Status of Women and who should be interested in the plight of women, including single mothers, and the Minister of Labour (Mr. Caccia), who should be interested in the terms of employment opportunities. They have been here and have condoned this atrocious attack on the youth and families of our nation. I simply say, shame on them.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order. It being 5.45 p.m., pursuant to the order made on Monday, February 7, 1983, it is my duty to interrupt the proceedings and to put forthwith every question necessary to dispose of the third reading stage of the Bill.

[*English*]

The question is on the amendment (Mr. Hawkes). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion, the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Corbin): Call in the Members.

The House divided on the motion (Mr. Hawkes) which was negatived on the following division:

(*Division No. 291*)

YEAS

Messrs.

Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Cardiff
Coates
Corbett
Cossitt (Mrs.)
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
de Jong
Domm
Ellis
Epp
Forrestall
Fraser
Fulton
Gamble
Gass
Gurbin
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hnatyshyn
Howie
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
Knowles
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McKenzie
McKinnon
McKnight
McLean
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Neil
Nickerson
Nielsen
Oberle
Ogle
Orlikow
Parker
Patterson
Reid (St. Catharines)
Riis
Roche
Rose
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Siddon
Speyer
Stewart
Taylor
Thacker
Towers
Wenman
Wilson
Wise
Young—92.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove

Messrs.

Côté (Mrs.)
Cousineau
Cyr
Dawson
De Bané
de Corneille
Demers
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kaplan
Killens (Mrs.)
Lachance
Lajoie
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe
(Beauce)
Leduc
Lefebvre
Loiselle
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Pinard
Portelance
Prud'homme
Reid
(Kenora-Rainy River)
Roberts
Rompkey
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—126.

● (1810)

[*Translation*]

Madam Speaker: I declare the amendment lost.

Motion (Mr. Hawkes) negatived.

Madam Speaker: The next question is on the main motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Madam Speaker: All those in favour will please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Madam Speaker: Call in the Members, and let us dispense with the bell.

● (1815)

The House divided on the motion which was agreed to on the following division:

Family Allowances Act, 1973

(*Division No. 292*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cyr
Dawson
De Bané
de Corneille
Demers
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kaplan
Killens (Mrs.)
Lachance
Lajoie
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe
(Beauce)
Leduc
Lefebvre
Loiselle
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Peiletier
Penner
Pepin
Pinard
Portelance
Prud'homme
Reid
(Kenora-Rainy River)
Roberts
Rompkey
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis—126.

NAYS

Messrs.

Andre
Anguish
Baker
(Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Cardiff
Coates
Corbett
Cossitt (Mrs.)
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Dantzer
Darling
Deans
de Jong
Domm
Ellis
Epp
Forrestall
Fraser
Fulton
Gamble
Gass
Gurbin
Gustafson
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Hawkes
Heap
Hnatyshyn
Howie
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
Knowles
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McKenzie
McKinnon
McKnight
McLean
Mitchell (Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Neil
Nickerson
Nielsen
Oberle
Ogle
Orlikow
Parker
Patterson
Reid
(St. Catharines)

Messrs.

Riis
Roche
Rose
Sargeant
Schellenberger
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Siddon
Speyer
Stewart
Taylor
Thacker
Towers
Wenman
Wilson
Wise
Young—93.

Madam Speaker: The motion is carried.

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

Madam Speaker: It now being 6.20 p.m. I do now leave the chair until tomorrow at 11 a.m.

At 6.20 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 11, 1983

The House met at 11 a.m.

• (1105)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

METRIC CONVERSION

ADOPTION OF METRIC SYSTEM—WESTERN ALLEGATIONS AGAINST FRENCH CANADIANS

Mrs. Céline Hervieux-Payette (Montreal-Mercier): Madam Speaker, I would like to take this opportunity to make a few comments on the metric system which is now being used in 150 countries. In Canada, it was adopted unanimously by Parliament in 1971, after which the system was introduced gradually across Canada.

Madam Speaker, the metric system has definite advantages. Today, as a result of an agreement with the provinces, our children are learning the metric system in schools across Canada. I may also point out that the Common Market countries and also the United States are using the metric system. Furthermore, from October 1981 to September 1982, Canada had a surplus trade balance of $11 billion, and one wonders what effect converting back from the metric system to the old imperial system would have on our balance of trade.

Madam Speaker, I am very concerned about the protests we have been seeing for a number of months, which are being led by our Opposition colleagues who after thirteen years are trying to undo legislation that was passed by Parliament. When I went out West not long ago, Madam Speaker, I was also concerned about the fact that people were saying that the metric system was being used by French Canadians to take over the economy of the West. Madam Speaker, I think nothing is further from the truth—

[*English*]

And I urge my fellow colleagues on the other side of Parliament to respect this institution—

Madam Speaker: Order.

* * *

FARM CREDIT CORPORATION

SUGGESTED ADOPTION OF AGRI-BOND SCHEME

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, the plight faced by agriculture in Canada has been brought to the attention of the House many times. We have pointed out the high cost of energy, labour, seed and equipment, among other things. We have also pointed out the high cost of money. We have requested more money and lower rates for the Farm Credit Corporation, and more money for small business development bonds. We have called on the Government to allow farmers to invest in the Farm Credit Corporation and be allowed to write off their interest returns. The Ontario Federation of Agriculture, as well as many other farm organizations, are now calling on the Government to consider agri-bonds. Why not allow farmers to help farmers? They are capable and willing.

We are in a period of accelerating farm bankruptcies and sales. We have more and more farmers, of all ages, finding themselves in the interest rate squeeze. Agri-bonds would allow farmers with funds to invest in the Farm Credit Corporation. Because interest paid on the bonds would be tax deductible, the Farm Credit Corporation could pay a lower interest return on this money. This would then allow the Farm Credit Corporation to loan funds back to needy farmers at a lower rate. If present Government assistance to the Farm Credit Corporation prevailed, rates could be reduced even further. I call on the Government to consider this method of farm financing now, not next year when it will be too late for too many.

* * *

CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

PROPOSED TESTING OF CRUISE MISSILE

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, the Government's communique on Cruise testing states the air launched Cruise missile will help modernize the U.S. Strategic Air Command, part of the United States deterrent force on which North American security depends. In other words, we are testing a strategic weapon system in terrain and conditions entirely different from the conditions which brought about the decision to deploy ground launched Cruise missiles in Europe to counter the Soviets' SS-20. I cannot conceive of any terrain or weather conditions in eastern Germany, Poland, or European Russia, that in any way resemble Canada's far north. How can testing the common

guidance system under completely different conditions contribute to NATO defence in Europe?

The weapon we are testing is not a theatre weapon, but a strategic weapon carried by a B-52 bomber. The guidance system needs of the ground launched Cruise to be deployed in Europe do not require the kind of flight testing we are proposing. The Government should not use, as its basis for testing, the NATO agreement of 1979, but rather make it quite clear that we are testing a strategic weapon to be used over the polar regions. If our NATO commitment is our concern, better we should expend our energies improving our conventional forces, and especially our marine command.

* * *

ADMINISTRATION OF JUSTICE

APPEAL OF ACQUITTAL IN NOVA SCOTIA HOMICIDE CASE

Mrs. Jennifer Cossitt (Leeds-Grenville): Madam Speaker, I rise to protest the horrendous decision by the Department of the Attorney General of Nova Scotia to appeal a verdict of not guilty of first-degree murder handed down to Jane Stafford, who shot her wife-beating husband. Strong evidence from 16 witnesses brought to light the torturous mental and physical abuse this lady suffered from her husband for five excruciatingly long years, abuse and suffering that go beyond comprehension, at the hands of a man whose home local RCMP were instructed not to go near unless armed and ready to shoot, a man whom witnesses testified as having beaten and abused two previous wives, and children, and beat Jane Stafford to the point of unconsciousness on a number of occasions, a man who threatened and attempted to kill his wife, her parents, and her sister.

Jane Stafford, fighting for survival, has already received enough punishment—five long years of painful mental and physical punishment—and it appears the Department of the Attorney General of Nova Scotia wants her punished further. I believe, and I am sure everyone in this Chamber would agree, this lady was more than justified in her actions to protect herself and her son from the terrifying onslaught of repeated assault. I would therefore call upon the Minister of Justice (Mr. MacGuigan) to take a giant step for battered wives all across Canada and give them the courage to take legal action, by intervening on behalf of Mrs. Stafford and assuring that her acquittal stands.

Some Hon. Members: Hear, hear!

* * *

• (1110)

CHINESE NEW YEAR

ACKNOWLEDGEMENT OF CONTRIBUTIONS OF CANADIANS OF CHINESE ORIGIN

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, *gung hai fat choy*—Happy Chinese New Year.

One hundred and twenty-five years ago the first Chinese community was established in Canada. Men laboured in northern mines hoping to find a better life in the Golden Mountain. Many labourers gave their lives to build our railways which united British Columbia to Canada.

Life was hard and lonely for those men who struggled to support their families in China. Their widows, many of whom lived in Toronto and Vancouver, also suffered great hardships so their children could progress.

Early laws such as the discriminatory Exclusion Act prevented family reunification. It was not until 1949 that Asian people gained the right to vote in Canada. CCF-NDP elected representatives were in the vanguard fighting for these rights.

Canadians of Chinese origin have contributed much to Canada through business, the professions, and higher education. Their strong family life has been a model for Canadian society for four generations. Thriving communities have been rebuilt in our inner cities with new cultural centres to honour and share a rich Chinese heritage. Many organizations provide mutual and community services. Communities across Canada have joined together to protect minority rights.

On behalf of all Members of Parliament we extend best wishes across Canada for a Happy Chinese New Year.

Gung hai fat choy for the Year of the Pig.

Some Hon. Members: Hear, hear!

* * *

TOURISM

TORONTO CONVENTION CENTRE DEVELOPMENT

Miss Aideen Nicholson (Trinity): Madam Speaker, some 42 million visitors from outside the Province spent more than $2 billion in Ontario in 1982, and the tourism industry last year provided 500,000 people in Ontario with either direct or indirect employment.

This week federal contributions of up to $23 million were announced toward the building of the Toronto Convention Centre, which will not only create 2,500 needed construction jobs in Toronto but is also estimated to have the potential to create up to 10,000 jobs in the service industry in southern Ontario.

Representing, as I do, a constituency where many people are employed in the hospitality industry and in construction, I am particularly pleased to see this development which is the result of considerable co-operation and hard work on the part of federal, provincial, and municipal politicians, and industry and labour representatives.

NORTHERN AFFAIRS

GOVERNMENT ENERGY POLICY

Mr. Dave Nickerson (Western Arctic): Madam Speaker, on November 24, 1980, the Minister of Indian Affairs and Northern Development (Mr. Munro) promised he would bring forward a northern energy policy by March, 1981. Would you believe that now, almost two years after the deadline, nothing has been done and no comprehensive policy exists?

Ad hoc programs such as the Remote Community Demonstration Program, announced with great fanfare last April, have withered on the vine, and the Home Heating Oil Assistance Program, the Federal Power Support Program and the Commercial Power Rate Relief Program, which together provide minimal relief to small far northern communities, are scheduled to expire on March 31 this year.

The unanimous recommendations of the House of Commons Subcommittee on the Northern Canada Power Commission gather dust on the shelves of the Department while the Minister twiddles his thumbs. The last of a series of promises concerning the northern energy policy was made on November 8, 1982, when the Minister promised a Cabinet decision by Christmas which, needless to say, was not forthcoming. Northerners are getting tired of worn out promises, and demand to know where the Government stands on northern energy issues.

* * *

AGRICULTURE

FARMERS' CREDITORS ARRANGEMENT ACT—AMENDING LEGISLATION

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, in 1982 farm bankruptcies were up by 60 per cent over 1981. That is really only the tip of the iceberg when you consider how many farmers were forced into early foreclosure and, of course, the machinery seizures that became commonplace across Canada.

The Canadian family farm is under a good deal of pressure these days, yet day after day the Minister of Agriculture (Mr. Whelan) stands in his place saying that the Government has little room to move on the issue. I should like to remind the Minister and Members of the Government that Bill C-653 was introduced for first reading on April 22, 1982. This is a Bill which would provide a simple and inexpensive procedure for farmers to rearrange their affairs when cash flow becomes insufficient to meet current obligations as they become due. A similar Act was introduced in the 1930s which enabled farmers to protect themselves from the banks.

• (1115)

We have seen recent actions by the Canadian Farmers' Survival Association using very unorthodox tactics in an effort to save their own farms and their neighbours' farms. Today the Canadian Bankers' Association threatened farmers across the country by saying that banks would start pulling loans and being more hesitant in giving loans to farmers if this unorthodox tactic continues. It is a desperate situation. The Canadian family farm is being threatened. The Government has an opportunity to move now—

Madam Speaker: Order, please.

ORAL QUESTION PERIOD

[*English*]

EMPLOYMENT

REQUEST FOR INCLUSION OF PERMANENT JOB-CREATION PROGRAMS IN FORTHCOMING BUDGET

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Minister of Employment and Immigration. Many Canadians have told me that the only job creation programs of the Government are the alphabet soup programs which are very short-term in nature and do not provide any permanent jobs. They are primarily there for political effect. As an example, the NEED Program provides 12-week to 16-week jobs just to requalify people for the unemployment insurance rolls, but no permanent jobs.

Could the Minister today make a specific statement in the House to give some hope to people who have simply given up looking for jobs, a number which has increased about three times in the last two years, that there will be some permanent job creation programs in the forthcoming budget?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, before I reply to that specific question I think it would be very helpful if the Hon. Member got better information. To begin with, the NEED Program does not provide jobs for 12 to 16 weeks. In fact the average length of jobs which we are approving at the present time is upwards of 32 weeks. They are providing work which ranges all the way from the restoration of housing on Indian reserves, to the development of fish facilities in the Maritimes, and to the provision of sewer and water facilities in other Provinces. We just signed an agreement in British Columbia, for the information of the noise makers over there on that side, which provides for major reforestation projects at Terrace Bay.

The kinds of projects which are being provided across the country are designed to make major contributions to the productive capacity of the communities, to provide for new municipal infrastructure services, to provide major services in the social service area, such as language training, and the ability to provide women with care centres for children.

It would be very helpful for the Hon. Member, before he rises and makes blanket condemnations, to spend a little more time making a careful assessment of the kind of work which is in fact being done. It is providing a real clear option to people to return to work as opposed to having to go on social assistance or social welfare. That is what Canadians want. They

want to work as opposed to being idle, and that is what we are providing them with.

Mr. Wilson: Madam Speaker, the Minister did not answer the question. The question was: will the Government propose permanent job creation programs as opposed to short-term alphabet-soup programs, which the Minister just admitted that is what it has been doing.

CONSTRUCTION ASSOCIATION PROPOSAL ON CAPITAL COST ALLOWANCES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, recently the Canadian Construction Association, in its pre-budget submission, indicated that it was anticipating a further decline of some 60,000 jobs in 1983 over and above a huge drop in jobs in 1982.

Does the Minister agree with the proposals of the Construction Association, which have also been made by the Conservative Party of Canada, to reinstate the capital cost allowance, to reverse the change in the tax regime for the small business community, and to introduce incentives to encourage construction exports, all of which will increase jobs?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, while we are on the subject of developing long-term jobs in the construction area, I would suggest to the Hon. Member for Etobicoke Centre that he speak to many Members of his own caucus. The Minister of Transport put forward a proposal some two weeks ago which would provide some 350,000 new person-years of jobs in the country in this decade. It would start close to $800 million worth of construction in this year alone, provided that we are able to obtain full support for the legislation to modernize the railway system. Yet all we hear from Members on his side is delay, conflict and opposition. If the Hon. Member is really interested in getting work going, I suggest that he tell his caucus Members to come on board, support that legislation, and get those jobs going.

• (1120)

Mr. Wilson: The Minister is pulling things out of the air. We are looking for specific proposals from the Government to address the problem of job loss. The 60,000 job-loss figure that the Construction Association has pointed to, takes these things into account, and they still need more. That is what we are requesting.

DROP IN EMPLOYMENT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, for the past two or three years the Government has continually blamed the problems of high unemployment on the international recession. However, employment in the United States has dropped by some 1.9 per cent while it has dropped by three times that amount in Canada on a proportionate basis; 5.3 per cent in the last year. How does the Minister explain this substantially worse performance to the 1.6 million people who are out of a job and have seen their lives devastated by this abysmal performance?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, again I am afraid that the Hon. Member has been somewhat loose and easy with his reporting to the House on what in fact has taken place. I think it would be foolish for anyone in the House to try to suggest that Canada is not part of a world-wide recession.

Mr. Wilson: I never did. I said, why worse?

Mr. Axworthy: For Members opposite to try to suggest and to continue this foolishness of saying that somehow only Canada is being affected by this recession, simply will not wash. I think that Canadians know better. I believe they understand that the problems we face are being faced by everyone, whether the United States, Great Britain, or France.

What we do point out when we talk realistically to Canadians—not the exaggerated nonsense we hear from that Hon. Member—is that we in fact have put in place in this country, contrary to what the Americans have done, a major program of unemployment insurance that extends for a full 52 weeks, and a number of specific job creation programs for which we will spend over a billion dollars this year to provide well over 150,000 jobs for Canadians. There are a number of other initiatives as well. I can tell you, Madam Speaker, there are many Americans who would be very happy if their Government were bringing in the kind of initiatives that this Government is introducing.

SKILLS GROWTH FUNDS—PURCHASE OF AMERICAN MANUFACTURED EQUIPMENT

Mr. John Bosley (Don Valley West): Madam Speaker, my question is also directed to the Minister of Employment and Immigration. It is with regard to the enforcement of the "Buy Canadian" provisions of his Skills Growth Fund. It is supplementary to a question asked by the Hon. Member for St. Catharines on Monday. Why has he allowed Niagara College to place purchase orders for American-made welding equipment for training purposes when suitable Canadian equipment that fully met his "Buy Canadian" provisions was tendered to the College by the Lincoln Electric Company of Canada?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am very pleased to answer that particular question and to clear up the confusion in the Hon. Member's mind. As he should know, the jurisdiction over community colleges is very much a provincial Government authority. Our Skills Growth Fund is established as a direct grant to enable community colleges, non-profit groups or business groups to modernize their training facilities. The decisions made by those organizations must be authorized by their provincial authorities.

In the particular case in question, it was drawn to my attention that, while we established the basic standard that the sourcing of new training equipment should be of Canadian

origin, the College was authorized in this particular case by provincial authorities, who are much more closely affiliated to the Hon. Member than they are to me, to go ahead and buy this particular piece of equipment.

In order to correct that situation I have sent letters off to all of the provincial Ministers of Education, reminding them of the standards of our Skills Growth Fund, and that we want them to buy Canadian. I hope they will respond.

ENFORCEMENT OF BUY-CANADIAN PROVISIONS

Mr. John Bosley (Don Valley West): Madam Speaker, the Minister's rules in his own booklets say that the community colleges are to "Buy Canadian" unless the Minister of Education of a Province has said that the equipment is not suitable. In these cases of Niagara College, Mohawk College and Conestoga College, the Ministry has not said that. In fact the equipment is 100 per cent in use at Algonquin and other colleges. Will the Minister tell this House whether he is going to enforce the buy Canadian provisions of his own fund so that the jobs that are involved in manufacturing the equipment will stay in Canada, or is his "Buy Canadian" program just more Liberal rhetoric?

• (1125)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I simply point out to the Hon. Member that enforcement action has already been taken. I have written to the provincial Ministers reminding them of their responsibility under the agreement. At the same time, because of the importance of the Skills Growth Fund in the creation of new jobs and new training for the young people of the country, I am not going to endanger the good relations we have with the Provinces simply because of the nonsense put forward by the Member.

* * *

CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

CRUISE MISSILE TESTING

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, in the absence of the Prime Minister I would like to direct my question to the Secretary of State for External Affairs. Two of the Prime Minister's top advisers stated, as reported in *The Globe and Mail* of last Saturday, that even if the arms control negotiations going on in Europe succeed, as we all hope they will, "the Americans will still want to test their air launched Cruise missile in Canada" since it is of course part of the U.S. Air Force's inter-continental strategic weaponry not directly related to the European theatre.

Will the Minister therefore confirm or deny to the House that the Prime Minister has in fact, through secret correspondence and discussions, reached an understanding with the United States President that we will in fact test their Cruise missile over Canadian soil?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member has asked me to confirm or deny that the Prime Minister has entered into arrangements with the President of the United States to test the Cruise missile, through correspondence. I deny that.

UNDERSTANDING BETWEEN PRIME MINISTER AND UNITED STATES PRESIDENT

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, will the Secretary of State for External Affairs however not confirm that the Prime Minister has reached an understanding with the President of the United States and that that understanding was reached some time ago, that Canada will be receptive to a proposal from the United States to test their air launched Cruise missile over Canadian territory? Has an understanding in principle been reached between the Prime Minister and the President of the United States?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the understanding reached between the President of the United States and the Prime Minister was that there would be an over-all umbrella agreement that would provide the guidelines for weapons testing in Canada. That understanding was tabled yesterday in detail in the House of Commons.

There is no understanding beyond what was tabled in the House of Commons yesterday, and it is quite untrue to say that a commitment has been made privately by the Prime Minister that goes beyond the agreement which was tabled yesterday.

* * *

VETERANS AFFAIRS

DISEASE FOUND AMONG FORMER FAR EAST PRISONERS OF WAR

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is directed to the Minister of Veterans Affairs. Since the commencement of the investigation of Canadian Far East prisoners of war for strongyloidiasis by the Division of Laboratories, Ministry of Health in British Columbia, can the Minister inform the House whether or not any positive findings of this disease have been discovered?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, I understand that thus far there have been a number of cases, although not a large number that have been identified, and corrective medical action has been taken not only to alleviate but to address any further occurrences which may show up in further investigation.

REQUEST FOR SPECIAL PENSION COMPENSATION

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, will the Minister then be proceeding with the steps necessary to provide those stricken veterans with special pension compensation, and will he introduce a Bill, or amendments to present legislation, to cover compensation for these veterans?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, the Hon. Member is working under some misinformation in that the legislation does not have to be changed. The provisions of the Pension Act would apply, and if disabling conditions are as a result of this particular disease then veterans are entitled to make application and have their cases considered.

* * *

SCIENCE AND TECHNOLOGY

GOVERNMENT CONTRIBUTION TO INTERNATIONAL INSTITUTE OF APPLIED SYSTEMS ANALYSIS

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Minister of State for Science and Technology. The Minister knows that the Government is currently contributing $400,000 annually to the International Institute of Applied Systems Analysis. This would cover, among others, the expenses of overseas junkets for such peripatetic experts as Michael Kirby.

• (1130)

Is the Minister aware that, following the lead of the United States, Great Britain decided last July to cease its financial participation in the operation of this Vienna-based institute as—and I quote from *The New York Times* of January 18 of this year—"The Institute produced vague results that at best repeated much of what was already known"? Would the Minister now review the merits of our country spending resources on this particular venture?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I would be very happy to review the results. If the results are not positive and if the Institution is not making a contribution, then, clearly, we should very carefully reassess our position. The preliminary reports which I have received have been quite positive. I would be happy to discuss the operations of the Institute and the results achieved, with the Hon. Member. If, in turn, he has some information that he would like to make known to me about the operations, the achievements, and the purpose of the Institution, I would be happy to hear them, as well.

Mr. MacKay: I appreciate the answer.

REPORTED USE OF DATA BANKS BY SOVIET DELEGATES

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my supplementary question is directed to the Solicitor General. Has the Solicitor General looked into the report that Soviets and eastern Europeans have used IIASA to obtain access to western scientists, technologies and data banks, without providing anything comparable in return and, specifically, that Soviet officials in the Institute, such as the new chief Soviet delegate to IIASA, Igor Alekseevich Ganin, who is well connected with the KGB, used the Institute's computer to obtain sensitive military information from data banks located in western countries? If so, has the Solicitor General made any recommendations to his Cabinet colleagues concerning further Canadian financial participation in this venture?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I have not done so, but I will take that as a representation and will do so.

* * *

CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

REQUEST FOR DEBATE ON CRUISE MISSILE TESTING

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Acting Prime Minister. An agreement which was signed yesterday for the testing of U.S. defence systems in Canada states that "individual project arrangements shall be negotiated and concluded by the Canadian and American Defence Departments". Could the Acting Prime Minister tell the House whether or not the Canadian Parliament will have an opportunity, accorded by a Government resolution, to debate the arrangements for the Cruise vehicle tests before their final acceptance?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, as the Hon. Member pointed out, no project arrangement for any particular weapons systems, including the Cruise, has yet been negotiated. When that is done, if it is done, and when negotiations are completed, it will then be the occasion to raise the question as to whether debate will be appropriate.

Mr. Epp: Now is the time.

Mr. MacEachen: I will not give any commitment today concerning debate, but I think that it is a matter which can be raised if and when a project arrangement is concluded.

Mr. McDermid: The answer is no.

Mr. McKinnon: I feel that that is a shocking answer which really forecloses any chance that Parliament will be able to debate the most controversial subject in this country. It seems a shame that the Acting Prime Minister would adopt such an answer.

POSSIBLE TESTING OF NON-NUCLEAR WEAPONS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I would like to ask another question concerning the agreement which was signed yesterday. It suggested that tests could include "surveillance and identification systems and advanced non-nuclear munitions". As the Minister well knows, the super powers are heavily involved in developing anti-satellite systems and non-nuclear anti-ballistic systems. Could the Minister tell the House whether or not either or both of those weapons are potential candidates for testing in Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): No, Madam Speaker, I cannot tell the Hon. Member that, because—

Miss Jewett: The U.S. has not told you what to do yet.

Mr. MacEachen: —before we can know what proposals are to be considered, they must be made by the United States, which has requested these possibilities. The United States has not yet made any proposal with respect to weapons testing systems.

Mr. Wilson: And you did not even talk about it.

Mr. MacEachen: I suspect that such proposals will be made, but they have not yet been made.

NEGOTIATION OF CRUISE TESTING—RELATIONSHIP TO GENEVA ARMS REDUCTION TALKS

Mr. Douglas Roche (Edmonton South): Madam Speaker, my question is directed to the Secretary of State for External Affairs. Could he inform the House when the specific negotiations with regard to the Cruise testing will take place between the two Defence Departments? When will they start under the terms of the framework agreement?

As there are many Canadians who are seeking clarification on this point, I would also ask the Secretary of State what is the relationship between the specific Cruise negotiations and the arms reduction negotiations in Geneva. Is there a relationship and, if so, what is it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the first question asked when will the negotiations begin. I presume that if the United States makes a request—

Miss Jewett: It already has.

Mr. MacEachen: —to enter into an arrangement, the negotiations will begin shortly after that request has been made, but it is not in hand at the present time.

The Hon. Member asked a second question—what is the relationship between Cruise testing and the negotiation in Geneva? The relationship, of course, is quite close and obvious. As the Hon. Member knows, at the NATO meeting in December, 1979, the Government of Canada agreed with the NATO decision to modernize the weapons system of the Alliance and to place the Cruise missile and the Pershing II in Europe. That decision was taken in 1979, calling for the deployment of Cruise missiles land-based in Europe. That, of course, was in response to the considerable deployment of SS-20s placed in Europe by the Soviet Union.

What Canada will probably be asked to do will be to agree to the testing of the guidance system which will be used in the Cruise missile to be located in Europe. The Hon. Member should understand, and I am sure he does, that part of the decision by NATO in 1979 was to pursue negotiations with the Soviet Union with the objective of totally eliminating or substantially reducing all existing land-based missiles in Europe or planned missiles in Europe. Obviously, if these negotiations succeed in 1983, then that success will change considerably, possibly make unnecessary, or reduce the necessity for deployment of Cruise missiles in Europe. Therefore, from our point of view, the most important thing that can happen this year is to put our full weight behind those negotiations so that they will succeed.

Some Hon. Members: Hear, hear!

REQUEST FOR REFERRAL OF CANADA-UNITED STATES AGREEMENT TO COMMITTEE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I share the concern expressed by the Hon. Member for Victoria in that the Deputy Prime Minister and Secretary of State for External Affairs have not agreed to a parliamentary debate with respect to this matter. I think it is a matter that he should reconsider.

Perhaps the Minister is aware of the provisions of the new Standing Orders of the House of Commons, wherein Standing Order 46(4) states:

> Reports, returns or other papers laid before the House in accordance with an Act of Parliament shall thereupon be deemed to have been permanently referred to the committee designated by the Member tabling the report, return or paper.

If there is not a debate in the House, there should at least be an opportunity for the Standing Committee on External Affairs and National Defence to examine this exchange of notes which are now part of the parliamentary record. I therefore ask the Minister if he would designate the papers which he filed yesterday, as it is recorded in *Hansard,* to the Standing Committee on External Affairs and National Defence so that the committee can at least begin examination of the matter? At the same time I would like the Minister to give his undertaking that he and his officials would appear.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I would like to consult the Government House Leader before making a final determination on the Hon. Member's request. I would like to consider it and consult with the House Leader before making a final response. I believe that, in one way or another, the Standing Committee will have an opportunity to

consider this exchange of notes, either from its regular examination of estimates or through the method suggested by the Hon. Member.

• (1140)

INTENT OF STANDING ORDER

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I would ask the Minister to advise the Government House Leader of the intent of the rule that those committees were to become scrutiny committees far beyond the normal "guillotined" estimates process. When the Minister is speaking to the Government House Leader, will he have that in mind?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Yes, Madam Speaker, as far as I am concerned I would like to see the widest possible debate in the country, and the widest possible discussion with respect to the over-all arms situation, the negotiations, and how the possible testing of a Cruise missile in Canada is related to the over-all posture of the NATO alliance. I am quite prepared to discuss this matter with the Government House Leader.

* * *

RAILWAYS

CROWSNEST PASS RATE CHANGE—OPPOSITION BY FEDERATION OF AGRICULTURE

Mr. Les Benjamin (Regina West): Madam Speaker, I have a couple of questions for the Minister of Transport. Since the Prime Minister has said, "We do not want to fiddle with the Crow rate unless there is some very strong feelings throughout the West that this rate should be re-opened", and in view of the fact that Canada's main agricultural organization, the Canadian Federation of Agriculture rejected the Minister's plan to demolish the Crow rate, may I ask the Minister is he still insisting on proceeding with his proposal? Does he plan to change it? Is he going to keep on stubbornly fiddling while he "burns our Crow"?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I must compliment my hon. friend for quoting the Prime Minister well. The Prime Minister said, and I repeat, that no action would be taken on the Crow unless there was a desire in the West for a change in the Crow. There is such a change. There is such a desire for change in the Crow. I have already indicated, and the Member knows it well, that in all recent discussions, for example at the Canadian Federation of Agriculture meeting yesterday, at the "outlooks" seminar in Saskatchewan a few days ago, the question was not should the Crow remain or should the Crow not remain. The question was which way should it be changed. The division among people is on methods and not, basically, on substance.

I recognize the Canadian Federation of Agriculture voted in favour yesterday of continuing payments to the railway. But then at the same time, at a seminar in Saskatchewan two days ago, three groups opposed the present plan and seven groups agreed with it, with diversified comments on it.

The world is evolving. People are expressing dissatisfaction now that they did not get 100 per cent of what they were looking for, but they will come to the conclusion that 75 per cent or 80 per cent is not a bad average.

NEW DEMOCRATIC PARTY PROPOSAL

Mr. Les Benjamin (Regina West): Madam Speaker, the Minister just does not get the message. There is no question but that an overwhelming majority of Canadian producers, not only grain producers, but others, are opposed to his proposal. This morning the New Democratic Party released an alternative proposal and I sent copies over to the Minister's office. It is an alternative plan to keep the Crow rate and create 110,000 more jobs than even the Minister proposes, and will upgrade railways by public investment in exchange for equity ownership. Since the Minister's proposal is opposed by the majority of producers, will he consider our proposal, which would cost no more than the Government's proposal?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will certainly do that. I apologize to my hon. friend. I have not read it yet because I was busy doing something else this morning. I will do so during the weekend, and I am sure we will have plenty of occasions to debate it further.

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INCOME TAX

INCLUSION OF INCOME TOTALS ON TAX RETURNS—LEGISLATIVE AUTHORITY

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, my question is directed to the Minister of National Revenue. A constituent of mine has complained to me that his total income appeared on his federal individual tax return form. I looked at mine, and I find that my income appears on my federal income tax return form. I assume that everyone's income now appears on their federal income tax return form.

My second point, Madam Speaker, is that the Post Office is in charge of delivering these forms. There is a fair amount of theft which goes on in the mail and I am investigating a case of a young lady who lost her interest payment from Canada Savings Bonds because it was intercepted in the mail. Someone used her social insurance number.

What legislative authority does the Minister have to place on income tax return forms my social insurance number, and every Canadian's social insurance number; my wife's social insurance number and every Canadian's spouse's social insurance number, together with the total family income? What legislative authority does the Department of National Revenue have to make this information available to whomever wants to go and filch it out of the Post Office system?

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I may point out to the Hon. Member that the new T-1 forms that were sent out this year allow for the legislation that is now before the House. I may also remind him that this legislation provides for a new income averaging formula that takes into account the taxpayer's income over the last few years. By indicating last year's income on the form, we are making it easier for the taxpayer who wishes to take advantage of the new income averaging formula in the future, so that he knows what amount he declared as income on his previous return.

As far as the social insurance number is concerned, the Hon. Member knows full well that for practical reasons, the use of computers in processing tax returns is increasing more and more, to prevent any mixups or mistakes and to keep the taxpayer's file up-to-date.

[*English*]

Mr. Reid (Kenora-Rainy River): Madam Speaker, that is an entirely inadequate answer.

Some Hon. Members: Hear, hear!

USE OF PERSONAL INFORMATION

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, the legislation has not been passed. Parliament has not considered it. Also, it is an invasion of the Protection of Privacy Act to make available my income and the income of every other Canadian—

Some Hon. Members: Hear, hear!

Mr. Reid (Kenora-Rainy River): —together with our social insurance numbers. That is an enormous invasion of the privacy of every Canadian. Having anticipated the legislation, having broken the Protection of Privacy Act, will the Minister take steps to change this, to remove it from the projected law, and make sure that whatever is done in this field is done for the convenience of Canadians and not for the convenience of his bureaucrats?

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I would like to remind the Hon. Member that this bill is now before Parliament. The Hon. Member knows at what stage the Bill is now. I would also remind him that the Standing Committee on Finance, Trade and Economic Affairs has had an opportunity to make a very detailed preliminary study of this Bill. As for using the social insurance number and indicating the taxpayer's income for the previous year on the tax form, we are doing this and we are providing that information to help the taxpayer get the best possible benefit from the provisions of the Income Tax Act, and we are not doing so for the sake of bureaucracy.

[*English*]

MINISTER'S POSITION

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, the Hon. Member's point is an excellent one. I would like to ask the same Minister does he not himself have any concern for the privacy of individuals whose social insurance numbers and family incomes are printed on that form. And, if he is concerned, why does he allow this to happen?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I am just as concerned as the Hon. Member about the confidentiality of the information given on an income tax return. I would like to point out that the T-1 form sent to the taxpayer is sent to his home and bears his name and address. A continuous procedure is used, based on the social insurance number, in order to ensure that the information on the form goes to the person concerned, since he is the one who receives his personalized form. As I said earlier to the Member for Kenora-Rainy River, we are providing information on the amount to enable the person concerned to use to better advantage the provisions of the Income Tax Act, including the new income averaging formula which taxpayers will be able to use this year.

• (1150)

[*English*]

PROPOSAL TO PAY RENT ACCORDING TO INCOME—USE OF TAX RETURNS

Mr. John Gamble (York North): Madam Speaker, a short time ago the Minister of Public Works suggested it would be appropriate if tenants across Canada paid a fixed amount of 25 per cent to 30 per cent of their income for rent. I was troubled as to how the landlords would ever know what was the gross income of individual taxpayers. It now appears that the system to be employed is that these returns being dispatched across Canada disclosing income can now be used for the purpose of deciding the rent to be paid by tenants. Is that indeed part of the scheme devised by the Minister of Public Works?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I think it is always good to elaborate on an intelligent question, but if there are gaps in the process, logic may well go out the door. I think that is exactly what the Hon. Member has done. The Minister of Public Works mentioned what he thought would be a reasonable share of the individual's income that could be spent on the monthly rent. This has no connection with the amount printed on the T-1 forms which is directly related to the new income averaging

formula that is now before the House and which, I hope, will be enacted within the next few days.

[*English*]

Mr. Gamble: Madam Speaker, the stupidity lies in the Minister of Public Works' initial suggestion.

LANDLORDS' ACCESS TO INFORMATION

Mr. John Gamble (York North): Madam Speaker, unless the federal Government complies with the general suggestion made by the Minister and supplies total income data to landlords, how would landlords be able to determine accurately how much to charge a tenant for rent? Is that not part and parcel of the arrangement decided upon and recommended by the Minister of Public Works?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I do not think I should answer for the Minister of Public Works as to his intentions in making that statement. As far as I can tell, the comment was made after looking at a number of studies contained in his departmental files.

As far as any possible use of Revenue Canada information is concerned, we shall never violate the principles of the Department of National Revenue. Personal income tax returns are confidential, and that is one of our principles. When we indicate an amount on a tax return, that is because the form is directed to a specific individual and the amount represents that individual's income, and we are therefore maintaining confidentiality.

* * *

[*English*]

PORTS

CONSTRUCTION OF COAL TERMINAL AT PRINCE RUPERT, B.C.

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of Transport regarding what seems to be a Fantasay Island situation in Prince Rupert. As he knows, last August, Dillingham-Sceptre accepted a fixed price contract to construct a coal terminal. In November they began construction and now, two months later, that company has suddenly received authorization from the federal Government to do the project on a cost plus basis.

My question to the Minister is threefold. First, is the Minister convinced in his own mind that there is no Canadian company capable of constructing the coal terminal at a fixed price; secondly, will he table all of the project bids from last summer; thirdly, how can there possibly be effective cost controls on this project when all of the supervisory personnel are American citizens? Is this not likely to be like the Montreal Olympics? Is the Minister going to allow 50 per cent, 100 per cent or 200 per cent overruns on this project?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I presume my hon. friend calls it Fantasy Island because there are so many things that the federal Government is doing in that area to enhance its economic prestige and quality. I agree with him that it is really wonderful what is happening on Ridley Island now.

On the subject of the contract itself, I am aware that my hon. friend has been in extensive consultation with officials of the National Harbours Board and I compliment him on that. If there is something else he wants to know, I will make sure he gets it. The reason for the cost plus approach to this project is essentially one of timing. Things could not be done sequentially; they had to be done concurrently. The packaging of the marine works had to be done in relationship to the other works taking place in the coal development on the Island; the stacker reclaimer and the railway loop and so on and so forth. I repeat, the reason it had to be done this way, i.e. cost plus, is essentially one of timing. Because of that, the control system is rather strong. There is a good Board on which both National Harbours Board and private sector people are represented, with a Treasury Board officer watching over the whole thing, and we will try to make sure there will not be any abuse in the cost-plus contract. If my hon. friend thinks there might be, I will go into an inquiry session for him.

Mr. Fulton: Madam Speaker, I thank the Minister for his comments. I know many of the Members on the Prince Rupert Board are very careful about cost overruns.

ISSUANCE OF WORK PERMITS TO AMERICAN CITIZENS

Mr. Jim Fulton (Skeena): Madam Speaker, my supplementary is directed to the Minister of Employment and Immigration who earlier in this Question Period made everyone in this House aware of such comments as "buy Canadian", and "a lot of Americans would be pleased if their Government brought in initiatives like Canada". Would the Minister explain to the two million unemployed in Canada right now why 23 per cent of the workers at Ridley Island are American citizens and why his office in Vancouver gave them EMP2151 work permits without ever posting those jobs anywhere in Canada? Is he going to tell these two million unemployed Canadians in Canada right now that not a single one of them is capable of taking one of those jobs at Ridley Island?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, on behalf of the Minister of Employment and Immigration I have looked at this matter. Someone gave me a hint that it might come up. I found that out of 103 employees on the marine works, nine of them are Americans. they are legally in Canada, they have a work permit from the Department of Immigration—

Some Hon. Members: Why?

Mr. Pepin: —all are supervisors, and all are underwater drilling experts. It is important to underline that fact. This company, Sceptre, is partly owned by an American firm, I

recognize that, which has done work elsewhere such as at Valdez, Alaska and the Aleutian Islands. It has acquired experience and that experience is very valuable, and it is being used now. I think this is the best use of experience and knowledge around the world, and Canadians should not be so narrow-minded that they are not willing to recognize that occasionally other people in the world know a little bit more than they do about some things, like underwater drilling.

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AGRICULTURE

FARMERS' CREDITORS ARRANGEMENT ACT—AMENDING LEGISLATION

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Minister of Agriculture who realizes that conditions like those depicted in John Steinbeck's "Grapes of Wrath" are beginning to appear in certain parts of rural Canada. If the Minister is serious about taking steps to ensure that the family farm maintains its position in Canadian agriculture and taking steps against the banks of Canada, is he prepared to bring forward for second reading Bill C-653, an Act to amend the Farmers' Creditors Arrangement Act, to allow family farms to stay in place in Canada during these very difficult times? I can assure him through you, Madam Speaker, that he would have full support from the New Democratic Party for rapid passage of this Bill.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I had discussions yesterday with the Liberal Member for Lambton-Middlesex who sponsored the Bill, and I understand he is trying to make arrangements so that the Bill can be brought in, in some form. I support the principle of the Bill.

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IMMIGRATION

LICENSING OF CONSULTANTS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is for the Minister of Employment and Immigration. With the downturn in immigration into Canada there are a number of so-called immigration consultants popping up all over the place, providing so-called expert advice. Has the Minister given any consideration at all to the licensing of the legitimate immigration consultants here in Canada?

• (1200)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think the Hon. Member points out a serious problem and one that we have been examining. As he knows, we commissioned some reports from the Immigration Task Force, specifically on what to do about immigration consultants. On the question of licensing, the problem we discovered is that it falls between federal and provincial jurisdictions. It could be corrected through an amendment to the Immigration Act. We are looking into that and hope that the legislative timetable for the next year will give us an opportunity to do so.

In the meantime we are establishing a number of specific administrative procedures to try to correct the problem. One is to provide alternative sources of information in areas of heavy concentration of immigration applications. We have developed a new series of brochures and pamphlets that we are prepared to issue which will give people more complete information. As well, we have been working very closely with my colleague, the Solicitor General and the RCMP, to undertake prosecutions of those people who have very directly contravened the law and have given out bad advice.

I thank the Hon. Member for his observations and I can make the commitment to him that we will continue to work as hard as we can to correct the problem.

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FISHERIES

PUBLICATION OF KIRBY REPORT—GOVERNMENT POSITION ON RECOMMENDATIONS

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is for the Minister of Fisheries and Oceans. It seems to be common knowledge that the Kirby Report is to be made public on Thursday of next week. May I ask the Minister whether, prior to that or at the same time, he will make a statement on what parts of the report have been accepted by the Government? Will the Government make an announcement to that effect and, if so, on what day will it be made?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I am putting the final touch to a statement in that regard. I hope that early next week I can give the Hon. Member the precise date on which the report will be made public.

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RAILWAYS

MARITIME FREIGHT RATES ACT—GOVERNMENT INTENTIONS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I have a question for the Minister of Transport. Apparently the Department of Transport has engaged a firm of consultants to canvas the views of Maritime businessmen with respect to the Maritime Freight Rates Act. May I ask the Minister what his Department intends with respect to this study? There is a growing fear that we may lose our eastern Crow in its present form in the Maritime Freight Rates Act. Is there any validity to the suggestion that this is the direction in which the Government is heading?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I hope we are talking about the same thing; the

question could refer to either the Maritime Freight Rates Act or the At and East subsidy. I do not know which of those two my friend is talking about.

As usual, before doing anything in the Department of Transport we research everything in great depth, and a number of times. My hon. friend has cautioned me about something now, so I will look at it very seriously. If any change is to be brought about, I will consult with him and with many others beforehand.

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POINTS OF ORDER

MR. BAKER (NEPEAN-CARLETON)—TABLING OF EXCHANGE OF NOTES BETWEEN CANADA AND UNITED STATES

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I rise on a point of order which arises out of the tabling of the document described on p. 22714 of *Hansard* yesterday, February 10, 1983. The Deputy Prime Minister and Secretary of State for External Affairs (Mr. MacEachen) tabled, in both official languages, a document described as follows:

—an exchange of notes between Canada and the United States constituting an agreement between our two Governments on the use of Canadian facilities and airspace for the testing and evaluation of U.S. defence systems.

Under the rules of the House of Commons adopted unanimously some time ago, Standing Order 46(4) reads as follows:

Reports, returns or other papers laid before the House in accordance with an Act of Parliament shall thereupon be deemed to have been permanently referred to the committee designated by the Member tabling the report, return or paper.

The Minister tabled the report in the House of Commons as a Member of the House but also as the Secretary of State for External Affairs, as designated in *Hansard*. His tabling was therefore deficient. That deficiency should be cleared up immediately by the Minister designating the appropriate Committee, which would be the Standing Committee on External Affairs and National Defence.

It is not that the tabling was improper; it is that he did not follow the second step required by the rules in order to carry out the intent of the new rules, and that is to designate the Committee. I think it is appropriate that the Minister now designate the Committee. He could do that today or tomorrow, but it should be done without delay.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I would just remind the Hon. Member that reports, returns or other papers laid before the House are governed by the expression "in accordance with an Act of Parliament". In other words, if a report is obligated for presentation by an Act of Parliament, then it is automatically referred.

In this particular case, there was an exchange of notes not flowing from any particular section of an Act of Parliament. Therefore, I do not think that the particular Standing Order applies in this case. I make that point as a procedural matter.

The substantive point made by the Hon. Member, namely that whether, when there is an exchange of notes, that ought to be considered by a committee, is a matter which I will take up with the Government House Leader. I believe it would be beneficial for the Committee to examine this whole question. It could be done in the normal way when the Estimates go to Committee or it may be desirable to do what the Hon. Member suggests. That is what I should like to discuss with the Government House Leader.

Mr. Baker (Nepean-Carleton): Madam Speaker, I appreciate that the hon. gentleman is going to discuss that with the Government House Leader.

Let me say, however, with respect to Acts of Parliament, that the Minister is acting under the authority of an Act of Parliament. First, he is a Member of the House of Commons and therefore his conduct is governed by the Statutes dealing with the House of Commons. Second, and perhaps more important, as Secretary of State for External Affairs he has charge over the external relations of the country, the operation of the Department and the matters to be dealt with by Parliament.

I hope that under the new procedure we are not going to rely on legalisms which are doubtful to start with, and which was not the intent of the Committee when it wrote the rules. The intent of the Committee and the intent of the House was that Members of the House of Commons who are not Members of the Government should be engaged in the affairs of state to the extent that is possible. The best way to do this would be to have a debate immediately, of course. The Government may decide, as a matter of policy, that that is not right.

It would equally not be right if the Government decided that a committee of the House with their new powers, to which under the new rules the Government must respond after a report of a committee, was not allowed to work. I think the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) is as mindful as anyone else of the purposes of the Committee's report to the House: it was to allow Members of Parliament to engage in policy matters.

I hope the investigation to be undertaken by the Minister will be with respect to his powers and that he will not rely on what I term a petty legalism.

Mr. MacEachen: Madam Speaker, I am glad that the Hon. Member is back in his former role of arguing procedure. I find it rather compatible to join him in a pursuit which we followed almost daily in the past.

I would make two observations on this matter. First, if one accepts the reasoning of the Hon. Member, then every paper tabled in the House must go to a standing committee. I do not think that is the intent; the intent is that where the Minister must lay upon the Table the report required by Act of Parliament, then it must automatically be referred. That is the sound approach. It is not the explicit requirement of the rule nor was it the intent to have every paper, no matter what it is, sent to a standing committee.

• (1210)

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the Minister made the point that because it was not explicitly set out in the rule, it may well be that the Government would choose not to allow a debate on this matter to occur in the very near future. Also the Minister indicated yesterday that he would discuss the matter with the House Leader, and again indicated today that he would discuss the question of whether or not there ought to be some time allocated for discussion of this very important matter, one which touches upon the lives of people in this country and in other countries now and in the future.

Notwithstanding the fine legal point which he made with regard to the appropriateness of the rule, there was a desire on the part of the Committee established to review the rules of Parliament that matters of substance, heretofore not dealt with in the House of Commons or in committee by virtue of any automatic referral, could be dealt with and would be dealt with. This matter falls four square into the category. It is a matter of considerable importance to the vast majority of Canadians, notwithstanding on which side of the argument they come down.

Again I ask the Minister, as I did yesterday, whether he is going to rely on some very fine legal point to thwart the right of Members of Parliament to discuss matters of vital importance to the future of the country, or is he going to rise in his place and say that the deployment and use of the Cruise missile, which will be effected by the complicity of Canada in providing a testing site for it, is to be given time in the House and in committee. I suggest that it needs time both in the House of Commons and in committee for a reasonable debate, the time limits of which we would easily agree upon.

Does the Minister not think, in the over-all scheme of things with which we deal in the House of Commons on a day-to-day basis, that the question of the use of the mechanisms to be tested in Canada is a justifiable reason for debate in the House of Commons? If he does, surely it is not too much to ask him to sit down and work out the mechanics of having that take place.

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, I just want to point out to the House Standing Order 46(4) which reads:

> Reports, returns or other papers laid before the House in accordance with an Act of Parliament shall thereupon be deemed to have been permanently referred to the committee—

One of those papers which would be permanently referred to the parliamentary committee is an annual report. Surely any procedural expert would tell us that an agreement of the kind which comes under an annual report would automatically be referred to that committee. Therefore, it seems that the point of order raised by the Hon. Member for Nepean-Carleton (Mr. Baker) is not really a point of order at all, because that committee, as soon as it is set up and the referral of the annual report is made, will have all the authority it needs to conduct a discussion into the papers laid before the House by the Secretary of State for External Affairs (Mr. MacEachen).

Mr. Doug Lewis (Simcoe North): In joining the debate on this point of order, Madam Speaker, I would ask you to consider very seriously the essence of what we are discussing. We have a document which is vital to Canada tabled by the Minister. Despite the comments of the Hon. Member for Kenora-Rainy River (Mr. Reid) that it may some day become part of a report which some day is referred to Parliament, the fact is that it was tabled yesterday. I request that you reserve your decision, Madam Speaker, in order to consider very carefully the vital nature of what we are trying to do, which is to provide scrutiny of these documents immediately by standing committees.

Mr. D. M. Collenette (York East): Madam Speaker, as a Member of the Special Committee on Standing Orders and Procedure, I beg to differ with the Hon. Member for Simcoe North (Mr. Lewis). I think the Secretary of State for External Affairs (Mr. MacEachen) has outlined the problem. I am certainly in agreement with his interpretation of the Standing Order.

I would not want to put words into the mouth of the Hon. Member for Nepean-Carleton (Mr. Baker), but my recollection was that he was one of the people at the Committee most concerned that minor—or major—administrative matters, not necessarily dealing with policy but all administrative matters, would be before the House on a regular basis. I would certainly defer to him on this particular point, but I thought it was he and some other Members of the Committee who actually stipulated or made the point before the Committee that the words "in accordance with an Act of Parliament" be included, specifically so we would not be dealing on a routine basis with administrative matters, no matter how important they may be.

I am not addressing myself to the substance of this matter; I hope we can divorce it from the procedural question.

Mr. Baker (Nepean-Carleton): Madam Speaker, dealing with what I think is an important question, I have cited two Statutes; there may be others. Before there is a ruling with respect to the matter, perhaps we ought to reserve in terms of the argument to see whether or not it is in fact "in accordance with an Act of Parliament". The words are quite clear.

I accept what the Hon. Member for Kenora-Rainy River (Mr. Reid) said with respect to the annual report, but nonetheless the words of the Standing Order are quite clear. They set out the intent, really, of what we meant if we were to view it. I agree that it is not the intention of the rules that every minor administrative matter, as the Hon. Member for York East (Mr. Collenette) said, should go to the standing committees. I have to allow that this is not a minor, routine administrative matter. Nonetheless, two Statutes were cited. I do not know whether the Chair has had a chance to read the Statutes yet or whether the Clerk of the House has had a chance to read them in order to advise the Chair. It might be wise if there were a

reservation on that, perhaps for further argument, but at least to establish and take a look at the law.

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I would just like to reinforce the remarks that this in fact is not a minor administrative matter and that there appears to be mechanisms available for statutory justification.

This is an issue beyond the House of Commons. Referenda across the country have shown that 75 per cent to 80 per cent of the Canadian public is vitally interested. Demonstrations have brought out thousands of people opposed to this, yet the House of Commons is not in a position to provide further information or investigate the matter. I would urge, Madam Speaker, with the information you have available and the knowledge of how important the issue is viewed not only by legislators in the House but citizens across the country, to rule in favour of allowing this matter to proceed to committee for closer scrutiny.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, this is the first time this new provision in the Standing Orders has been discussed in the House. It is important that it be made absolutely clear that all Members who serve on that Committee hope that we will try to resolve what these new provisions mean in a spirit of good faith.

It is not my view that the Statutes which the Hon. Member for Nepean-Carleton (Mr. Baker) cited really draw this matter into the particular ambit. Notwithstanding, I think he has made his arguments in good faith. I do not think it goes that far, but it is important to appreciate what the Minister said.

The Minister said that he would look at it. It is quite possible that he will, notwithstanding his conclusion that he is not obliged by the Standing Orders to refer the matter to the Committee, give a reference to the Standing Committee. I hope that people would not then jump on a gesture of good faith which flowed from his tabling the letters as a courtesy to the House and try to establish it as a precedent. I hope all Members try to keep it in that perspective.

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I will not speak very long because we have heard a great deal on this matter already. The Hon. Member who just spoke talked about a gesture of good faith; I would like to underline it. If we use a legalism to escape the reference of a very important subject to a committee, a subject as important to all Canadians as this one—that is, the Cruise testing agreement—then I think all the good faith which has been built up throughout Committee study will be destroyed or severely damaged.

The differences I noticed between this House and Westminster were attitudinal ones which make the difference between a House co-operating and one always in conflict.

• (1220)

I would just add my plea that a reference to committee needs to be immediate. Allowing it two months from now after all the facts are out or when it is too late and the horse is out of the barn is not good for this House of Commons. So I would urge the Minister to make that reference. One of the reasons we have these new rules and new powers conferred upon committees is to make them important to backbenchers, not just some place for busy work by Liberal Members. We wanted these committees to have powers, decision-making capacities and powers of initiative. The new rules were set up and designed for that purpose.

I hope the Minister will reconsider and send this matter to committee immediately; otherwise, I think much of the work of the Special Parliamentary Reform Committee will have been destroyed and the good faith lost.

Mr. Baker (Nepean-Carleton): Madam Speaker, I suggested, respectfully, that the matter might be reserved so that the Minister, the Chair and everyone involved might check the law. The Parliamentary Secretary to the President of the Privy Council (Mr. Smith) suggested that the matter would be considered by the Minister and considered, I assume from what he said, reasonably quickly.

Given that sense of urgency about looking at the rules and being sure they operate properly, the guts of the issue, there are two grounds for saying that there might be a reservation of the matter today so it could be considered by the Secretary of State for External Affairs (Mr. MacEachen), if that is agreeable to the Chair. I, who raised the point of order, would certainly be agreeable. We are charting new waters in terms of the rules and we may not have to decide the point of order with respect to this particular matter.

Mr. Dan Heap (Spadina): Madam Speaker, this is a matter of Canadian sovereignty. This is a matter of our relationship with another country and whether the Canadian people through their elected representatives have appropriate control over decisions made with a foreign power. It would be very dismaying, not just to thousands of people I know of in Spadina but to people all across the country, if we were to find that even the new and revised rules of Parliament make it impossible for Parliament to consider a matter as important as this. Hundreds and hundreds of thousands of Canadians have registered this concern by their votes and by their presence in public activities. This is a matter of Canadian sovereignty. I hope the rules will not prevent us from dealing with it.

Madam Speaker: That, of course, was debate. The Hon. Member did not speak to the point of order. I should have interrupted him but I wanted to see if he was going to discuss the point of order.

I think Hon. Members are quite right. This is a change in the rules and we are faced with a new situation. I believe we would all like to think about it and reflect on what the consequences of that exact wording would be.

I tend to agree with the Hon. Member for Nepean-Carleton (Mr. Baker), and I think all Members would be of the same opinion, that these changes in the rules were worded precisely to give Members a better opportunity to discuss matters in committee.

On the other hand, it is clear that the rule as it is worded includes a phrase that does qualify the amount of discussion allowed. I tend to agree that the Deputy Prime Minister was probably right in saying that these reports and returns, papers and documents are governed by the phrase "in accordance with an Act of Parliament". As the Hon. Member for Kenora-Rainy River (Mr. Reid) pointed out, this particular document would obviously be discussed once the annual report of the Department was tabled, because it would flow from the report, and under one heading or another Members would be able to discuss it. However, the urgency might be taken out of the matter when it is discussed at that time. That, of course, poses a problem that I cannot solve because I do have to rule within the confines of the wording of the particular Standing Order.

Mr. Baker (Nepean-Carleton): You could reserve.

Madam Speaker: Yes, I do want to reserve on it. But I think it is helpful that I tell the House how I read the Standing Order, so that if Members of the Committee do want to look at the Standing Order again or let me know what the real intent was and whether it was really expressed precisely in the Standing Order, it would be easier for me to rule on the matter.

I am telling the House now that if I were to rule on this question, I would have to consider the phrase "in accordance with an Act of Parliament". I would like Hon. Members to tell me whether they did want to restrict those documents that are "in accordance with an Act of Parliament". If that is what the Members meant, then that is fine with the Chair. I will look at these words as being the important key words in any ruling that I might make.

However, the Deputy Prime Minister has offered to discuss the matter with the House Leaders. It might be that the Deputy Prime Minister will refer this matter to a committee. Therefore, for the time being the House will be satisfied. Indeed, I think it would be wise for me to reserve and study this matter very carefully. Even if the Deputy Prime Minister did allow this matter to be discussed in a committee and referred it to a committee, the situation might arise again, so we may as well think about it now as later.

MR. LEWIS—REPLY OF MR. BUSSIÈRES DURING QUESTION PERIOD

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise on a new point of order. During Question Period the Minister of National Revenue (Mr. Bussières), in reply to a question put by my colleague, the Hon. Member for York North (Mr. Gamble), defended the comments of the Minister of Public Works (Mr. LeBlanc), the Minister responsible for housing, who suggested in Toronto that he was considering taxing Canadian tenants who were not paying between 25 per cent and 30 per cent of their income for rent. In answering the question, the Minister of National Revenue referred to reports received by the Minister of Public Works as the substance and the reason for his making those comments.

In view of the fear tenants have in this country that the Liberal Government is planning to tax anyone who is not paying between 25 per cent and 30 per cent of their income for rent, I would ask you, Madam Speaker, to rule whether or not the comments made by the Minister of National Revenue, in referring to those reports, are sufficient for the House to require that those documents, which have been cited in an answer, be tabled in the House.

Madam Speaker: I do not recall that the Minister quoted or cited from those documents. I do not believe that procedure has been changed in the rules. The rules are quite clear that unless a Minister quotes or cites a particular document, he is not obligated to table it, and the Chair would have no authority to ask the Minister in question to table that document. However, the Minister might make a decision to table those documents if he wished to do so.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I think that in his comments, the Hon. Member is going much further than the Minister did in his answer. I am truly sorry that the Hon. Member should try to scare Canadian tenants and—

Mr. Lewis: The Minister did.

Mr. Ouellet: No! The Minister did not say that in his answer, and I think the Hon. Member should not be trying to scare tenants in this way.

Madam Speaker: This is debate, but what is done is done.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. MITGES—OPENING OF ABORTION CLINIC IN TORONTO, ONT.

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I am happy to present a petition from a number of constituents of Grey-Simcoe voicing their opposition to Dr. Henry Morgentaler's plans to open an abortion clinic in Toronto.

• (1230)

I am well aware that it falls within the jurisdiction of the Province of Ontario to uphold the law by prosecuting to the full extent of the Criminal Code all those who contravene the law by performing illegal abortions. It is my hope and the hope of the petitioners that this in fact will be the case regarding Dr. Morgentaler, if he goes through with his plan.

Striking Committee Report

MISS JEWETT—UNEMPLOYMENT IN LOWER MAINLAND OF B.C.

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I rise today to present a petition which the Prime Minister (Mr. Trudeau) and the Minister of Employment and Immigration (Mr. Axworthy) should particularly note. This petition is signed by 699 members of the IWA in the lower mainland of the Province of British Columbia who are deeply distressed by massive lay-offs and the almost two million unemployed in this country.

The petition points out the failure to protect existing jobs or to create new jobs for the unemployed, and the inadequacies of the Unemployment Insurance Act in dealing with today's crisis.

* * *

STANDING COMMITTEES

CONCURRENCE IN THIRD REPORT OF STRIKING COMMITTEE

Mr. Charles Turner (London East) moved:

That the third report of the Striking Committee, presented to the House on Monday, January 31, 1983, be concurred in.

He said: Madam Speaker, this is the first time in many years that a Striking Committee report has been debated. In fact, it is the first time in many years that there has been any substantial discussion about committee composition at all.

Until 1968, committees were very large. I understand that there were between 30 and 60 members of those committees, which had very little to do because the House sat for only three or four months at that time. When they did have an assignment and changes in membership were required, the Chief Government Whip had to propose a motion in the House that could be debated and was debated on at least one famous occasion.

In 1968, it was decided that the size of committees would be reduced, usually to about 20, but in the case of two popular committees—Agriculture and External Affairs and National Defence—they were struck at 30. Some committees, including special committees, were smaller. Substitutions became mere administrative concerns.

Last fall, the House adopted the recommendations of the Special Committee on Standing Orders and Procedure to reduce all standing committees to between 10 and 15 members on an experimental basis. The substitution rules were stiffened and a system of alternate members was instituted. As before, any Member of the House may attend and speak at any public committee meeting but does not have the right to vote.

Two of the standing committees, Agriculture and External Affairs and National Defence, had consisted of 30 members. It seemed clear that the maximum number of 15 members should be appointed to those committees. This meant that whenever the two Opposition Parties voted together against the Government, the chairman of the committee would have to cast the deciding vote. On our side, we were hesitant to place chairmen in the position of constantly breaking ties and thereby appearing too partisan but in these two cases the need for maximum numbers prevailed.

It was decided by a majority of the Striking Committee that all of the other committees would have ten members. This would ensure that the chairman would be able to act in most circumstances as a mediator, without concern about being compelled to vote on a regular basis.

I have attended over 1,000 brotherhood meetings during my 27 and one-half years' service with the Canadian National Railways. I have also attended membership meetings and meetings of many other organizations and never once saw a president of the brotherhood, a service or fraternal club called upon to break a tie during any discussion.

At times, the language we heard at brotherhood meetings became a little rough around the edges. Sometimes debate was tough and very heavy. In fact, we used to say that there was more debate in the hotels across Canada and the cinders were flying all of the time. But when we went to lodge, a decision was made one way or the other.

I think the Hon. Member for Hamilton Mountain (Mr. Deans) would agree that the parliamentary procedure during the meeting was first-class. The Hon. Paul Martin used to say when he attended union meetings that if you want to know parliamentary procedure, go to a union meeting.

I have attended many House of Commons committee meetings. Unless the witnesses were Ministers, officials of Departments or presidents of Crown corporations who were on the hot seat, less than half of the members of the committee were in attendance. This would reduce the number of the committee to below ten. Therefore, in my opinion, I believe that committees composed of ten members is a very sensible suggestion. It certainly allows more members to become experts in the subject of their choice. This also allows regular members to participate in committee debates more often and ask more questions. It also allows the chairperson to be strictly neutral on all subjects debated by the committees.

As I have mentioned, this new system is a one-year experiment. I urge the House to adopt my motion quickly so that the committee part of the experiment may commence and we could put all Members of the House back to work in the committees.

The Acting Speaker (Mr. Corbin): Comments, questions and answers.

Mr. Mayer: Mr. Speaker, I would like to ask the Hon. Member if he thinks the breakdown of a ten-member committee to six, three and one, with regard to the three Parties of the House, is fair, based on the fact that there are roughly 150 Government Members, 100 Members of this Party and 30 Members of the NDP? Does he think that the breakdown of six, three and one as it relates to 150, 100 and 30 is fair?

Mr. Turner: Mr. Speaker, in my opinion, the chairman will not participate. Therefore, it would be five, three and one. I think that ten is the logical figure.

Mr. Mayer: Does the Hon. Member believe that committees should be a reflection of the House? If he does, I would point out to him that the Speaker is not neutral. In the case of a tied vote, the Speaker would have to vote. If he thinks of committees as an extension of the House where the Speaker would obviously have to break a tie, why should the situation be different in committees where he is setting up the membership to allow the chairman to be neutral?

Mr. Turner: Mr. Speaker, I would suggest to the Hon. Member that the Speaker would not be independent. Five, three and one is a reflection of the House of Commons. If the Hon. Member checks the records, he will see that the system is less than ten. In fact, I understand that the two large committees have eight, five and two members out of 15. So, I think ten is the maximum.

Mr. Mayer: With all due respect, the Hon. Member did not answer the question. Does he believe that committees are an extension of the House of Commons where the Speaker can be called upon to break a tie vote? Why is he setting up the committees in such a way that the chairman would not have to break a tie?

Mr. Turner: It is my understanding that never in the history of the House of Commons has the Speaker been called upon to render a vote to break a tie. I think a committee set up with ten members, broken down to five, three and one, with a neutral chairman, is a reflection of the House of Commons and a reflection of this system.

Mr. Rose: Mr. Speaker, I was interested in the last remark of the Hon. Member for London East (Mr. Turner). He mentioned a five, three and one set-up as opposed to a six, three and one. I am not sure that that is what he is still proposing. I think that some of us on this side would be very interested in exploring that idea. As a matter of fact, I think it will be proposed by my colleague perhaps a little further down the road this afternoon.

• (1240)

This way, if it was a five, three and one plus a chairperson, that would permit Hon. Members of the Opposition to be chairpersons and, further, as is the case in Westminster, would enhance the independent nature and unbiased kind of chairing of a committee which I think we should be seeking. Therefore, I would like to know whether or not he is proposing a five, three and one plus a chairman.

Mr. Turner: I think the Hon. Member for Mission-Port Moody (Mr. Rose) passed a motion in committee and it was supposedly to be six, three and one, and the chairman was to be neutral, which amounts to ten. Five, three and one plus a neutral chairman is ten. I think that that is a reflection of the House of Commons. It gives all Hon. Members a chance to go to committee and express their opinion on behalf of their constituents.

Mr. Rose: I would just like to have that clarified again. Is the Hon. Member for London East now telling us that it is really five, three and one, plus a chairman who may not necessarily be a Member of the governing Party, in this case, a Liberal?

Mr. Turner: Under this system the majority rules, and I therefore think the chairman should be a Government Member. You may be in power some day, so you will have that opportunity.

Mr. Reid (St. Catharines): So a Government Member is always going to be neutral?

Mr. Deans: Don't wish that on us!

Mr. Wenman: I would like to ask a specific question to gain assurances from the Hon. Member who last spoke. While there is an automatic reference of reports and so on, can he guarantee that there will in fact be an automatic convening of that committee within a given period of time? I know the Hon. Member may have asked for comment on that matter, but I would like to have the assurance of the Government side that the committees will in fact be convened. In other jurisdictions there are the same rules, but they simply do not convene the committees.

Mr. Turner: For the Hon. Member's information, it has been suggested to me that the Striking Committee has nothing to do with the establishing of the committees. The Speaker has reserved judgment as to what should be done. I would set the committees at work right away, next week. I think we need the committees in operation.

Mr. Laniel: Mr. Speaker, I was very intrigued when I heard the Hon. Member for London East saying that we should learn a lesson from the debates which take place in labour unions. At the same time, I would hope that this was not an opinion of his own on some of the contents of those debates and what I would call undemocratic decisions which are sometimes made by some of our well known unions throughout Canada.

Mr. Turner: I would simply like to suggest to the Hon. Member that the railroad brotherhood, the Brotherhood of Locomotive Engineers, was formed before this country was born and it has been democratic down through the years.

Mr. Deans: It is about time you guys on the Liberal side realized that. Mr. Speaker, I just want to join with the chairman of the committee in saying that his Liberal colleagues could learn a great deal from going to a labour union meeting. However, I want to support a position—

Mr. Reid (St. Catharines): Why not? Birds of a feather.

Mr. Deans: Wait a minute. I was just about to support one of your friends; do not keep shouting, Joe.

Mr. Reid (St. Catharines): Do not get caught up in a lure.

Mr. Deans: I want to return to a point made by the Hon. Member for Fraser Valley West with regard to the method of reference and the convening of the committees, and to suggest that that is, indeed, a fair topic for today.

When we are discussing the establishing of the committees, one of the various considerations concerns proportional representation. But that is not the only factor. I might say to the Chairman of the Committee, through Your Honour, that one of the concerns is that in the past difficulty has arisen from time to time in calling and convening committees for the purpose of dealing with business. We would not want to think, in this spirit of co-operation which has suddenly emerged in the House of Commons—long needed, I might say—that the Government would go about its business in the same way as it did before and thwart the efforts of Hon. Members to raise legitimate and important matters by simply not calling the committee together.

I assumed, as a member of the Committee which studied the rules and procedures, that because we decided on the automatic reference, committees would meet so that the automatic reference would mean something. Although I know the Chairman of the Striking Committee cannot give me any assurance other than his own, perhaps he shares our concern that committees should be properly convened and meet regularly.

I certainly think the Government should pay heed to this matter, and those who are appointed as chairmen of committees should recognize that their responsibility is not simply to do the bidding of the Government. Otherwise, the whole question of impartiality raised by the Chairman of the Committee would be for naught.

Mr. Turner: I would like to say that the Striking Committee does not have the power, but I will certainly take it up with the House Leader and ensure that chairmen are appointed or elected at the first regular meeting so that we can get on with the work of the House.

Mr. Baker (Nepean-Carleton): Mr. Speaker, under the new rules I am allowed to comment on what has been said by the Hon. Member for London East, whom I have known for a great number of years and have come to admire. He is not only the Chairman of the Striking Committee in the House but he is also the Chief Government Whip, a position which he occupies with distinction, if I may say so, and he carries out his duties with distinction as well.

As a member of the Committee and of this House, I welcome his statement that he would entreat the Government House Leader to consider this particular matter, because I do want to tell him that during the debate in the House prior to the adoption of the third report of the Committee, it was a matter of concern that committees would in fact meet in order to deal with the business, and it is a matter which is presently before the Special committee. On behalf of the Special Committee on Standing Orders and Procedure, speaking as Vice-Chairman, and I know I also speak for the Hon. Member for Pontiac-Gatineau-Labelle (Mr. Lefebvre), the Chairman, I would thank and comment him for his undertaking and say that we as a Committee look forward to dealing with that matter. We hope we can provide some help and assurance to the hon. gentleman in the undertaking he has given to the House, and I once again thank him.

Mr. Turner: Mr. Speaker, I would just like to say thank you to the hon. gentleman for Nepean-Carleton.

The Acting Speaker (Mr. Corbin): Order, please. The Chair must inform the House that the time allocated for questions and answers is now exhausted. If the Hon. Member for London East wishes to respond, he would need the unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Turner: Mr. Speaker, I would just like to thank the Hon. Member for Nepean-Carleton. I have known him for many years. You have taught me much in the House. Your skill as a lawyer and as a debater in the House is first-class.

Mr. Baker (Nepean-Carleton): Thank you.

The Acting Speaker (Mr. Corbin): The Hon. Member for London East should address his comments to the Chair.

Mr. Smith: Free commercials today, Walter!

Mr. Howard Crosby (Halifax West): Mr. Speaker, I would like to begin my remarks by responding to the statement of the Hon. Member for London East (Mr. Turner) with respect to the debate which will ensue on the motion to concur in the third report of the Striking Committee. We are not here simply to debate the mechanics of the Striking Committee report and the piece of paper that is before the House. We are here to debate the principle involved, as represented by that Striking Committee report.

• (1250)

That principle is very clear and very important. It is the implementation of the spirit of parliamentary reform that we had hoped and thought pervaded the activities of the Special Committee on Standing Orders and Procedure, the report of which led to the changes made and represented in the Striking Committee Report. So it is principle that we are talking about here, the principle of parliamentary reform and the implementation of that spirit of parliamentary reform. We will not be put down by simply saying that we are quarrelling about numbers or quarrelling about mechanics. We are here to express our concern that the spirit of parliamentary reform will be diminished and destroyed by the attitude of the Government and the Government's representatives, and it is evidenced by this Striking Committee report.

Let me begin my remarks, Mr. Speaker, by reviewing very briefly the history of the specific parliamentary reform movement which led to this change in committee structure and resulted in this report of the Striking Committee. The Special Committee on Standing Orders and Procedure, which has

become better known as the Parliamentary Reform Committee, was established on May 31, 1982. Its purpose was to make proposals to the House of Commons that would lead to reforms in the parliamentary system, in the procedures that we follow, and in the rules that apply to our processes and procedures.

That Committee met on numerous occasions, I think in a spirit of reform and of assisting Parliament to better conduct the affairs of the people. In result the Committee formulated a report which was tabled in the House of Commons in November of 1982 and later met with the unanimous consent of the House of Commons, so that the specific recommendations for changes that were proposed by that Parliamentary Reform Committee could be carried out and implemented.

The net result is the new Standing Orders which we have and which, with respect to committees, are represented by Standing Order 69. I think it may be worth while to review very briefly the specifics of those changes recommended by the Parliamentary Reform Committee and unanimously approved by the House of Commons that we have now implemented in Standing Order 69 and in other Standing Orders of the House.

The first and foremost provision and change was that standing committees would be limited to a regular membership of not less than 10 or more than 15, and I want to speak more specifically about that provision later on. It was also established that in standing committees there would be regular members and alternate members. The idea of that change, as I understand it, was to ensure that there would be continuity of membership. That is to say that if a regular member could not attend a meeting of a standing committee, a substitute who was already briefed and knowledgeable in the matters before the standing committee would stand in the place and the stead of that member. There is, of course, a provision for substitution on a 24-hour notice basis, so that membership will be assured either through the attendance of regular members or alternate members.

One of the important changes that were carried out in the new Standing Orders was the reference to standing committees of all reports, returns or papers tabled in the House of Commons by a Minister. I do not have to underline the importance of that provision because we have already had a debate in the House of Commons today on that very point and we have seen the real attitude of the Government towards parliamentary reform. Notwithstanding this specific change in the rules authorizing a reference to a standing committee of the House of Commons, the Secretary of State for External Affairs (Mr. MacEachen) refused to make such a reference and argued that he does not need to make such a reference.

So the case that I would have made in my presentation has almost been made by the debate in this House of Commons this very day. We have had an example of the exact mischief that was attempted to be prevented in this rule change—the covering up of matters of importance, not only to Members of the House of Commons but to the whole Canadian population who are not going to have that window on Government apparently that we thought we were going to have through the references of reports, returns and papers to Standing Committees of the House of Commons.

It is not with a very clear heart and mind that we view these changes that are supposed to be implemented in the new Standing Orders, particularly with respect to the committees of the House of Commons. Our specific concerns have already been expressed by my colleague, the Hon. Member for Portage-Marquette (Mr. Mayer), in his questions to the Hon. Member for London East, but I will repeat them here. It is, simply stated, that we do not think that the size of the standing committees and the allocation of membership on those standing committees is fair in the circumstances, and we certainly do not think it is in the spirit of parliamentary reform.

In case Members opposite do not understand what I mean, I will explain it once more. The report of the Striking Committee calls for standing committees of 10 members except in the case of the Standing Committee on Agriculture and the Standing Committee on External Affairs and National Defence. All other standing committees listed in Standing Order 69, and there are 18 of those standing committees, must, by virtue of the provision of the Striking Committee report, have a minimum of 10 members.

Not only that, Mr. Speaker, but the Striking Committee, by exercising its power to allocate positions on the standing committees to members, has chosen an allocation of six Members of the Liberal Party, three Members of the Progressive Conservative Party and one Member of the New Democratic Party. So there we have, in 18 of the standing committees, a membership of 10 with an allocation to the Parties in the House of six to the Liberals, three to the Progressive Conservatives and one to the New Democratic Party.

Simply stated, we do not think that is fair and we do not think that is in the spirit of the parliamentary reforms that were adopted and advocated by the Parliamentary Reform Committee, were agreed to by the House of Commons and are now being implemented by the Striking Committee report.

Because we do not think it is fair, Mr. Speaker, we want to introduce an amendment and I beg your leave to present that amendment to the motion to concur right now. I will read it, if I may do so. I move:

That the third report of the Striking Committee be not now concurred in but that it be recommitted to the Striking Committee with instruction that they have power to amend the same so as to recommend that the Standing Committees of the House of Commons, with the exception of the Standing Committee on Agriculture and the Standing Committee on External Affairs and National Defence, consist of eleven (11) members each and that, of those eleven (11) members, six (6) members shall be representatives of the Liberal Party, four (4) members shall be representatives of the Progressive Conservative Party and one (1) member shall be a representative of the New Democratic Party.

Mr. Speaker, I present that motion, seconded by the Hon. Member for St. Catharines (Mr. Reid).

The Acting Speaker (Mr. Corbin): Shall we call it one o'clock?

Some Hon. Members: Agreed.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being one o'clock, I do now leave the Chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

[*English*]

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deputy Speaker: When the House rose at one o'clock, the Hon. Member for Halifax West (Mr. Crosby) had the floor.

Mr. Crosby: Mr. Speaker, before the recess I had made it clear that we are not merely opposing the report of the Striking Committee relating to standing committees, but we are opposing the attitude of the Government towards parliamentary reform. That attitude is characterized by such arrogance and inflexibility that the whole spirit of parliamentary reform, which pervaded the activities of the parliamentary committee in dealing with these reforms, will not only be diminished but may be destroyed.

In specific terms, the Striking Committee has demanded that 18 of the 20 standing committees have a membership of not more than ten persons. It has only allowed the Official Opposition three memberships and the New Democratic Party one membership on those committees. Obviously, Mr. Speaker, as has already been pointed out, that does not reflect the representation of Hon. Members in the House of Commons and the Hon. Members who belong to the particular political Parties. The Government, through its representatives on the Striking Committee, has simply endorsed the will of the majority without respect for the rights of the minority, and it is in support of democracy that we stand to object to that kind of imposition of the will of the majority. The House of Commons, after all, is the seat of democracy in this country.

Let us consider for a moment the purpose of parliamentary reform. We know that committees in parliamentary democracies play an important role in the legislative process in the broad sense. In many countries parliamentary committees or congressional committees, as the case may be, have varying roles. In the United Kingdom, the parliamentary committees play a relatively minor role and deal primarily with legislation, with no inquiry powers. On the other hand, in the United States Congress, the congressional committees are, in many ways, the seat of power within Congress and deal with a wide variety of matters. It is common knowledge that legislation will not be passed by Congress unless it has the support of the relevant congressional committee.

It is interesting to note, Mr. Speaker, that a report I read recently on State legislative committees indicated that 24 per cent of the authority with respect to significant decisions rested with committees of the State legislatures, as opposed to 26 per cent of the authority in relation to significant decisions resting with the presiding officers. In some legislatures, therefore, Mr. Speaker, the committees, which are the emanations of the legislative body, play a very important role.

I believe part of the attitude and intent of the Parliamentary Reform Committee is to give that kind of strength, that kind of capacity and ability to the committees of the House of Commons. But the Government has already, as I have indicated, destroyed that spirit and prevented that transfer of power taking place, so that Hon. Members of this House of Commons will continue to be subjected to the will of the majority and will lose the ability to represent the people of Canada, and their interests, through the medium of parliamentary committees.

Once again, Mr. Speaker, I want to underline the fact that the Government is taking an inflexible and arrogant attitude in not co-operating with all Hon. Members of the House of Commons to arrive at a mutually satisfactory arrangement with respect to membership in parliamentary committees, thereby uniting in the common goal of assisting the people of Canada, and allowing those persons who have special interests to come before Parliament to express those concerns.

We are trying in this parliamentary process, as I thought, to make Parliament more effective by allowing Hon. Members of Parliament to become more effective and, therefore, better able to represent their constituencies and the interests of Canadians. But, Mr. Speaker, if the Government does not change its attitude, then that purpose will not be achieved. Members of Parliament must seek a better rapport with the people of Canada.

This is evident from many things which have been written and said, but I want to refer specifically to the words of Arthur Lower, a distinguished Canadian historian who commented on parliamentary reform and specifically the reforms proposed by the Parliamentary Reform Committee. He was quoted in *Maclean's* magazine as saying:

> I would say those changes are relatively unimportant because it is not mechanical changes that are necessary to improve Parliament. Unfortunately, what needs to be changed is a much bigger task: human beings. What we need in Ottawa are more able, more sensible, less selfish, self-interested, less partisan members. It is the calibre of members that needs improving.

This eminent Canadian has put his finger right on the problem. We can change the mechanics, the process and procedures, but what we really need to change is the attitude of Members in Parliament. I do not believe the Hon. Members of the Official Opposition need to change their attitude. What must be changed is the attitude of the Government towards the effectiveness of Parliament and its Members. And when Mr. Lower is talking about selfishness, I am sure he is talking about the Members of the Government of Canada and not the Members of the Opposition. It is that attitude of selfishness

and self-interest which has to be changed if we are ever going to accomplish a reform of Parliament or the institutions of Parliament.

• (1410)

We are here to get the message across to the people of Canada that we need and require effective changes. We need new procedures and processes if Parliament is to become effective and reflect the will of the people across Canada. But we see no real evidence that the Government is willing to make those changes.

In the few moments I have left I would like to outline to you, Mr. Speaker, the fact that in the course of this debate we hope to present to the House of Commons and the people of Canada a wide variety of thoughts and opinions on parliamentary reform. My colleague, the Hon. Member for Edmonton West (Mr. Lambert), a veteran of many years in this House and committee work, will give some historical background to the need for changes. The Hon. Member for St. Catharines (Mr. Reid), who is a working Parliamentarian, attends regularly at committees and knows how they function and should function, will indicate what is wrong with the Government and its attitude towards parliamentary reform. The Hon. Member for Nepean-Carleton (Mr. Baker), who worked long and hard on the Parliamentary Reform Committee, may have to say how disappointed he is with the result of that work in terms of the attitude of the Government.

We hope in a general way to provide a broad base from which others may attack the Government for its attitude, in the perhaps forlorn hope that the Government will see the error of its ways, will bend a little bit and really take up the spirit of parliamentary reform. We hope it will try to give some meaning to this process in the House and in the committees of the House, where we can arrive at mutually satisfactory decisions by the process of discussion and common understanding. But we do not want that process destroyed in round one by an arrogant Government which refuses to bend to good sense and good judgment.

Mr. Smith: Mr. Speaker, I believe the Member who spoke prior to lunch said that he felt both the size and the composition of the proposed committees were unfair. Now, I can understand his reservations about the composition, but I find it difficult to understand that the size is unfair. I would like to ask the Hon. Member, through you, Mr. Speaker, why did he and his party unanimously vote for the provision in the Standing Orders which says that the size of committees should be from ten to 15 if he now thinks the size is unfair? I do not understand how he can say that.

Mr. Mayer: How can you ask a stupid question like that?

Mr. Crosby: Mr. Speaker, I am amazed that my friend even raises the question. The Standing Orders call for standing committees of not less than ten or more than 15. It is not that provision we quarrel with, it is the unwillingness of the Striking Committee to choose a number between the minimum and maximum. In the case of the Standing Committee on Agriculture and the Standing Committee on External Affairs and National Defence, the Striking Committee was willing to allow 15 members. We make the same request for the Standing Committee on Finance, Trade and Economic Affairs. That ought to be 15. In fact, there is no reason why 15 cannot be the standard as much as ten would be the standard. But we could not go down the list of 20 standing committees and determine what size each committee would be.

In endorsing the action of the Striking Committee, Mr. Speaker, my friend opposite is saying that there should be as many members on the Finance, Trade and Economic Affairs Committee as there should be on the Northern Pipelines Committee. That speaks for itself; it makes no sense.

Mr. Smith: Mr. Speaker, I still do not think the Hon. Member has explained why they voted unanimously for a provision which allows committees to be ten. In any event, I would like to ask him if he believes it is desirable that a chairman of a committee be neutral, and if he feels that a chairman can in fact be neutral when both sides are evenly balanced and he is continually obliged to break ties in favour of the Government? How does he feel about that? Does he believe a chairman can be neutral if he is in the position of having to do that all the time?

Mr. Crosby: I think that is a very interesting point, Mr. Speaker, the possibility of having a neutral person as chairman of a committee. I know that Your Honour adopts habits of neutrality in residing over the business of the House, but I challenge anyone in this House to stand up and say that they have ever noticed in the work of the standing committees of this House neutrality on the part of a chairman who was a Government representative. There are ways and means to establish neutrality of the chair in a committee of any kind, including the standing committees. But not one provision was added to the Standing Orders by the Parliamentary Reform Committee or anyone else which would assure that kind of neutrality or judicious treatment of Members involved in the activities of the standing committees. So to stand in this House and say "Oh, we want judicious and neutral chairmen of committees in this new reform" is ridiculous. There is no foundation for saying that. There are all kinds of actions which could have taken place to assure a judicious approach by committee chairmen and not one provision was added. So I say to the Member: Show me where in the Standing Orders there is any obligation of neutrality or judicious conduct on the part of a chairman of a standing committee, and I will agree with him.

Mr. Collenette: Mr. Speaker, I want to follow up on the comments of my colleague, the Parliamentary Secretary to the President of the Privy Council (Mr. Smith), because surely the Hon. Member for Halifax West (Mr. Crosby) contradicts his own argument. A few moments ago he stated it was the intention of the Special Committee on Parliamentary Reform to seek perhaps more independence of committees and permit committee membership some investigation. I think we have achieved that somewhat. Yet he now proposes an amendment

which in effect would fly in the face of that general trend towards more impartial and independent committees. Let us face it, Mr. Speaker, the chairmen of standing committees are Government Members—

Mr. Lambert: Why?

Mr. Collenette: —and obviously they have to be very sensitive at present to what the Government wants. Well, Mr. Speaker, if the Hon. Member for Edmonton West (Mr. Lambert) on the far side of the House would hold his counsel, he will have his chance to speak.

Mr. Deans: On the far right.

Mr. Collenette: On the far right or the far left. I would ask him to show courtesy in this House as befits his former office.

My point, Mr. Speaker, is that the Hon. Member for Halifax West is contradicting his own argument, because some of us do believe we have to move towards independent chairmen of committees where they do not take orders from the Government. Some of us believe we should emulate the British system where half the chairmen of select committees are drawn from the Opposition.

Some Hon. Members: Question.

Mr. Collenette: Mr. Speaker, let us have a civilized debate here. People are asking me to ask a question and they should realize this is a period where we can make a brief statement, which I have been trying to do, as well as ask a question.

I would like to hear from the Hon. Member for Halifax West how he answers this question. If we adopt his amendment it will mean that on every single procedural as well as substantive item in committee the chairman, who is now a Government Member, will be forced to break a tie. If we are talking about good faith, then surely this is no way to have good faith.

Mr. Crosby: Mr. Speaker, the only indication that there is going to be neutrality or a judicious attitude on the part of chairmen of parliamentary standing committees comes from the Hon. Member for London East in his speech today, and that is not good enough for me. That is the simple answer.

I hope the Hon. Member was not announcing a new Government policy which will prevent Members of the Opposition from being chairmen of parliamentary standing committees. I hope this does not mean that the chairmanship of the Public Accounts Committee will pass from the Opposition back to the Government, or the chairmanship of the Members' Services Committee will pass from the Opposition back to the Government. I hope that is not what the Hon. Member for London East had in mind when he said we would have judicious chairmen. However, the Hon. Member for Portage-Marquette (Mr. Mayer) also has some thoughts he would like to express.

• (1420)

Mr. Mayer: Mr. Speaker, I should like to make a few comments. The House unanimously adopted the report of the Committee which recommended that the membership of standing committees be composed of not less than ten and not more than 15 members. I see three Members of the Government opposite who were on the Committee that I am pleased to be part of. They will agree that not once, when discussing the size of committees, did we discuss the possibility of having committee chairmen who would be totally neutral. As I understand it, the rules in committee are an extension of what goes on in the House. In the House the Speaker, if called upon, has to vote if there is a tie. I do not see why, all of a sudden, we should change the committee structure when it is really supposed to be an extension of the House.

Standing Order 13 reads as follows:

> The Speaker shall not take part in any debate before the House. In case of an equality of voices, the Speaker gives a casting vote—

It is the Speaker who, if called upon, has to break a tie in the House. What is wrong with allowing more Members to participate in the committee structure, which is exactly what we tried to do in the Special Committee on Standing Orders and Procedure?

All of a sudden we are faced with this question of neutrality. I would put a little more stock in the opinion of Government Members if they would offer an amendment that no committee chairman would ever vote. Members who attend committees regularly will have to agree that Members of the Government have a poor record of attendance. If they now want to say that when there are only three Members of the Government attending a committee and one happens to be the committee chairman, then, even if the vote would be lost, the committee chairman would not vote, I think there would be some credence to their position that committee chairmen will be non-partisan. Until that happens, they are simply trying to juggle the numbers on the committee to suit the Government so that they do not need to have any more Members on committee than they had in the past.

Mr. Deputy Speaker: Order, please. I hesitate to interrupt the Hon. Member but the ten minutes provided for the question and answer period have expired. I am sure the Hon. Member will have an opportunity to participate in the debate.

Mr. Ian Deans (Hamilton Mountain): At the outset, Mr. Speaker, I want to deal with the amendment proposed by the spokesman for the Conservative Party. It is not at all unlike an amendment offered during the time the Steering Committee was meeting. The Hon. Member's argument for fairness falls short of credibility and that is unfortunate. I agree that proportional representation as set out in the Striking Committee's report might not be entirely accurate. If one were to look at the position the spokesman for the Conservative Party takes, then one must come to the conclusion that a division of three Conservatives and one New Democratic Party Member is fair and equitable and, therefore, supportable, but that a division of four Conservatives and one New Democrat is grossly unfair and inequitable and is therefore unsupportable.

Mr. Mayer: What about six Liberals and three Conservatives?

Mr. Deans: My colleague wants to usurp his ten-minute question period by asking me whether six Liberal Members to three Conservatives is fair and supportable. The answer is no.

We are forced to work within the restrictions imposed by the Special Committee on Standing Orders and Procedures, however. It said that committees, when established, could be no fewer than ten in number and no larger than 15. In order to achieve the proportion that the House might well reflect by formula, we would have five, three and one. But that would be nine members. Unfortunately, that is one less than the minimum number the House adopted as being suitable for the smaller committees.

Mr. Mayer: What about seven, four and two?

Mr. Deans: Seven, four and two, as offered by the Hon. Member for Portage-Marquette (Mr. Mayer), would be quite acceptable to us, but I want to point out to him that it would be unfair inasmuch as there would then be only four Conservatives for two New Democrats. That would be out of proportion. That is equally true of the larger committees. The trouble is that the numbers recommended and accepted really do not divide reasonably and fairly with the present composition of the House of Commons. At the large end it should have been 17, and at the small end it should have been nine. Those numbers would have given us the proper numbers of members on committees and at the same time would have allowed for fair, equitable and proportional representation.

I want to say to the Government, and to the Official Opposition, as I have said privately and publicly before, that this Party would be quite prepared to accept an amendment to establish nine and 17. I know the Chairman of the Committee is not surprised to hear me say that as he knows it is my view. I am prepared to accept any number that will adequately allow for representation on the committees that is in keeping with the numbers in the House of Commons. However, we should face the fact that the House of Commons will not always be made up in the way it is now. We hope there will be fewer Conservatives and fewer Liberals next time and then the New Democrats will, as the Government, in all fairness to the other two Parties, make sure they are adequately represented. That is our common practice.

The argument about the numbers as proposed by the Conservative spokesman, the Hon. Member for Halifax West (Mr. Crosby), is unacceptable. Let me offer an amendment that could have been acceptable had it been put. If someone in the House of Commons were of a mind to move that, though the number in the small committees be ten, the chairman be appointed from among a number of chairmen submitted by each of the Parties in proportion to their representation in the House of Commons and that the chairman would, in every instance, be seen to be impartial and would be required to vote only on that very rare occasion when a tie is apparent and to follow the normal processes of people who chair committees on those occasions and vote to continue the deliberations, as is the normal practice, then I suggest on behalf of this Party that we would support that amendment.

In essence, it would mean that on the smaller committees there would be ten people, nine of whom would be voting members. Five would be from the Government, three from the Official Opposition and one from the New Democratic Party. There would be a chairman who may or may not come from the governing side of the House, depending on which committee was involved. That chairman would be seen by all to be impartial and would be seen by all to operate in the interest of the committee rather than in the interests of the political Party he or she represents.

I do not know how anyone could argue that that would not be a fair and reasonable way to approach this problem. Some may say that that is not what was proposed during the deliberations of the Special Committee on Standing Orders and Procedure. I think I could safely say that a proposal in that form truly was not made. However, there was a discussion and there have been ongoing discussions about the desirability of impartiality in the chair and about the desirability of looking at, and perhaps adapting to or adopting, the method used in Great Britain of a panel of chairmen or chairpeople. From among senior Members of the House of Commons—and that does not mean only those who are older but even the Hon. Member for Kenora-Rainy River (Mr. Reid) might fall into the category of senior Member, young though he is—would be drawn those who have a demonstrated capacity to chair in an impartial way.

• (1430)

Let us say for the sake of argument that there were 12 committees. Perhaps seven of them could be chaired by Government appointees during a session of Parliament at the Government's behest or by using some other fancy method, I do not care; perhaps four or five members could come from the Tory Party and one or two from the NDP, depending upon how the numbers break down; and that would continue through that session of Parliament. This would achieve the result the Government would like to see achieved—impartiality.

I know the Chairman of the Committee is an honourable person. When he says that he hopes to see that degree of impartiality, with the chairman not having to become involved in every picayune item which arises, I know it is a desirable objective. If we could follow what I am suggesting as a possibility, we could achieve that result. We could achieve what the Conservatives desire in terms of the impartiality and not overloading committees with Members from the Government side. Also we would give senior Members of Parliament a somewhat different role to play, a role which would respond to their natural abilities. Take my colleague, the Hon. Member for Mission-Port Moody (Mr. Rose), for example—

An Hon. Member: You take him.

Mr. Deans: Take him, I don't want him! No, actually he would be an excellent chairman. He would be a person that everyone in the House of Commons would be delighted to support as chairman of a committee.

Mr. Smith: He wants to go to the Senate.

Some Hon. Members: Hear, hear!

Mr. Deans: He chairs the caucus of the New Democratic Party. Hon. Members should consider this for a moment. Under the chairmanship of my colleague, have they ever heard of discord or disharmony in the NDP caucus?

Some Hon. Members: Never!

Mr. Deans: Never, because we had a firm but fair hand at the helm which allowed us to have little disagreements, but Heaven forbid they should go too far.

Having made the argument, I hope it does not fall on deaf ears. If we in the House of Commons believe that the committees are ours and that they should represent what we the Members of the House of Commons, want—

Mr. Forrestall: When you live long enough by the Niagara, you do not hear it.

Mr. Deans: I am sure the relevancy of that comment will sink in later. I promise that I will read it and try to apply it. I suggest to Hon. Members that since the committees are our committees, since the committees will be given additional powers, and since those powers will presumably give members of the committees a sense that they are in fact participating for the first time in the ongoing deliberations of the House of Commons and the country, perhaps we could afford a brief reference back and a hurriedly-called meeting of the Striking Committee. It will meet on Sunday, if need be; then we could consider the suggestion I have just made. It would satisfy everyone. It would cause no particular hardship. Although the Speaker is not empowered to make comment, I am sure he must find some slight favour with the thought, knowing how he enjoys the Chair being an impartial position and he exercises impartiality all the time.

I cannot support the amendment because it is no less unfair than the situation before us now.

Mr. Reid (St. Catharines): The Hon. Member is a member of the Striking Committee. What will he do about it?

Mr. Deans: I have already made suggestions as to what I will do about it. We will not support the amendment. If the Hon. Member for St. Catharines (Mr. Reid), who is offering advice gratuitously, would be interested in offering an amendment along the lines of the one I have suggested, I could guarantee him the support of this Party in trying to achieve that end. I think there are a number of Members who think that would not be such a bad idea. Of course, it is a small but further step in the process of developing the committee system.

I say quite bluntly that I understand the unfairness of the division. Even now I understand the unfairness of it, but to make it equally unfair on the other side is not to make it fair. Thus, I have to choose between one unfairness and another. It seems to me that the impartiality of the chairman argument is one with which I find favour, although I am not satisfied entirely that we can achieve it in the way that the Striking Committee recommended. By the way, I am a member of the Striking Committee, as I have already said.

Let me say briefly that I hope at some point we will, in addition to doing what the Striking Committee did, take a look at the need for different kinds of committees. I feel confident the Committee on Procedure will look at it and look at, in today's quite changing society, the need for a committee to deal with matters related directly to women. I think it should be a separate committee since there is in fact a Minister who deals with women and the status of women. It might be very helpful and useful to have a committee to which all matters directly related to women are referred.

Given the controversy which has raged over a long period of time with regard to the environment, the impact of modern society on the environment and on the future of matters directly related to the environment, I suggest that we could give consideration to establishing a committee which deals directly with all these matters.

In addition to the Standing Committee on External Affairs and National Defence, there should be a committee which is particularly taken up with the question of human rights. It is a serious question, not only as it affects Canadians directly, but also as it affects people from other parts of the world. Our interest in human rights extends beyond our own borders.

Mr. Forrestall: Talk about relevancy, Mr. Speaker!

Mr. Deans: On the matter of relevancy, we are speaking about the setting up of these committees and alternatives which I think are reasonable and probably would find favour with the public, if not with the Hon. Member for Dartmouth-Halifax East (Mr. Forrestall). He was the same Member who offered me advice on the waterfall. I am not sure what that was about either.

I make these suggestions to be considered by the Government. Perhaps we are too restrictive in the determination of which committee should be established. Maybe we are a mite too traditional in seeing committees within certain restrictions and guidelines. Perhaps we should have a broader view of a much-changed society and establish committees to meet today's needs, rather than simply try to fit today's needs into the existing committee structure, because it does not always work. I think we could achieve it.

I am sure there will be Members who will want to ask questions and that I will likely have the answers, but I would like to make one parting comment to the Hon. Member for Halifax West (Mr. Crosby). He asked whether we could name for him any committee in which the chairman was impartial. I thought the Standing Committee on Public Accounts had an

impartial Chairman. I even thought the Standing Committee on Management and Members' Services had an impartial Chairman, as well as the Special Committee on the Disabled. If I had enough time I could come up with a number of committees where the committee chairman was impartial in view. I am sure the Hon. Member for Halifax West between the time he spoke and now has reconsidered what he said and recognizes that there are Members in the House of Commons whose dedication is beyond reproach and who act in an impartial way. I think to call them into question on the floor of the House is unfortunate. Anyway, that says it.

• (1440)

We would like to see the matter resolved if possible as quickly as it can be resolved in order that the committees can get on with the work they should be doing. We think that if there is to be any delay at all a few hours would make no difference if the Government were prepared to accept my suggestion for a different system of determining who shall chair the various committees with some kind of proportional representation on a panel of chairmen to accommodate that desire. With that in mind, if the Government were now to rise and say it is a wonderful idea, I would be prepared to attribute it to the Government.

Mr. Deputy Speaker: Are there any Hon. Members seeking to ask questions of the Hon. Member who has just spoken?

Mr. Turner: Mr. Speaker, is it not true that when we had the vote in the Striking Committee, the Hon. Member for Hamilton-Mountain (Mr. Deans) voted with the Liberals and the two Opposition Members voted against?

Mr. Deans: Mr. Speaker, I want to make it clear that the argument I made there is exactly the same argument I made here. I pointed out that to give the Conservatives an additional member would not make it a better balance. The balance that was there, unfair though it would appear in numbers, was no less acceptable or no more acceptable to me than the balance the Tories were proposing.

I want to make it clear also, and I say this to the Hon. Member in a rhetorical way, that I am sure he remembers my saying that the unfairness of the system that exists could be accommodated by a motion in the House of Commons changing the numbers from ten to nine and from 15 to 17, and then we could get the proper balance. I even said that I would be prepared to guarantee swift passage of it as far as this Party were concerned. There is no doubt in my mind that I covered all of the angles.

Mr. Siddon: Mr. Speaker, I have a question for the Hon. Member for Hamilton-Mountain (Mr. Deans). I do not think the Hon. Member would disagree that the division of representation in this House is 53 per cent Liberal seats, 36 per cent Conservative seats and 11 per cent NDP seats, whereas the proposal before this House gives Government Members 50 per cent more representation than Opposition Members. In other words, the Government would have 60 per cent of the membership of committees and the Opposition would have 40 per cent. This means representation on committees is strongly biased in the Government's favour.

Is it not possible that committee size be adjusted so that on certain committees where more members might be needed, a higher than average balance is given to certain Parties and on other committees perhaps a lesser than average balance? In considering this we would give particular attention to the 15-member committee where the NDP will get 13.3 per cent of the representation and the Progressive Conservative Party would get only 33 per cent. In other words, we are giving up representation to the New Democratic Party on the 15-member committees, in a proportional sense.

Would the Hon. Member not support the notion that with a degree of flexibility the Striking Committee could have suggested something along the lines of the provision in the Standing Orders which applies to the joint committees?

On page 71 of the Standing Orders, the second paragraph reads:

Provided that a sufficient number of Members of the said joint committees shall be appointed so as to keep the same proportion in such committees as between the memberships of both Houses.

Would the Hon. Member for Hamilton Mountain not consider that rule might have been applied and the committee size adjusted somewhere between 10 and 15 so that in some cases perhaps the NDP would pick up the advantage and in other cases the Progressive Conservative Party would; but in no case would the Government be given 50 per cent more representation on committees than Members of the Opposition, which is totally unfair to backbench Members of the Opposition who get far too few opportunities as it is to raise important issues before this House.

Mr. Deans: Mr. Speaker, I am sure the Hon. Member is simply not aware that I offered to consider any proposal that would give fair and equitable representation in terms of both the Government and the Opposition and between the two Opposition Parties. If the Hon. Member has a specific proposal that I have not yet seen, then he need only put it before us. I can assure him that consideration will be given to it forthwith.

Mr. Siddon: Mr. Speaker, I will make my intervention short. The spirit of the amendment which this Party has put forward this afternoon would allow a referral back to the Striking Committee. I do not think the mover of this amendment would be hard and fast as to whether all of the 18 committees that are presently constituted of ten members would be held to 11 members as proposed. Perhaps some might have 13 members and a few more might have 15 members. Some of the committees have a much larger work load than ten members could handle. That speaks for the importance of a careful reconsideration by the Striking Committee, perhaps over the weekend. Nonetheless, such a reconsideration is essential if Members in the New Democratic Party agree with us that the Government has loaded the deck so that the Government has 50 per cent more Members on committees than Opposition Members, and that is totally unfair.

Mr. Deans: Mr. Speaker, I am sorry, it might be just me but I did not notice a question in the Hon. Member's remarks. But let me say that the suggestion being made by the Hon. Member is more difficult to implement than he believes. The only way to resolve this difficulty is to change the outer limits, to alter the Standing Order in order to allow for 17 members on the large committees, which number can easily be broken down into Government and Opposition representation in a fair and equitable way, and to allow for nine members on the small committees, which number can again be easily broken down to allow for fair and equitable representation among the Parties and across the floor of the House.

There is no way that I can see, and I have looked at it carefully, to accommodate in a reasonable and fair way what the Hon. Member is asking for. There are 101 Conservatives in the House, as I recall.

An Hon. Member: There are too many.

Mr. Deans: An Hon. Member says there are too many and that is a subjective view, but nevertheless, it is true. There are 101 Conservatives in the House. In order for the Conservatives to be entitled to four Members for one Member of the NDP, to get that kind of ratio there would have to be about 130 Conservative Members.

Mr. Siddon: One hundred and twenty eight.

Mr. Deans: About 130 Conservatives; I was very close. It is quite clear that the three-to-one ratio is much closer to the actual fact—

Mr. Siddon: It is to your advantage.

Mr. Deans: —than the four-to-one ratio. Given the numbers of committees you would have to go through in order to achieve a reasonable balance in the way the Hon. Member suggests, there are not enough committees. There are just not that many. I suggest that if your Party could have supported my proposal to send the matter back for further consideration in the House of Commons, we would not be in the dilemma that we are in today.

However, perhaps I could again in a rhetorical way, since the Member cannot answer me, ask him or some spokesman for his Party to comment on the suggestion that we might find a way out of this dilemma by having an impartial panel along the lines I have suggested.

Mr. Herbert: Mr. Speaker, the Hon. Member for Hamilton Mountain (Mr. Deans) did not have an opportunity to look at the Westminster operation, as did his seatmate.

Mr. Deans: I have been there before.

• (1450)

Mr. Herbert: He knows that the chairmen are selected from a panel of chairmen. But the assumption is that those committees which are studying legislation always have a majority of members in support of the Government, and it is set up that way to ensure that the chairman will not be in a voting position and can remain impartial as far as the operation of the committee is concerned.

Putting aside the numbers game which we are playing a little this afternoon, would the Hon. Member accept the premise that the structure of the committee should be such that the members, other than the chairman, should always include a majority of Government Members so that the Government would always be, at least theoretically, in a position to carry the vote?

Mr. Deans: Mr. Speaker, I will be very brief because I recognize the time is almost up. I would be prepared to see the committee structured in such a way as to reflect the composition of the House of Commons. When there is a majority Government, as there is today, then the committee should reflect the majority that the Government has in the House of Commons without the chairman voting. If we are in a minority situation, the committee should reflect the composition of the House of Commons at that time. I am absolutely committed to making sure that committees adequately reflect the way the House of Commons is made up as a result of any election.

Mr. Deputy Speaker: Are other Members seeking to ask questions? If not, the Chair recognizes the Hon. Member for Kenora-Rainy River (Mr. Reid).

Hon. John M. Reid (Kenora-Rainy River): Mr. Speaker, as a member of the Special Committee on Standing Orders and Procedure looking into this question, I think I recognize that perhaps the most difficult reform we proposed was the reduction in the size of the standing committees. We were under no illusion as to what we were doing. We felt that there was a consensus in the House of Commons to reduce the size of the standing committees. We tried to find a formula that would be applicable to the House of Commons forever, since every time there is an election there are different proportions of Members from different Parties. I have been in the House when there have been three Parties, five Parties and sometimes six Parties and when independent Members have sought to become voting members of a committee.

After looking at figures, we came to the conclusion that there was no way we could develop a formula that would satisfy everyone forever. After considerable debate, we came up with a range which we thought was reasonable and fair: that was 10 and 15. Obviously, we arrived at those figures by dividing the size of the existing committees in two. We arrived at 15 because there were two committees consisting of 30 members each and we arrived at 10 because 20 was the standard size of most committees. The mathematics become more difficult and even more delicate when we deal with smaller numbers. This puts increasing pressure upon the chairman.

I was personally surprised by the Government's attitude when it decided to buy the whole package without amendment. In fact, I suspect that it not only surprised me and Members on this side, I think it amazed Members on the other side of

the House that the Government would, in fact, buy such a revolutionary set of proposals and, furthermore, be prepared to implement those proposals without going through the usual negotiations to clear up the inevitable loose points. I think we have come to deal with one of those loose points.

One reason for deciding to look at the figures of 10 and 15 was simply that we looked at how many Members actually showed up to do committee work. If Members look into any committee records to see who was present, they will find that it was a corps of members who basically carried on the work in every committee. If you look even further and review the committee work, you will find that there is an enormous shift of members on and off of these committees. If a subject came before a committee that was of interest to members, they would negotiate with their colleagues and there would be a massive shift of people. When there occasionally had to be a vote in committee there would be a massive shift of people again in an attempt to get enough members out to have a vote.

After seeing what members actually do, we concluded that there was a relatively small corps of members who carried on the work of the committee. There was the group that I called the prima donnas who like to be on committees when something exciting or unusual is happening so they could bask in the glory of committee work. There were a number of Members from all sides who were used to being drawn in from all sides for a vote so it would look respectable.

It did not take too much effort to arrive at the figures of 10 and 15. We first decided to eliminate the hordes that went around to vote. We accomplished that by setting up a list of people who were qualified to be substitutes on the committee. Another reason for making that list was to guarantee Members their place on the committee. We made it impossible or very difficult for a member to lose his place on the committee because the Whip must come to the floor of the House to say that he is removing someone from a committee and replacing him with another.

We were trying to give members a proprietary right in those committees. We were trying to provide that right to those members who actually carried on the work of the committee. In effect, we were trying to enhance the role of the Private Member and trying to provide an independence of mind in the committee structure in an attempt to get away from the power of the Whips and the power of Party leaders.

That is the purpose of this reform. We knew this would be a painful process because of the practice that has grown up in the House of Commons. All of us are guilty of that practice. When we seek re-election, we produce a long list of committees on which we have sat perhaps for ten minutes, so that we can impress our constituents with the knowledge that we are hard at work in more committees than any one person can sensibly attend in a given year. What we have become concerned about in this debate, to a large extent, is the matter of status, pride and the fact that we must realize that we can no longer run this place as we have in the past if Private Members want to have power and authority. To accomplish that, they will have to specialize in certain areas and make some sacrifices.

We decided to recommend 10-member and 15-member committees because we want to improve the lot of Private Members. In order to do that, Private Members will have to become more disciplined, more specialized and independent. These proposals ensure that Private Members have independence.

A point of order was raised after Question Period today. It concerned this very issue. The point of order concerned whether papers produced by the Secretary of State for External Affairs (Mr. MacEachen) have to be referred in any way to a standing committee so that it could examine them. I intervened in that point of order to say that under the new rules, as long as it comes under the umbrella of an Act of Parliament or annual report, the committee has a right to look into that subject matter. The annual report of the Department of External Affairs certainly refers to disarmament, peace, NORAD and NATO, all of which are covered in the document signed and tabled by the Secretary of State for External Affairs. In my judgment, there should have been no point of order raised. The standing committee should simply have gone off and announced that it would hold hearings. In the ordinary course of events the committee would have come to the House of Commons with a report which we would then debate. That is how I see the system working. In order to do this and ensure that Members can participate in a sensible way, we can no longer have the floating hordes floating around and looking for a place to light for momentary glory while pushing those Members who carry on the work of those committees out of the way. We want to have a system in which Members have tenure on the committee, and when there is a change in the committee, that change is within the control of the individual Member and not within the control of the Whip or Party leadership.

We will have to give up certain sloppy practices that have developed over a period of time in the House. It seems to me if Private Members are anxious to take power and responsibility, changes in attitudes will have to be made. There must be changes in the way in which they approach the business of committee and the business of Parliament in order to make it take place. We know that this change will be very painful, because we know that there is status involved, sitting on a large number of committees. We know that there are many Hon. Members who like to see their names on a variety of committees. However, we also know that there is a large number of Hon. Members who take their committee work seriously. We want to give those Hon. Members the maximum opportunity to show their stuff and bring authority and power back to the private Members and away from the Party leaderships, back to the floor of the House of Commons and committees, where it belongs.

• (1500)

When we were in Great Britain, the special committee studied the way in which the British committee system was

structured. We found, to our surprise, that there were some 200 Members who belonged to no committee at all, and it was not considered to be an exceptional matter. It was accepted that one had to work and fight his way on to a committee by demonstrating his knowledge and ability. No one attained that position because he was a Member of Parliament but, rather, because he was worth it. The British system works reasonably well and is, I think, fairly effective. The Members we met who were not on any of those committees were not exactly ecstatic about the system, but they felt they had the right to intervene and participate.

I would remind Hon. Members that the right to intervene in a committee is not affected by the changes we have brought in. Hon. Members can still attend any committee they want and participate as equals.

Returning to the British system, another aspect of great interest to us involved the role of the chairman. In Britain there are two types of chairmen. In the committees which deal with legislation, the chairman is drawn from a panel selected by the Speaker. When I say "selected by the Speaker", I mean selected by the Speaker. The Whips indicated that if they ever dared suggest anyone, such person would automatically be a lost cause and would have no opportunity of being selected. I think it is no secret that we were impressed with that idea, and it is probably no secret that we will be studying ways of implementing a variance of that recommendation in one of our reports, because we fundamentally believe that the success of standing committees and, in fact, every other committee, depends to a large extent upon the quality of their chairmen.

I am prepared to agree with the Hon. Member for Halifax West (Mr. Crosby) that this was not really a direct consideration in our discussions of the size of committee. However, it was raised in a peripheral sense as being a problem which we had to consider in the future. We all recognize that there are very real problems, and it is not fair to put a chairman in a position where he will be the one responsible for breaking tie votes. It is not fair to put anyone in that position, and it is certainly not a good practice for the chairman of a committee.

I would direct Hon. Members who are concerned about it to the publication by the Speaker's office entitled "The Tie-Breaking Vote of the Chair". It was published about eight months ago and sets out a very useful discussion of the role of the Speaker and the chairman in terms of breaking tie votes. It is a very difficult subject, and although the paper may be rather ambiguous in its conclusion, I think the dilemma is posed precisely.

I would like to recap by saying that we recognize that this was the most controversial recommendation we were making. We thought that there was a consensus to reduce the size of committees so that Members on those committees could participate more and we might be able to get rid of the dreaded ten minute rule. We thought we would be going some distance toward emphasizing the position of backbench Members of Parliament by giving them tenure on those committees and by guaranteeing that when something finally came up, they would not be bashed aside by the prima donnas rolling around. We thought we would be providing them with more responsibility by ensuring that they could not just go running off to do things, making them responsible to that committee and ensuring that people who worked on it carried things through.

We feel that the Government and the Opposition Parties have been surprisingly agreeable in terms of putting into effect the total recommendations we brought forth. If this is the only difficulty which Hon. Members are having with our recommendations, then I think we did a much better job than we realized at the time. However, I think Hon. Members should look upon it as being a series of experiments. We should consider it from the point of view of what is actually happening to Hon. Members instead of what sometimes comes out. We are not dealing so much with the numbers game as we are dealing with a real problem in terms of there being fewer places than there were before. I can tell Hon. Members that when I saw the job my Whip had done to me, I felt as bad as any Member of Parliament who had lost his committee. It not only happened on the other side, but it also happened over here.

I would therefore plead with Hon. Members to be aware of the background of what we did and why we did it, to understand our motivation, and to give it a chance to go ahead. We expect that over time there will be a working out of the problems coming back and forth. We recognize the dilemma of individual Members, but we think one must examine this, not from the point of view as to how it would affect individual Members but, rather, as to what this tool placed in the hands of backbenchers could do toward bringing responsibility to the floor of the House of Commons, to remove it from Party leadership and place it where it belongs, directly in the hands of the representatives of the people.

Mr. Deputy Speaker: Are Hon. Members seeking to ask questions?

Mr. Forrestall: Mr. Speaker, I wonder if I might ask the Hon. Member for Kenora-Rainy River a couple of questions which seem to be posed by his interpretation of the positions taken by the Committee. It relates particularly to the British experience. Of course, committees are much larger in Britain. During the course of its deliberations, did the Committee take into consideration the fact that under our present direction, and well within my lifetime, there may very well be 500 or 600 people in this Chamber?

Mr. Nowlan: Never.

Mr. Forrestall: In any event, there will be 320 in a relatively short period of time. The Hon. Member indicated that at one point the Committee structure was being considered in terms of "forever", and that startled me a little bit. I was pleased that he mitigated that to some degree by using the word "experimentation" over the next while. Of course, we carried out the experimentation 10 or 12 years ago, and we know what a mess we got ourselves into. Could the Hon. Member tell us whether or not the Committee in its deliberations considered

the built-in growth factor of the size of the House, and whether or not it had reached any conclusions? Set against the cardinal rule of this Chamber that a Member shall be heard, were these matters kept in balance, were they discussed and was a conclusion reached?

Mr. Reid (Kenora-Rainy River): Yes, Mr. Speaker, when we attended the British Parliament, we found that their select committees, which are equivalent to our standing committees, have about 9 to 11 Members from a House of approximately 635 Members. My recollection is that there are only about 14 of them, as I recall. There are a different series of committees, and these are the legislative committees, and their membership is almost negotiated for each Bill. Therefore, even if one considers the numbers that we have allotted here, amounting to ten for the standing committees, and compares that with the ten Members on the select committees, and the fact that we have about twice as many committees as they have in Britain, one finds that there is far more opportunity for Hon. Members to participate at that level here in Canada.

Concerning the question raised by the Hon. Member with respect to the increase in the size of the House and other changes, we envisaged two processes. First, we tried to provide a range, because we recognized that there would be an increase in the size of the House, but what is more important is that we also decided that the Standing Orders would be under continual revision by the Standing Committee on Procedure and Organization and that when the House met for the first time after an election, or at any time, the Standing Orders would be automatically referred to that Committee. We tried to provide a mechanism for an ongoing review of the rules so that problems, as they inevitably came up, could be dealt with as quickly as possible by that Committee.

• (1510)

So the answer to the Hon. Member's question is, yes, we did take into account the generality of the growth. We tried to provide a particular route to have those matters dealt with by a parliamentary committee and we did take into account the problems that he raised.

Mr. Nowlan: Mr. Speaker, I want to compliment the Member for Kenora-Rainy River (Mr. Reid) on a most interesting exposition on the background of this particular proposal under review, the proposal of the Striking Committee in terms of the number of Members on the committees. I know he has had a continuing and consistent interest in parliamentary procedure and the reform of Parliament as we both sat on the last meaningful, relevant Procedure Committee some time ago under the chairmanship of the then House leader, one Mitchell Sharp, which committee went first to England some years ago.

I am not beguiled or seduced by the British experience. Quite frankly, our experience in this country and the whole metabolism of this country is fundamentally different from that of the Mother of Parliament. While we have heard some good things, I am not going to follow it down the smokescreen road of just everything in England being the answer here. I know the Hon. Member did not intend that, but my question is this: because of all the good things he said, the consideration of the numbers on the committees and the surprise that it was acceptable both to Government and Opposition holus-bolus, in total, and the revision under discussion today, does the Member not feel, in view of his interest in parliamentary reform and the continuation of parliamentary reform, that where we get a fundamental cleavage on something that seems as simple as six, three and one or six, four and one, this could pollute further parliamentary reform? As the Hon. Member knows, the number of members on committees was to be between 10 and 15.

Certainly, from the Opposition's point of view, there will be much more careful scrutiny of reports of the Special Committee on Standing Orders and Procedure because there was a feeling on this side of the House that, while there were many good things recommended in the report on parliamentary reform, which has now been adopted for the year, frankly the Committee's consideration really was rather low on the totem pole and still encompassed, in general, a membership of between 10 and 15. It was felt that a dogfight on the addition of one member that is, six three and one or six, four and one, is something with which the House should not involve itself because of the danger that it is going to prevent further reform.

Mr. Reid (Kenora-Rainy River): Mr. Speaker, I think the Hon. Member has zeroed right in on it. This is perhaps, in my judgment, the most significant reform of all. Really, what it has done is to shift away control over committees, over the agenda, over the membership—

Mr. Baker (Nepean-Carleton): The subject matter.

Mr. Reid (Kenora-Rainy River): —the subject matter, all of that is shifting away from the Party Leaders, from the House of Commons, to the committees themselves.

That is fundamental. It is also very painful and we are all going through it. I agree with the Hon. Member that it seems ludicrous for us to spend a whole day debating whether one member should be added on the committee but, in point of fact, that really means a great deal to a great many people because it has become a symbol for a lot of people who are vaguely dissatisfied and have a dislike for the total package of reform.

I think we should be under no illusions as to what it is we are debating. We are not debating one additional member on a committee. We are debating a lot of concerns that many of us have as to what this transformation is going to do to our political careers and to our political activities in Ottawa. That is what we are debating, and I think it is appropriate that we spend a day debating it.

My answer to the Hon. Member is, briefly: no, I do not believe that this division of opinion is going to be fatal. I think it is very healthy to have this, and I am only sorry that we had to bootleg the debate on the reform that we brought in, in this way, on the floor of the House.

Mr. Nowlan: Mr. Speaker, I have a supplementary question.

Mr. Deputy Speaker: The Chair has to keep in mind the division of time. The Hon. Member has been given a substantial block of the ten-minute period already.

Mr. Nowlan: I just have one more question.

Mr. Deputy Speaker: All right. There is only another minute left.

Mr. Nowlan: Mr. Speaker, my question follows from my first one. I did not think we would be so limited this afternoon. With respect, my question, very directly, is: does the Hon. Member, with his experience, not appreciate the fact that the difficulty is that Government has 137 or 139 Members, 80 of whom are appointed as members of Cabinet, or as Parliamentary Secretaries or committee chairmen, so you have an avenue other than Cabinet for the private Member to be involved. But it is quite different in the Official Opposition—

Mr. Deputy Speaker: The Hon. Member will have an opportunity later to make a speech.

Mr. Bosley: Mr. Speaker, I have to indicate as well that I was extremely impressed by the Hon. Member's speech. I want to ask one single question.

In light of his sense, which I think is entirely appropriate, of the need to understand the experimentality of this issue in order to protect its integrity, is it not somehow strange that the initial use of that experiment had such lack of flexibility that somehow all committees but two have 10 members, and those two have 15 members?

Would it not make more sense, in the context of the Hon. Member's own concern about flexibility and experimentality, to recognize that some committees have members who do more of the regular work and those committees may need 12 or 13 or 11 members? Is he not worried about the rigidity that is being imposed?

Mr. Reid (Kenora-Rainy River): Mr. Speaker, I think the Hon. Member makes an excellent point. It was not the intention of the Committee to recommend any particular size for the committees. But we did recognize one thing. There has been a terrible tendency in this House when something starts small to keep growing. The dilemma that we had was that if we made a recommendation that the top limit would be 20 but that we should really keep it down to 12, we knew that there would be no cutting in the size of the committee. We knew that it would be right up there because we recognized the desire, if not the really felt need, that Members have to be on committees. So we decided we would try an experiment. I would think, at some point, after we have had six months or a year of experience we would want to look at it again. Maybe we should then look at what the corps of troops is on each committee and then recommend a series of numbers.

Mr. Deputy Speaker: The Chair is reluctant to interrupt, but the House has adopted rules and the Chair is trying as fairly as possible to apportion time to Hon. Members for a period of questions. It is not easy. At this stage the question period has expired.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, today we have arrived at a point at which I think, in review, we can look for experience to the time when this House had practically no committees, as I remember in 1957 and 1958 when there was the novelty of some new committees being established, such as Veterans Affairs, Public Accounts, and then gradually more and more committees. At least they sat to consider expenditures after the event. Estimates were considered entirely on the floor of the House. Hon. Member will remember the evolution that came in 1969 into what we now know as the present system of committees based upon a practice in the British House. May I say that some Members felt that we should not follow the British House slavishly. Yet, John Stewart, who was then a Member of the House, was the mastermind of the plan and we tried a British experiment, the specialized committee where everyone gained expertise.

With the greatest respect, we know the problems that we have faced. First of all, we did not follow the British practice, and that is, that the Government Party insisted that the chairman should be a Member of their own Party. It was the third line of caucus patronage, that is what it was. There were some notable exceptions to that. Many, if not most, of the committee chairmen were the chief Government spear carriers in the committee. This conclusion is based upon many years of observation. I know that some junior Members of this House will say that is not so, but I can tell them I have worked on practically every committee of this House and I know some real spear carriers. That is how they gained their promotions to Parliamentary Secretaries and Cabinet Ministers. It is not like the British House of Commons where a man makes his reputation as a neutral chairman in order to make his way up the ladder to Speaker of the House or to Cabinet Minister. At that time we had, with a plethora of 20 standing committees, some two or three joint committees and then some special committees. In the months of January to May, every Tuesday and Thursday morning, one saw about 17 or 18 committees trying to make it out of the gate. Then, gradually, it was Friday morning, then back to Monday night, and then committees sat while the House was sitting on Tuesday and Thursday afternoons. This is why we saw the decline of participation in committee work, that is, the hard core committee work.

• (1520)

Frankly, in many instances, the committee became a playpen for a number of Members. It kept them busy. They did not accomplish that much work because it became the practice of far too many Government Ministers to be as difficult and coy about their appearances as movie queens. The Ministers decided somehow or other that one or two committee sessions were sufficient to consider their Estimates. There was about 80 minutes in elapsed time in each session, and we know the famous ten-minute rule. A Member might ask a question, which would take a minute, and the Minister, or a delegated

person from the Public Service, would take the remainder of the period. That was the questioning time for that Member that day. At best, a critic from the Opposition might get in three or four questions for the study of department Estimates. I have seen departmental Estimates kept until the final week in May by the majority of the Steering Committee because of the so-called inability of the Minister to be present to discuss his or her Estimates. There were other committees, Finance, Trade and Economic Affairs for one, which were overloaded with legislative work and, therefore, Estimates received just a rough brush in many instances. Departments often went through without even a nod.

The membership on both sides of the House has now come forward with the idea of changing the rules to see if the performance of committees cannot be improved. There has been a proposal to cut back the membership, that is, to get away from the ten and five rule. Frankly, I believe the committee missed the boat in its proposal. It was not Draconian enough. I have been through this exercise twice as Chairman of the Subcommittee of the Committee on Procedure and Organization dealing with committee structure. The last one was about 1975 under the chairmanship of the Hon. Mitchell Sharp. I made a proposal, which was accepted by all Parties in principle, with the exception of one point raised by the Government. But the Government House leader of the day, now the Secretary of State for External Affairs (Mr. MacEachen), would not hear of giving us a reference. This was work which we had done on our own, but that Hon. Minister did not want to have a debate. He did not believe in the power of the Cabinet being affected at all by independence on the part of committees and backbenchers.

Therefore, I have some reservations about the remarks of the Hon. Member for Kenora-Rainy River (Mr. Reid). While they may have expressed a general hope of backbenchers, there is always the rocky, rigid side of Cabinet which decides in the end, one way or another, whether it will allow such independence.

I would suggest, Mr. Speaker, that the Committee would have worked better if it had reduced the number of standing committees to 14, reduced them by a third and reduced committee membership by a third. In the year 1975 the formula of 14 or 15 presented a beautiful balance. We did not have to argue about the weight to be accorded the separate Parties of the House because there were two fundamental facts which went beyond that. First, standing committees could elect anyone from their membership they wanted as chairman, but their only business was Estimates. All the legislation which the rules provided was to go to committee would go to legislative committees, of which the Minister proposing the Bill would have to be a member. That Minister would be there to defend his Bill. The committee would be under the chairmanship of a chairman named by the Speaker from a panel taken generally from the House. The Chair could consult with the Whips or the Party Leaders, but they would be Members recognized for their particular interests and their abilities as chairmen. They would not have the right of vote, with the exception of a tie-breaking vote. And this is an anomaly in this House. If the Speaker is, by Standing Orders, precluded from voting, then the chairman of a committee, which is in itself an extension of this House, must govern operations of the committee much like the Speaker does in the House. Why is it necessary, then, that that Member should not have the right to vote except to break a tie?

A legislative committee—and you could give it any name you wanted—would die once third reading had been completed because, as we know, there is an opportunity on third reading for the reference back of the legislation to reconsider certain clauses. Therefore, it would have to die after third reading. That would not mean there would be that many committees existing at one time. My proposal would cut back the number of standing committees to 14 or 15, with perhaps a little more flexibility for the Committees on Agriculture, External Affairs and National Defence, or Finance, Trade and Economic Affairs. Remember, that is a Committee with a great overload. I know that from experience. We would introduce some flexibility and I think a smoother operation.

• (1530)

Now obviously all reports required to be tabled by an Act of Parliament would be automatically referred to the appropriate standing committee, that is, on Estimates. On legislation this would provide an avenue for Members who do not serve on standing committees but who have a particular interest in specific legislation. The Minister would be there, but the difference between the British House and this House is that Ministers in Britain are much more prepared to accept amendments than they are here. The unfortunate situation in the Canadian Parliament is that the Bills have been passed by the senior bureaucracy up to the level of Minister by the Cabinet Committee on Legislation, and they are writ in stone. There is no flexibility whatsoever allowing it to accept amendments. That to me, Mr. Speaker, is a fundamental weakness in our committee system. Legislation goes to committee to be studied and amended. But what happens? It is turned back as a matter of course by an unyielding Minister backed by an unyielding bureaucracy. It is not this House which decides; they decide on that which we will speak, on that which we will amend, and nothing can be done without their permission. To me this is a fundamental denial of the democratic principles on which this House was established.

Now let us go to the independence of backbenchers. We have seen some good work recently by task forces, small groups of Members, but the subject matter is designated by the Government.

Mr. Baker (Nepean-Carleton): But with no decision by the Government.

Mr. Lambert: But I think it is also incumbent upon this House to decide the subject matter it may pursue. That is why I propose the establishment of a small committee on expenditures which would act as a sort of steering committee. This

committee would not be caught by any parliamentary calendar, and that is why it is called an expenditure committee; there is no deadline. So a proposal is made that a subcommittee of the committee on expenditures shall study, shall we say, the participation of the Government of Canada in post-secondary education. Now, you would never get that reference from the Government. There are many other things that one would never get from the Government.

Mr. Rose: Nuclear power.

Mr. Lambert: The proposition or subject could come forward from any of the Opposition Members, but the expenditure committee would act as a screening committee. It would also screen the budgets proposed by the subcommittees. One of the biggest problems that Speaker Lamoureux and Speaker Jerome experienced was the runaway costs of committee and task forces which decided they would travel, print reports and hear witnesses in public. The budgets just went straight up. However, the Speaker faced the problem after the event, and this has led to the escalation of costs in the House of Commons. Therefore, when a proposition comes forward from Members, there would be a screening committee, the steering committee of the expenditures committee, which would consult with Mr. Speaker as to its budget and all other matters. Also there would be control over the number of Members who might be away from a committee meeting, and I can see the Government Whip who would nod very sagely on that particular control. That to me, Sir, would be a meaningful change in the committee system.

We are faced with a narrow question here. Shall it be six, three and one, or six, four and one? I think the Government is missing the boat by insisting on the minimum of ten so that it will have the advantage. That is not the spirit in which this House operates. Members opposite have to remember that comes another day and the Government Party shall be on this side of the House; the political representation of this place is not writ in stone. One lesson they can learn from the British, and I thought perhaps some of the new Liberals would have learned this, is that you do not make or observe the rules in such a way that you will have the knife driven in your back when you are on the other side. You have to be able to live with the rules. So I would strongly urge upon Members that the amendment be accepted in the spirit of reform.

Mr. Deputy Speaker: Are there Hon. Members seeking to ask questions at this point? If not, the Chair recognizes the Hon. Member for St. Catharines (Mr. Reid).

Mr. Joe Reid (St. Catharines): Mr. Speaker, in echoing the words of the Hon. Member for Edmonton West (Mr. Lambert) I want to point out again that the spirit of parliamentary reform is what we should be concerning ourselves with. It was in that spirit that earlier today Madam Speaker—even though there might have been a difference of opinion with respect to interpreting the rules or the words of the Standing Order on the experimental rules—pointed out that it is in the interest of fairness and justice that she reserve judgment and take into consideration the intent and purpose of parliamentary reform.

Parliament and parliamentarians have fallen into disrepute. They lack the respect and confidence of the people of this country. In the eyes of the news media we are losing credibility. That is why parliamentary reform had to come, Mr. Speaker. I cannot help but say, as Madam Speaker pointed out this morning, that we have to keep in mind the purpose and intent of the reform which the general public of Canada rejoiced over when they heard that at last this House was introducing the reform for which they have waited so long. When that reform package was introduced, the stated purpose was that it would enable this democratic assembly to operate more fairly and effectively. It was designed to protect the rights of Members of the House, not only Members of the Government but of Members of the Opposition.

• (1540)

There was a consensus that the time of Parliament could be better organized and made more productive. The search was on to find ways to enable private Members to make a greater input to legislation and to the productivity of the House. More free votes were to be called and developed for private Members.

I suggest that the public at large is not aware of the ineffectiveness of the committee system in years gone by. The Hon. Member for Nepean-Carleton (Mr. Baker) and the Hon. Member for Kenora-Rainy River (Mr. Reid) and others turned their attention to the broad subject of parliamentary reform, but still other Members were looking to the committee system as a means of providing individuals with a greater opportunity to add to the productivity of the House.

Each of us was elected in a democratic way to represent a sizeable segment of the population of the country. It is that individual Member who is the cornerstone of the parliamentary system. It is in the interests of the country that the highest calibre of person be attracted to become a Member of Parliament. It should follow that Members of Parliament be given an opportunity to make a meaningful contribution to the consideration, deliberation and development of legislation. That has not been the practice in the past, however.

There was a broad consensus that the committee system was not effective, and that is putting the matter kindly. There was a wide range of variance in the volume of work that the committees had to consider. Reference has been made to that today. There were regional differences, and the frequency of meetings and a number of other things contributed to a discrepancy between one standing committee and another.

When the third report of the Standing Committee was introduced, not too much concern was expressed about the provision that the standing committees be composed of not less than 10 and not more than 15 Members. It was viewed as a range within which the Striking Committee would operate and within which the number of parliamentarians to serve on the respective committees would be determined.

I was rather disturbed when the Hon. Member for Hamilton Mountain (Mr. Deans), who is a member of the Striking Committee, spoke of altering the range and making it from

nine to 17 members. Why was that not done before and, as it was not done before, why does the NDP not introduce an amendment now to correct that injustice—an injustice which obviously prevailed and which, as the Hon. Member for Hamilton Mountain pointed out, the Striking Committee report invokes upon Members of the Progressive Conservative Party?

As the Hon. Member for Kenora-Rainy River pointed out, the Striking Committee gave additional powers to committees. When there was some comment with respect to the capacity of the chairmen, however, the Hon. Member for London East (Mr. Turner) pointed out that the chairman has to be picked from the Government side. There were additional comments to the effect that there has to be a cushion of Members. The chairman is protected from breaking a tie vote but there has to be a cushion of Government Members, six, three and one, on all committees except two. I cannot think of anything more unfair than that.

As we start off on a basis of parliamentary reform we start off on a basis of unfairness that puts 37 Members on this side of the House in the position of not being able to serve their riding or being able to do the job they want to do in the House. They are deliberately prevented from so doing by Hon. Members opposite who abuse the right of the majority.

The good beginning made by parliamentary reform will be negated by this third report if it is carried today, as I presume it will be.

I do not want to abuse the time of the House, Mr. Speaker, but I should like to make one personal reference. The Hon. Member for Kenora-Rainy River emphasized the necessity of developing a specialty. Then the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) emphasized that it was not a good thing to have a chairman who must break a tie. Like myself, that Member served on municipal Government and sat on committees. He watched his mayor break ties. That was his responsibility. If he was a man at all, that was his job. I see no reason why the Government should protect its chairman from the necessity of breaking a tie. I think it is an abuse of the system to say that there must be a majority of Government Members to provide a cushion, notwithstanding the chairman. To say that the chairman does not reflect the attitude of the Government is completely wrong.

Parliamentary Secretaries sit in to echo the comments of their Minister, if the Minister is not present. These are passed on to the chairman, and the chairman is a reflection of the wants and wishes of the Minister.

I was the mayor of a municipality and we had to make decisions and break tie votes. I was the mayor of an urban industrial city of 125,000 people. I am not now in a position to reflect the attitudes of that automotively oriented city. I am not now in a position to reflect the concerns of the marine industry which is developing along the Welland Canal. As a veteran with perhaps the longest service of any Member of this House—five years and eight months—am I in a position to sit as a Member of the Veterans' Committee?

I consider the actions of the Striking Committee and of the majority of Members on the Government side in limiting the membership of committees to be a devious means of preventing Members of the Opposition from speaking out. It is a means of cutting down on the opportunities of Members to serve their constituencies. Members of the Government have looked after themselves. The Hon. Member for Kenora-Rainy River made a plausible argument. He said, "We are affected too". But I have already pointed out that there are 37 Conservative Members who are not able to sit on a committee because of the Striking Committee report. Does it affect the other side? There is provision for 120 members as opposed to 64, which is not proportionate to the representation in the House, or opportunities for Members to sit on committees. They appoint the representatives from the Speaker's chair down. They have the Cabinet and the Parliamentary Secretaries. No wonder they are not concerned with or interested in a change of the membership of committees. They do not have the bodies to put in them. They are all fixed with a second opportunity to serve, already. Where is the equity and fairness in that kind of situation as it applies to this side of the House?

• (1550)

The Hon. Member for Hamilton Mountain said that he recognized the unfairness. It is there, but to adopt or support the amendment would give an opportunity to put 20 more of the unemployed 37 Members of the House to work. He indicated that it would sort of give a greater disadvantage to their side because it would not be proportionately the same. The Hon. Member for Hamilton Mountain is on the Striking Committee. I do not know, because I was not privy to the actions which took place, but I heard the Government Whip, the Hon. Member for London East, point out that he voted with the Government to introduce the report and that he voted in support of it.

What is the position of the New Democratic Party? What amendments does it propose to bring forward? I heard the rhetoric and the comments with respect to a neutral chairman. I heard that the NDP would not support the amendment which my colleague proposed to bring forward, but I have not heard of any NDP amendment to the report which is unfair to us, as the Hon. Member for Hamilton Mountain now recognizes, and to them as it presently exists. Surely there is a better way of improving the situation. Surely there is an opportunity for the House to start off parliamentary reform on the basis of equity. If we miss the opportunity today, then it might not come around again.

The Government side fails to appreciate that even though these are experimental rules for one year, the possibility is that precedents are being made. I rejoice in the precedent established by Her Honour Madam Speaker this morning. I rejoice in it because it was a precedent with which she was concerned, but this will be a dangerous precedent if it is followed. Also, Government Members fail to recognize that they do not rule by the divine right of kings. The opportunity will soon come when they will be replaced. If they adopt this as a precedent

today, one can bet one's sweet life that I, for one, will not be particularly willing or ready to change if I am to be one of the 37 unemployed Members of the House. If I am not able to sit as a member of any of the committees established by that body, I will not be prepared willingly and happily to change when the next session of Parliament rolls around.

Serious consideration should be given to the amendment. There were sufficient comments made by the Hon. Member for Kenora-Rainy River and by Members on both sides of the House today to justify the Striking Committee's taking another look at the composition, even the extreme ranges, and even to the extent of bringing the matter back before the House for an appropriate amendment to vary the numbers, if necessary, but at least taking a look at varying the numbers within the composition of the standing committees. Flexibility should be the order. There must be flexibility between those numbers of 10 and 15 so that a larger representative group of the House will be employed to their capacity to the extent they are prepared to devote to the work of the House.

I support the amendment, and I urge all Members to do likewise.

Mr. D. M. Collenette (York East): Mr. Speaker, I do not wish to speak too long because my colleague, the Hon. Member for Kenora-Rainy River (Mr. Reid), answered most of the criticisms of the Opposition in a very good speech a few moments ago. I think we have to emphasize what both of us are trying to achieve, at least on the Government side. I remind Hon. Members opposite that just because we sit on this side does not mean that we are of the Government. We are supporters of the Government, and we certainly have our own independent judgments. While we may support the Government, it does not mean to say that we always agree with the Government on every issue.

I would count the Hon. Member for Kenora-Rainy River and myself as two of the leading proponents. We are trying to convince the Government, and hopefully the Opposition, to try to shift the emphasis in Parliament so that the criticisms which were made by Professor Lower in the article which he wrote in a recent edition of *Maclean's*, to which the Hon. Member for Halifax West (Mr. Crosby) referred, can be realized. Professor Lower made some very good points about the diminishing effectiveness of Parliament. He really laid it at the feet of Members of Parliament themselves and their attitudes. He indicated that it did not matter what institutional or structural changes there were in the House, that unless the attidues were changed, the House would not be improved. I agree with that. Some of us are trying—and I am sure it is not only those of us on the Government side; I know that some of my colleagues on the Special Committee on Standing Orders and Procedure are trying as well—to change the attitude certainly of the Government and also of the entrenched interests in the Opposition Parties. In effect, we are trying to change the attitudes of the Party leadership in the House—and it is not only that of the Government but that of the Party leadership of the Conservative Party and of the Party leadership of the New Democratic Party—to accept a more flexible system, one which gives more independence to the role of Members of Parliament. We hope to achieve this through the committee system.

I would like to view this in terms of steps. We introduced the fourth report of the Committee, which has really been gathering dust. It received some comment, but it did not really come to much. It concerned the whole question of the method of selection of the Speakership. I do not propose to go into the substance of that issue, but it was a unanimous report which indicated that to try to do away with any inference that the Chair may be something less than impartial, we as Members should have a say in the selection of the Speaker. Also it indicated that it should not just rest with the Governor in Council, which in effect is the Prime Minister (Mr. Trudeau). As tradition has developed within our system, it has become the Prime Minister's full prerogative. With all due respect to the current Prime Minister and previous ones, we believe that the decision-making process should be opened up and in fact returned to where it was. If we look back to our heritage in the British parliamentary system, the Speaker was reluctantly dragged to the chair by Members on all sides. It was not a calling from the Prime Minister of the day; they did not have prime ministers in those times. It was a collective decision of Members of the House that that person act as the Speaker. We have brought forth this idea in our fourth report. I am not saying it cannot be refined and I am not saying it does not have weaknesses. But if we can develop the notion of complete impartiality of the Chair, and I am not faulting you, Mr. Speaker, nor any of your colleagues in the Chair, and put aside any shadow of a doubt that the Chair is somewhat less than impartial, then I think we have a start in reforming this place.

• (1600)

The next step is to do what is done in Great Britain, and that is, to allow the Speaker to select committee chairmen, as mentioned by my colleague, the Hon. Member for Kenora-Rainy River, according to seniority and competence so that the best people, the most impartial people, determined by the most impartial person in the House, the Speaker of the House, preside over our committees.

I would like to work toward that end. I hear a few cheers from the Hon. Member for Nepean-Carleton (Mr. Baker) and the Parliamentary Secretary to the President of the Privy Council (Mr. Smith). I think we would like to work toward this end. Then it does not bother me as a supporter of one political Party, in this case the Government, that we have Opposition chairmen. When was the last time we heard criticism about the conduct of the Chairman of the Standing Committee on Public Accounts, the Hon. Member for Vancouver Quadra (Mr. Clarke)? He has not been criticized. A tradition has grown up in this House that the Chairman of that Committee should be a Member of the Official Opposition. If that procedure can work in the Standing Committee on Public Accounts and in the Standing Committee on Management and Member's Services, surely it can work in all other committees. There should be more of an even balance.

Let me get to the point of the debate, the Striking Committee. Some of us made recommendations to the Government House leader. I want to take some of the heat off the Government here because some of us who are not Parliamentary Secretaries, gave our advice and said to him, "Look, if we are trying to develop this and if we are trying to make this approach of more independence work, not only for the Speaker but for the chairmen of the respective committees, then we believe that we should have a ratio in the committees so that the chairman is never forced to break a tie."

Earlier, the Hon. Member for Portage-Marquette (Mr. Mayer) used the analogy of the Speaker and said that situation has never happened here, and if it does the rules are plain. But it will happen on every single item because of the ratio, if we accept the amendment put forward by the Hon. Member for Halifax West, of six, four and one. In the House of Commons we have 282 Members and we have the Government with a reasonable majority. It is not likely in this Parliament, and it has never happened to my knowledge, that the Speaker has had to break a tie vote. But in a committee made up of 11 Members, as suggested by the Hon. Member for Halifax West, it will mean that on every single item on procedural and on substantive matters the chairman will be forced to vote to break a tie. Until we change the attitude of the Party leadership, both on this side and certainly on the other side, in a majority Parliament a chairman will be from the Government benches. Therefore, that chairman will be forced into supporting the Government line. This will undermine the very thing we are trying to achieve. That is why I cannot understand the logic this afternoon of some Members on the other side. I hope this is just one further step in moving toward the development of a panel of chairmen.

I am glad members of the committee were able to travel to England early in January to see how things were there and to see that a coterie of highly respected, independently minded Members from all Parties has developed. These people have the confidence of all other Members in the House in running the House on an ongoing basis. That is what we want to achieve.

I had some experience on this matter stemming from the bell ringing incident last year. Luckily, I was away at the time. As punishment for being away at the time, I think the Government wanted me to be Chairman of the Special Energy Legislation Committee that was set up as a compromise following the bell ringing episode. I took on the chairmanship. But the membership split on that Committee was six, three and one. Who suggested that split of six, three and one? It was the Hon. Member for the Yukon (Mr. Nielsen), the Leader of the Opposition and former House leader of the Official Opposition. He was the gentleman who agreed to the compromise that ended the bell ringing incident breaking the omnibus Bill into eight separate Bills, and it was he who had those Bills referred to the special committee whose mandate has since expired.

It is somewhat odd that I was accused, not only by the Conservative Party but by my own colleagues, of being in favour of the "other side". The Hon. Member for Calgary Centre (Mr. Andre) and the Hon. Member for Calgary West (Mr. Hawkes) accused me a number of times of protecting the Minister of Energy, Mines and Resources, now the Minister of Finance (Mr. Lalonde). Members on my own side came to me afterwards and said, "My God, you are letting those Tories run the committee."

Mr. Baker (Nepean-Carleton): Obviously you are a fair man.

Mr. Collenette: I want to take the personality of the individual aside, but it does say something for the fact that if you do have this kind of split where you do not have to worry about breaking ties, that person can do the best job possible and be fair to all sides. I think the experience on that committee shows that it can be done.

I am sorry the Hon. Member for Yukon is not here this afternoon to respond to this specific point. But as House leader for the Official Opposition last year, I understand he was the one who suggested the special ten-man committee, not a 20-man committee but a special ten-man committee.

Mr. Crosby: A ten-person committee.

Mr. Collenette: I must admit it affected my judgment and my thinking on the Special Committee on Standing Orders and Procedure in putting forward the notion of ten Members. Not everybody bought the idea of ten Members and we could not agree among ourselves, but we did agree that the membership should be reduced. We said, "All right, we do not want our lack of agreement on this one issue to spoil a unanimous report. Let us agree on the parameters of 10 Members and 15 Members for the committees and let us throw the actual numbering back to the House leaders."

I do not find it unusual that there is an impasse and that the Government has to force the issue. It is done all the time. This place does not operate with unanimity. It should not. It would be a very sterile place if it did. Every week the Opposition does not get its way, nor does the Government get its way, and where a compromise cannot be reached then someone has to take the initiative. Invariably the Government House leader will say, "I am sorry, you cannot agree on this, but we have to discharge our obligations to the House to get our package of legislation through and we will force the issue. We are responsible for the administration of business." The Government House leader says that such and such a day will be an allotted day. He tells us what business will be brought forward. He tells us when the Government will limit debate with time allocation, which I believe is now done by Standing Order 80. The Government House leader says when he will bring in closure. That is accepted in the parliamentary system. The fact that we could not unanimously agree on this particular point, or the fact that we could not agree, detracts somewhat from the spirit that was achieved by our committee and I think is really an argument we should put to rest.

I was bothered somewhat earlier by the comments made by some Members of the House, both on and off the Committee.

Perhaps I attribute this to myself, that if we cannot agree on this we will not really go anywhere in terms of more procedural reform in the House. I hope that kind of childish argument, which is not confined to one corner of the House, will not gain any credence. The fact is that, at an impasse, the Government sought a compromise. There was somewhat of a compromise put forward by the NDP. I believe the NDP proposed as a compromise a membership made up of eight, five and two on the Standing Committee on Agriculture, and on the Standing Committee on External Affairs and National Defence. I think it is a testimony to the Government that it has accepted the advice of backbenchers on its own side that we should accept a membership made up of ten Members. This will give people like myself more encouragement to press the Government further in developing the consent of a panel of chairmen from which a chairman could be chosen by the Speaker on the basis of merit. This panel could be composed of Members from both sides of the House. I am encouraged by the Government's acceptance to study this issue.

• (1610)

I hope this debate will not sway us away from our responsibility as Members to make this institution a better place. The experience of the Committee up to this time has been good. I believe there has been some degree of satisfaction from all sides in our third report. Perhaps improvements can be made, but I hope they can be discussed.

I can understand especially the Conservatives' position since there are only 70 committee slots presently available and they have 102 Members. Therefore, many of their Members will not be full time Members of a particular committee. However, do we as Members have the right to expect to be on a committee, regardless of any consideration? I believe Members must earn their way around here. I include Government Members because some of us cannot be on committees either. The Hon. Member for Kenora-Rainy River is not happy with our Whip's committee choices in some cases. He will have to prove that our Whip was wrong and that he should be back on a particular committee. As well, Members of the Conservative Party will have to work hard to prove that they deserve a place on a committee.

I was concerned by the decision made in the Standing Committee on Standing Orders and Procedure to split up the committees. I believe that the 15-man committee for the Agriculture Committee is particularly unfair to Members of the Conservative Party, which draws many of its Members from western Canada who are concerned with agricultural matters. I would rather have seen two agriculture committees set up, perhaps similar to the British operation which has two agriculture committees. Perhaps one committee could study Canagrex—I hate to offend the Official Opposition with that word—and another one could study a farm support Bill. I believe two agriculture committees could deal with the problem.

I would also propose splitting the External Affairs and National Defence Committee into two separate committees. I was a regular member of that Committee and I am now an alternate. I would like to have been a full time member of that committee. This could have been achieved if we had two ten-member committees, one for External Affairs and one for National Defence.

The Committee on Standing Orders and Procedures decided that this question will require more thought. We decided to defer that issue. This debate illustrates that the Committee will have to consider the matter seriously and urgently and come back to the House so that we may have more committees, which will enable Members on both sides to participate more fully in those committees. However, no one has the right to expect to sit on a committee automatically.

Mr. Deputy Speaker: Are there Hon. Members rising to ask questions?

Mr. Baker (Nepean-Carleton): Does the Hon. Member approve of the idea that has been advanced by Members on both sides of the House of having committees that rise and fall with pieces of legislation to consider a piece of legislation? If so, does he approve of the concept of independent chairmen for those committees?

Mr. Collenette: Mr. Speaker, the Hon. Member for Nepean-Carleton (Mr. Baker) is, of course, referring to the current British practice, and certainly I would support that.

Mr. Taylor: Mr. Speaker, I wish to make a short comment. The general impression that I am given from listening to the debate is that we are advancing greatly with regard to committee work. I admit that there has been some advance made, but I certainly do not see any great advance because the speech given by the Hon. Member who just sat down indicates that Party politics will still play an important part in committee work.

While it may be utopian philosophy or hope, I do not believe it should matter if a Member is Liberal, Conservative, New Democratic or Independent when dealing with a subject such as agriculture. The agricultural problem certainly must be met and the solutions do not have to rest on the particular philosophy of any one Party. That is the weakness I see in the setting up of these committees. The Government will always have its way unless Government Members are persuaded otherwise. It is difficult to change the judgment of someone who is making up his mind that he will support the Government regardless of what happens. It is difficult for the Government to persuade the Opposition if the Opposition Members make up their minds that they will do whatever their Party wants. I do not see any great advance in this at all.

I am also concerned about the fact that my Province may not even be represented on some committees. At the present time, the Government has no representation in the House from Saskatchewan, Alberta or British Columbia. Consequently, we may not even have a voice in numerous committees. The people of Alberta have a right and expect to be heard in the committees, the same as people from any other Province. That is another area of concern.

If we do have the situation where Members are chosen for committees by the Speaker, as suggested by the Hon. Member, I hope they will not be chosen according to the criteria of that person. I believe we are sent here to represent the people who elected us, and that is what we should be doing in the House and in the committees, regardless of Party politics.

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, I must say that I am not at all surprised that we have had unanimity in the House of Commons on parliamentary reform. Certainly, anyone who watches us on television would agree that we do need parliamentary reform. I believe that view is unanimous among all Members and all Canadians.

The question we must ask is, do we in fact have parliamentary reform or do we have something that looks like parliamentary reform but is merely tinkering that is ineffectual? Has the Government done this so it can say how productive it has been in achieving parliamentary reform?

I do not see much reform in this at all. It may be more regressive than progressive if the intent of this effort is not pure. I would like to think that the Government's intent is pure.

I enjoyed the idealism expressed by the Member for York East (Mr. Collenette) and the Member for Kenora-Rainy River (Mr. Reid). If we are to get what they said, then I am not so concerned. However, since I do not think that is the case, I am concerned. If those Hon. Members believe it, I do not think that they have been around long enough to see the reality of how this place works. I hope they were correct, because there is a great difference between parliamentary reform and efficiency and expediency which detracts from the parliamentary process.

I suggest that this report will do one of two things: either limit the powers of Parliament or extend them. I do not see anything about extension. I see the words, "the committee wishes to ensure limiting the number of Members". It is limitation. We brought forth an amendment which calls for the extension, a slight extension, a slight increase. But no, the Government says, "We cannot accept that". It wants to limit again. I am concerned about this word "limiting", and concerned about the rhetoric and reality of what could be an excercise and abuse of power, because there really is no power being exchanged here.

• (1620)

Surely we are trying to increase the capacity of this democracy in which we are participating to act more effectively. We are trying to make committees more relevant and flexible to respond to changes. However, I want to know how the External Affairs Committee is, for example, more flexible, more responsive to change, more capable of acting. I want to know how my role as a Member of Parliament is enhanced, let alone whether consideration has been given to the many Members who were cut off from the External Affairs Committee, Members who have been attending regularly and participating in so many different ways.

I see the role of the External Affairs Committee changing daily. As a result of the Government prerogative in expanding Government positions, the ministry of External Affairs has now become a super ministry, and the Department of External Affairs is not just concerned with External Affairs. The Committee is now concerned with Defence, CIDA, and now Trade is added to it. We have a much larger responsibility and we are cutting our membership way down.

I am really disappointed that the Hon. Member for York East was not able to get the Committee split. That would have been a start. Not only do we need to have the Committee split, but perhaps it should be split into three. Perhaps, for example, the Trade section could be added or maybe a special section for International Development. It just boggles the mind when one sees the functions of that Committee equated with those of the Committee on Management and Members' services, so that the two are supposedly equal committees, with equivalent power, authority and so forth.

I am greatly concerned about the intent of the Government. The intent of the Government to my way of thinking, is registered by what it thinks about committees as they relate to money and ability to legislate. That is what we do here. We legislate and we spend money. We collect money, we spend money and, hopefully, we even save money sometimes. However, the committees have really no capacity to do any of these things. They really only have the capacity to hear and to recommend. I am concerned about that fact, and I am also concerned that there is not a provision for extra staffing. It is stated that they can call staff, but I see no budgetary provision or anticipation by the Government that committees shall in fact be more effective through the capacity of their staff and that they will have the funds to accomplish their work. The Government intent is suspect, right there.

I have not heard any discussion today about making these committees more accessible to the Canadian public to ensure that the public can and will in fact be heard, that the committees will travel, they will be heard, their expenses will be paid, and this type of thing. I have not heard an expression of that spirit of reform. I hear some very broad principles enunciated, but there is no spirit of reform as such.

I have been in other parliamentary jurisdictions in Canada which have enjoyed the same privileges we are granting today. However, what happened was that although there could be an automatic reference made to a committee, the automatic reference would never be made. The committee would meet one day, elect its chairman, and have a majority but would never meet again for the rest of the session. It is one thing to have a reference, but quite another to ensure that committees meet. Will they meet regularly, automatically and in good faith? We have to accept that on the strength of intent and hope, and I do not see that, because I see words like "limit" creeping in everywhere.

The Hon. Member for Kenora-Rainy River said that the Committee wanted to enhance the role of the Private Member. I do not know how this enhances the role of 37 Hon. Members on this side who are now no longer permanent committee

members. I feel that it detracts from their role as Members of Parliament and from their capacity to act. I do not see any enhancement there.

The Hon. Member said that, independent from the structure of the Party hierarchy, the Whips will have less power. The Whips have more power. In fact, the Hon. Member for Kenora-Rainy River just finished indicating that he was not happy with what his Whip had done to him because he lost his position on several committees. The Whip does not have less power, the Whip has more power. He has more power to choose because he has more people from which to choose for more seats. Instead, we will find out that it will be back to the old tradition, with the Whips appointing the ones who keep their seats the warmest, not necessarily the ones out working in External Affairs and other areas, or those who put in extra energy, and sometimes the two go together but not necessarily.

The Hon. Member also said that private Members do not want authority. Private Members do want authority, but is this accomplished? What authority have they gained? What power have I gained as a private Member? I do not see any power that I have gained as a Private Member. I see limitations, but I see no power, because there has been no power transferred, only the ability to hear and make recommendations. There is no power to legislate or real power to control money. We saw the Estimates taken out of the House of Commons, and we thought it was great and we would have more to discuss. The Estimates are a farce. The House has no control and the committee has no control over spending. It did not work. It was a nice intention, but I am afraid that will happen here, too.

This report, if adopted, will also eliminate opportunity for the newcomer. Some people have been on this side of the House for ten years but they will not sit on a committee because the cuts are 37 deep. They are no longer on committee. How can one call what happened to other persons "opportunity"? I know of one Hon. Member who came here ten years ago with some hope, but he cannot even sit on a committee now. It is absolutely disgusting to see what is being done, at least what I think is being done.

There is no authority and no power. There is only pretence. There is a pretence at democracy rather than the practice of democracy. I am very concerned that the right of private Members to act is not being enhanced here. It will depend on the intent of the Government, but every time one passes power on to the Government, one gives up the authority of the House of Commons. Authority of the House of Commons is perhaps being transferred somewhat, but that transfer may result in reduced authority, not increased authority.

The proof will be in the eating, but I think we are being had here. Let us remember that this is a one year process. This is not even necessarily a precedent, because the whole matter will be reviewed in one year. Let us have that clearly understood. One year from now, if I have not experienced more authority as a Member of the Opposition, as a private Member, and if these 37 other Hon. Members have not somehow found ways to express themselves, ways which have now been cut off, then maybe we had better look to a revision and the continuation of past practice.

Does the Government really mean what it is talking about, this reform? Will it continue with the next stage and the stage after that, or will this be it, in reality? That reality will be tested, as will the intent of the Government. I remain skeptical and doubtful, especially when the Government will not accept a simple amendment which is brought forward in good faith and which would permit a few more of our Members, not 37 Members, to have some small role to play. I cannot understand why the Government will not accept a little compromise so that a few more Hon. Members can have that right. The Government would maintain its control. It has its control because there are so few Hon. Members who are supposedly fighting for these positions. The Government does not have to worry about its quorum. They will be there now. They have to fight for their positions.

Mr. Turner: They were not there before.

Mr. Wenman: They were not there before, you are darn right, but I can tell the Hon. Member that they were there in the External Affairs Committee on the Conservative side, and we had people fighting for those spots all the time, 11 people, and we had to cut them off and decide who would get on. We do not have that problem, and it is our people who are in fact being cut. It is the power of the Opposition which is being cut, and that check and balance is being destroyed once more in another long series of chains which have come in from the Prime Minister (Mr. Trudeau), and the Hon. Member has admitted it here. The Prime Minister, through his prerogative, has taken authority away from here. You are darn right, it has been taken. It has been taken by the Prime Minister in the last series of reforms which, under a guise, saw the transfer of authority and power.

I regret this, and I remain skeptical. One year from now, we will evaluate this matter and it will take much more than one day, unless there is much more good intent, much more than I have seen from the Government in the last ten years.

• (1630)

Mr. Evans: Mr. Speaker, it seems to me that the problem we have run up against today with regard to the 10 man committees is that under the old structure of numbers which gave the Government a clear majority plus the chairman of the committee, a situation has developed where the Opposition numbers are so small that they do not have enough representation on the committee. For example, on the Finance Committee, of which I was chairman, the Government had a clear majority, plus the chairman. Those were 20 person committees. The Government had 11 members, the Official Opposition had 7 members and the NDP had 2 members. Not considering the chairman, that is a 10 to 9 ratio. The Government had a clear majority, and the chairman could be independent.

Quite frankly I would like to ask the Hon. Member if, when such questions arise, it is not his opinion that not only are these

numbers correct but that the same basic structure of numbers is being maintained under the new system as was the case under the old system. Secondly, is it not his opinion that most of the chairmen, indeed any of the chairmen that I know, have tried very hard to be as impartial and independent as they possibly could be to ensure that all views were heard on committees and that committees were fairly run, from the point of view of the Opposition as well as of the Government?

Mr. Wenman: Mr. Speaker, I am not saying that I am objecting to the Government having a majority. We have made a recommendation that we need to have at least one more member. I am sure that if the Government needed one more member, that would be considered. We are negotiating between 10 and 15 members, which is what was unanimously agreed to. How can it be said that private Members have more authority when 37 Members have lost their jobs? Why do we not try to get a few more of these people on committees? It is a short Parliament, there is only another year left, and in that year things are going to be changed. We should not be considering the immediate period but rather considering far into the future, so let us be fair and reasonable. Let us negotiate a new kind of amendment. If we need one more Member, fine, but we should try to get some of these 37 Members on committees to give them a role to play in this House of Commons, a recognized role which would allow them really to get as involved as they want to. I do not understand how, when 37 Members are deprived of their right to participate, this helps the House of Commons.

Mr. Herbert: Mr. Speaker, let me continue questions on the same theme. The Member for Fraser Valley West (Mr. Wenman) has indicated that they acknowledge that a majority Government should have majority on committees. Frankly, I do not understand what he means when he talks about participation. We have alternates who have been selected as well. I would assume that, if the alternates are going to be sufficiently knowledgeable, they are going to attend the committee meetings. Also we have the right, as Members of Parliament, to attend any meetings we like. Thus, if there is any trouble with any Members of the Official Opposition participating in committee, will the Member not acknowledge that the problem rests with his own side and not with our side? It is not for us to decide whether the alternates who attend committee meetings shall be allowed to participate or not. Will he not acknowledge that his problem is that his own side is shutting out not only the alternates but any other interested Members from participating?

I have been a member of a committee for some 10 years. I am no longer listed. I have been to the Clerk and I am going to be given all the matters that are sent to the Members of that committee and I will continue to participate as a Member of Parliament. The only thing I am losing is my right to vote, if there is a vote, and nothing else. Will the Hon. Member acknowledge that, please?

Mr. Wenman: Mr. Speaker, surely when the Hon. Member says, "the only thing I am losing is my right to vote", I can ask him, what did you come to Parliament for? You came here to vote and to participate. If you lose your right to vote, you do not have much left, do you? I am very sorry the Government took you off that committee because you were a good Member. This is an example which shows you how power transfers back to the Whip—

Mr. Deputy Speaker: Order, please. I call to the attention of the Hon. Member that his remarks should be addressed to the Chair. Are there further questions to be asked at this point?

Mr. Herbert: Mr. Speaker, my question is, how many times in the history of this House has that gentleman voted in committee?

Mr. Wenman: Mr. Speaker, I have had an opportunity to vote in committee often and regularly, on and on again.

I have made it on to the committee as an alternate or a member, but at least I will have access. It is not good enough. I agree that it is not good enough, but I am fighting for the 37 Members who did not get on committee. Why do you not stand up for the 37 who did not, and help them to get on committee? Why do we not help you on? I am trying to help you and help some of your backbenchers.

Mr. Deputy Speaker: I draw to the attention of the Hon. Member that his remarks should be addressed to the Chair.

Mr. Wenman: But, Mr. Speaker, there are others in this House of Commons, 37 on this side, without the jobs that they had before, without their right to vote. The right to vote is a very basic right of democracy, and that has now been taken from them by this legislation. That is a limitation, not an extension of their authority and power.

Mr. Collenette: Mr. Speaker, I am sorry to intervene, but the Hon. Member for Fraser Valley West (Mr. Wenman) has distorted my comments. I was referring to the prerogative of the Prime Minister. It has grown with respect to the speakership, and nothing else.

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I will attempt to confine my remarks to a relatively small number of points. However, I will probably not have any more success in that than other Hon. Members have had this afternoon. There are two basic arguments here. One is the participation argument, which is made much of by the Member for Fraser Valley West (Mr. Wenman), and there is also the voting power argument.

I think that this Party would be prepared to entertain any number, and discuss any number, between 9 and 17 as far as the Committee is concerned, as long as the proportional voting power remains the same as in the House.

I think it is well known that everybody who wishes to be on a committee, and that is true whether a committee sits in camera, whether it is the Members' Services Committee or the Public Accounts Committee, can attend and participate. However, it will only be one's colleagues who happen to be

named as members on that committee who will normally speak first who will prevent another Opposition member from speaking.

I think it is specious to say that there might be no one from Alberta on the Agriculture Committee and that an Alberta Member cannot participate. That is demonstrably untrue. It does not work that way today.

Another thing that I would like to point out, as other Members have noted, is that I have been around here a little while too, and I am one of those who participate in committee work, and I found precisely the opposite tendency. When something is hot, it is a really hot topic, there is a great deal of pressure in being a member of such a committee. At other times a committee cannot meet because it lacks a quorum. As a matter of fact, I have seen times when a committee is first struck when one of the first motions we pass to hear witnesses is passed without a quorum, because frequently we lack the necessary attendance. It is not that we lack opportunities to speak. Sometimes we have a workload that is so heavy, especially at certain periods of the year, that we cannot manage to attend committees and get all the things done that we are supposed to get done.

I would suggest to you that if we followed the British practice, we would not be concerned, as was the Member for St. Catharines (Mr. Reid), with unemployed MPs running around with nothing to do and not attached to any committees. If one follows the British practice, a set of committees can be developed which are select committees. In the British House of Commons they have seven domestic committees, including the Committee on Privileges; they have three legislative committees that deal with everything from the European Common Market to the consolidation of Bills. Then they have the oversights of Government, which are called select committees but are really standing committees. But if we move to select committees to treat legislation, or legislative committees, and continue on with our departmentally oriented standing committees, plus our task forces, I am quite certain there would be more than enough for all of us to do.

Speaking of the task forces, I think they did a remarkable job. I would like to see some arrangement where the House, as someone else has said, could direct a task force to begin its work. The example that comes to mind is the nuclear issue. Why have we never had that opportunity to discuss this very important issue as Members of the House of Commons?

Mr. Wenman: How will we get it out there?

Mr. Rose: If the Speaker rules in favour of the point of order today in which the agreement between the United States and Canada, the defence agreement and those papers which were tabled today, become a subject for immediate investigation by a parliamentary committee—I suppose we would call it the External Affairs Committee—I would think that that would be a massive step forward, a massive reform and a massive improvement. I congratulate the Hon. Members of the Committee. I am on it now. I was not a member of the Committe at the time the Report was prepared, but I believe it is something of which we should all be proud. I agree with the point raised by the Hon. Member for Fraser Valley West that sometimes we have rather lethargic committee chairpersons, and they sometimes do not get around to calling the committees on the Estimates until just about the deadline date. I am well aware of that.

• (1640)

I would also like to say that we need to spin off a few more committees. If we are going to have unemployed Members of Parliament around here in the Conservative Party, then I suggest there may be other committees which we could develop. We could set up special committees, such as legislative committees, if the Conservative Members have all that time, or a committee on the environment, or on the status of women. Some of these committees have been mentioned.

One problem has impressed me, because I have been a victim of it as a Member of a small Party. It was very difficult to be a lone Member from a Party once the committee started spinning off subcommittees. As the only Member from my Party on the Members' Services Committee, it was extremely difficult for me to attend to all of the sub-topics which we deal with on that Committee. Similarly, it was difficult on the Alternative Energy Task Force. When I am away, as the single NDP member of that committee, the whole Party is missing, but if one Member of the Conservative Party—

An Hon. Member: That is absolutely true.

Mr. Rose: And it is true of any single Party Member on a committee. There is nothing that says you cannot vary the size of committees. I believe that was the position taken by the Hon. Member for Richmond-South Delta (Mr. Siddon), that in the British system their select committees vary from 17 down to 6. There are a total of 217 members on these committees, appointed by a committee of Members, not by the Government. There are all kinds of models we could follow. Similarly, an Hon. Member mentioned the appointment of the Speaker. I was asked to limit my remarks, but I could go on for some time because I was impressed by the kind of things we saw at Westminster. And I am quite sure that if we examine the American committee system we might also discover there are certain things we can learn from them as well. I understand that a subcommittee of that Committee will be going down to Washington for discussions.

Let me just say that I believe the House needs to have more control. I believe the House versus Parliament should have the control of the appointment of the Commissioners of Internal Economy. I see no reason why the Commissioners all have to be from the Government side. I see no reason why the Chairman of the Public Accounts Committee, who is an Opposition Member, cannot be one of the members of the Committee on Internal Economy. I believe the Government has just grabbed those spots, and Parliament should have them back.

There are still a great many things I could say, but I must limit myself to the agreement because I believe there is some disposition for this debate to end at a reasonable time. Just to sum up, I will say that we should look at separating the

committees on Estimates, if you like, from the legislative committees, which could be just temporary committees. I believe we should have greater use of the draft Bill so we are not locked in at the committee stage much sooner than we really need to be. After all, those of us experienced in municipal work know about provisional budgets. You do not bring out a budget in a municipality and say, "This is the budget we are going to fly with". I believe we can do all kinds of things like that to give more power to a person who is elected to this place, but I believe we have to be patient to see if the steps we have taken already are going to be helpful and are going to allay the legitimate fears which have been expressed of unfairness in many cases. Let us give it a year. Let us see what else the Committee can come up with to strengthen the power of the private Member. It it accomplishes that, then I think it will receive the approval of the House. If it does not, then we have to throw it out. We can throw it out a year from now, but let us give it a try in the meantime.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, in listening to the final remarks of the Hon. Member for Mission-Port Moody (Mr. Rose), I cannot help but wonder what the magic is in waiting a year for democracy to be restored to this House. We are witnessing a situation where the Government has given itself 50 per cent more Members on a committee than the Opposition, and we see a degree of complicity by the New Democratic Party, who will not support the amendment before the House, which would refer this matter back to the Striking Committee to ensure that fairness and equity is exercised in the determination of committee sizes. Why, Mr. Speaker? Let us look at the actual breakdown of proportional representation on the committee of ten which has been proposed. The NDP would have one member, giving them 10 per cent, the Official Opposition would have three members, giving us 30 per cent, and the Government would have 60 per cent of the representation on that committee. The NDP, Mr. Speaker, is getting proportionately a better deal than the Official Opposition because in fact we have 36 per cent of the seats in this House but we are only being given 30 per cent of the positions on committee. That is the beginning of the injustice, Mr. Speaker, and only the beginning. If we look at the proportional representations, the number of seats the NDP have in this House, we will find it represents 11 per cent of the total. And yet it is getting 10 per cent. If you look at the ratio, you will find, Mr. Speaker, that on a proportional basis, this Party is being hit more drastically than the NDP, because if you take the two 15 member committees being established, the NDP has 13.3 of its representation on those committees, and this Party has only 33 per cent. So the NDP have a good deal going for them. That is why they are guilty of complicity with the Government in this matter and are prepared to wait a whole year, while Members of the Official Opposition are deprived of their right to represent the concerns of their constituents before the standing committees of this House.

The basic injustice which has been presented this afternoon is that every Member of the Government will sit on a committee or in Cabinet, or carry the title of Parliamentary Secretary. Indeed, there will be 124 positions created for Government Members on committees. There will be doubling up in some cases. And every backbench Member of the Liberal Party will be able to go home wearing on his sleeve at least a representation on one committee of this House, whereas 40 per cent of the Members of the Official Opposition will not be given an opportunity to represent the particular interests which they bring to this place, and the particular interests of their constituents, as fully accredited members of a committee. That is where the basic injustice originates. Forty per cent of the Members of this Progressive Conservative Party will not be officially represented on committee, and I might add that ten Members of the New Democratic Party, or one-third of their Members, will not be represented on the committee structures as presented here. But every backbench Liberal Member will have a job.

I am not saying this, Mr. Speaker, because I want another job, but I believe we have all come here as equals and we should be treated as such, in the spirit of the words of the Hon. Member for Kenora-Rainy River (Mr. Reid), whose judgment and sensitivity to this problem I am sure we all appreciated this afternoon. Nevertheless, there seems to be a degree of hypocrisy in his suggestion that what we are achieving today is to give more power to the backbenchers, to improve the lot of private Members, as he put it. It is a matter of status, of pride, to be able to take a position as a member of a Parliamentary Standing Committee, he told us. Yet where is the status if every Liberal Member is able to enjoy one of those positions? Where is the pride for the 37 Members of the Conservative Party, as pointed out by my colleague, the Hon. Member for St. Catharines (Mr. Reid), who will be deprived of the right to represent one or more of their special interests as a regular member of a standing committee?

That basic injustice, Mr. Speaker, cannot be denied. The Liberal Party has 53 per cent of the seats in this House, and they are trying to take 60 per cent of the seats on the standing committees, and that is not fair. The Liberal Members have made a great to-do about the fact the chairman would probably not vote very often, but, Mr. Speaker, if that is the case, why does the chairman need to vote at all? Perhaps a compromise could have been worked out. If, with the ten-member committee, we withdrew the right of the chairman to vote—if that is what they are trying to tell us—then we would have one NDP Member, three Conservative Members, and five Liberal Members instead of six. The sixth Member would be a totally unbiased chairman selected from any of the three Parties. He would not be able to vote because there would be no need for deciding the vote. There would be nine voting Members on that committee and there would never be a need for a tie-breaking vote. So if this is the line Government Members are taking, that the chairman would really be unbiased and would rarely vote anyway, then why would they not agree to withdraw the right of that person to vote?

• (1650)

I think, Mr. Speaker, there are those basic injustices. The additional point I want to make is that one would have expected the Striking Committee to look at the possibility of introducing some flexibility as to having a ten-Member committee or 15-Member committee. I do not agree with the Hon. Member for Hamilton Mountain (Mr. Deans) who said we would have to have either 9 or 17. If we were willing to give or take, and allowed the NDP a little heavier representation on some committees and the Conservative Party on others, if we looked at the workload of many of these committees, we would find that we could justify 13 and 15-Member committees in cases where there are only 10. I think in particular of the Finance Committee or the Fisheries and Forestry Committee which encompasses the three different subjects of fisheries, forestry and environment. We have had a problem there with revolving membership because the Members interested in fisheries were very often not interested in the forestry questions, and Members interested in forestry were not always interested in environment. When we look at the Miscellaneous Estimates Committee, we see the travesty of a hodge-podge of different subject matters such as Stats Canada, CBC, official languages, science and technology, Canada Post, Department of Supply and Services, Treasury Board, Auditor General, PMO and the Privy Council Office. You cannot have three Members from this Party and one Member from the NDP developing expertise in all of those areas. In one particular case, Mr. Speaker, that being science and technology, many Members of this House feel there should be one ten-member committee exclusively dedicated to that field. That would ensure that science and technology, which is at the heart of Canada's future economic development, would receive much more than lip service in this House and in the work of committees.

What I am saying, Mr. Speaker, is that the Striking Committee could be much more innovative. They could have used the latitude between 10 and 15 Member committees to be more fair to the specific interests of backbenchers and the need of their constituents by ensuring that the committee workload would be relatively equally balanced. These larger committees could be given 15 Members or 13 Members. The committees which meet less frequently need only ten. But to see the rule applied that there shall be ten Member committees except for the Committee on Agriculture and the Committee on External Affairs and National Defence really hamstrings many Members of this Party and this Parliament who would like to have a more effective opportunity to engage in discussions and bring forward constituents' concerns before committees. I think of transport. This Party is going to have three representatives on the Transport Committee. We deal with surface transport, air transport, marine transport, and we deal with West Coast and East Coast issues, Great Lakes issues, aviation policy; in short, a wide spectrum of subject matter, and we are going to have three Members from this Party dealing with all those areas.

I think the Striking Committee should go back to the work table, with the encouragement of this House, and exercise a lot more ingenuity in adjusting these committees and even proposing to the Committee dealing with Parliamentary Reform that we restructure some of these committees, retitle them, and try to be much more fair in the balance we provide so that all Members of Parliament including the 37 Members of this Party, will have an opportunity to participate as full, regular Members in the standing committees of this House.

Mr. Deans: Mr. Speaker, I was going to ask the Hon. Member if he will at least acknowledge that my position was not as he put it, but rather that I said I was prepared to sit down and look at any numbers that would reasonably and adequately reflect the composition of the House of Commons. I suggested the two numbers which most readily fitted were 9 at the small end and 17 at the large end. But I said I was prepared to consider any formula that would adequately represent the House of Commons.

More important, does the Hon. Member recognize also that when you speak of the Members on a committee, what you are really talking about is the voting power? As long as the voting power is in the same proportion as the numbers of Members in the House of Commons as it is composed now, then there is no Member who is excluded from taking part in the committee deliberations. However only three Conservatives are entitled to vote and only one New Democrat is entitled to vote, and at the moment there would be six Liberals, if the chairman voted, but only five Liberals on the floor of the committee entitled to vote. That is reasonable and in the same proportion as exists in the House of Commons.

Mr. Wenman: Would you agree then that we go to 17 Members?

Mr. Deans: I tried that already and could not get acceptance at the time. I offered to accept anything that will satisfy the Conservatives, and I do not think that is possible, after having listened to some of the things which have been said. But if the Conservatives would like to move an amendment that would accommodate the size of the House, the proportion of Members in each of the Parties, then I am quite happy to take a look at it over the weekend.

Mr. Siddon: Mr. Speaker, I appreciate the flexibility indicated by the Hon. Member for Hamilton Mountain (Mr. Deans). I think I heard him say he would be prepared to accept anything that the Conservatives would propose.

Mr. Deans: No, I said—

Mr. Siddon: There is an amendment before this House, and I hope he will support it.

Mr. Rose: Mr. Speaker, I would just like to make one brief comment here about the Hon. Member for Richmond-South Delta (Mr. Siddon). The very fact that he can get up and ask questions, receive answers and make comments is the result of the new rules.

Mr. Siddon: I appreciate that.

Mr. Rose: So he got a little extra mouth power out of reform anyway.

Mr. Deputy Speaker: Order, please. Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the amendment will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Striking Committee Report

Mr. Deputy Speaker: Pursuant to Standing Order 12(3), the division on the amendment is deferred until Monday next at 3 p.m.

Mr. Smith: Mr. Speaker, I rise on a point of order. There was an understanding that the debate on this matter would be completed today in a one-day debate. In the spirit of that understanding I would seek the consent of the House that an order issue that the vote on the motion of the Hon. Member for London East (Mr. Turner) take place on Monday immediately following the vote on the amendment.

Mr. Lewis: Mr. Speaker, in reply to that point of order, the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) is correct in that there was an understanding that there would be a one-day debate. We have had the debate, but we are not in a position to give unanimous consent to both votes taking place at the same time on Monday.

Mr. Deputy Speaker: There is not unanimous consent.

Accordingly, the House stands adjourned until Monday at 11 a.m., pursuant to Standing Order 2.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 14, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Monday, February 7, 1983, consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute Law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. Roy MacLaren (Etobicoke North): Mr. Speaker, the tax amendments in Bill C-139 are understandably of a diverse character, since taxation is no longer a simple matter of occasionally adjusting the Customs Tariff and varying the rate of excise tax.

A century ago, Gladstone recognized that budgets had, even then, become something more than a simple matter of raising revenue. "Budgets are not merely affairs of arithmetic", he observed, "but in a thousand ways go to the root of the prosperity of individuals, the relation of classes and the strength of kingdoms".

Today, taxation, or the absence of it, can profoundly affect the lives of every Canadian. Today, taxation has become one of the major tools available to Government to help shape the future. Here in Canada one need only recall the impact of a change in the manufacturers' sales tax, on the one hand, or in old age pensions on the other hand, to realize the pervasive ramifications of tax legislation. As the Minister of Finance (Mr. Lalonde) said last year, "the tax system itself is no longer concerned with only raising revenues, but has increasingly become an important instrument in pursuing a variety of social and economic objectives of the Government. These multiple objectives contributed to the complexity of the tax system".

Since our society, including our economy, is in a permanent state of change, a permanent state of evolution, it is hardly surprising that our tax laws should be subjected to frequent review and amendment. It also follows that the rate of change in our tax system may accelerate as technological change and consumer taste alter continually what we produce and how we produce it.

The criticism has been made about the tax legislation now before us that there is too much of it, that it is too complex and that it has been too frequently altered since it was first introduced. To whatever degree there is truth in those allegations, they are all arguments, in the end, for more frequent and detailed consultation with those who are being taxed. Ultimately, the success of any taxation depends upon the consent of those taxed. Broadly speaking, this would be more forthcoming if those paying the tax understand the process of budget formulation and are certain that their views will at least be heard, if not always accepted.

In the case of the tax measures now before us, both intensive and extensive consultations followed their introduction many months ago. Interested business groups, organized labour, consumer and various community groups have all had the opportunity to make known their objections or to offer their own proposals, both in the Standing Committee on Finance, Trade and Economic Affairs and in several other forums. The result in part is the amended measures now finally before the House.

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Not all of these measures have been modified, or at least modified to the degree some may have wished, but the consent of many is now embodied in the amended tax proposals upon which we shall soon vote.

Mr. McDermid: How soon?

Mr. MacLaren: Allow me to cite two or three examples. As Members opposite are aware, there have been significant changes to the tax treatment of life insurance first proposed in November, 1981. These changes are designed to meet the concerns of life insurance agents, companies and policy holders. It should be kept in mind, for example, that policies purchased before December 2 last year are not affected by the legislation. Moreover, this legislation will exempt from taxation accumulating income from the vast majority of policies purchased on or after December 2. Regular policies paid for over 20 years or more will also be exempt from the periodic tax.

Other permanent life insurance policies may also be exempt, including those with single-premium, paid-up additions providing additional insurance on these policies. There is no dollar limit on the amount of exempt life insurance coverage which a policy holder can have. This modification was made after extensive consultation between the Government and the life insurance industry and reflects the objective of encouraging Canadians to provide protection for their families and dependants.

One could also add to the list of tax measures that have benefited from public discussion the significant tax changes for

the benefit of small business. For example, provisions for the Small Business Bond program which extends assistance to small firms in financial difficulties have been extended to the end of 1983. The program, which was to be terminated at the end of last year, reduces interest rates by almost 7 percentage points through a tax exemption to lenders.

Moreover, taxation of the work in progress of professionals has been modified to exempt, among others, physicians, dentists, lawyers, accountants and veterinarians. This legislation will allow for the lower personal income tax rates proposed in the 1981 budget for the 1982 taxation year. These rate reductions will reduce the tax of those in many income brackets and represent a total saving of approximately $1 billion annually for almost six million taxpayers.

Additionally, to aid lower and middle-income families which have only one wage earner, the federal tax reduction has been modified to $200 per taxpayer plus up to $200 for a dependent spouse. This reduction for taxpayers with dependent spouses with annual incomes up to $20,000 will mean a tax saving of $200. More than 2.5 million Canadian families will receive an additional $100 tax saving as a result of the Government's proposal to increase the value of the refundable Child Tax Credit. All these and others are examples of proposed tax changes which were modified as a result of consultation and representation.

That such changes were made should not be seen, as some have alleged, as evidence of failure on the part of the then Minister of Finance or his advisers. Rather, the modifications should be seen as a successful outcome of a process of budget consultation, however imperfect, that we increasingly need in Canada. In saying that, I do not mean that the process itself is perfect. It has been improved, but very much remains to be done. As Walter Gordon, when Minister of Finance, urged, the old established tradition according to which budgets are prepared in the Department of Finance, without consultation or discussion with other officials or outside experts, and without informing Cabinet of what is going to be proposed until a few hours before presentation to the House, is out of date and should be changed.

His immediate successor noted with equal regret, private Members of the House, and many individuals and associations outside Parliament, have expressed a desire to be given some real channel of communication on budgetary matters and that the House has also had continual difficulty with the legislative side of the budgetary process. And he added:

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> We have clearly not met with complete success in our attempt to balance a need for immediate implementation of fiscal measures with the requirement for proper notice to affected taxpayers without offending against the constitutional principles surrounding budget secrecy, the privileges of the House of Commons and the financial initiative of the Crown.

His successor, the third Minister of Finance in turn, noted:

> What I would like is for the Minister of Finance to be able to present a tentative basis of his proposal to Parliament for discussion. The way it is now, the Minister of Finance has to present highly important advice from a very small group of expert advisers . . . and on this the Government stands or falls. I think this is wrong.

I have cited the identity of views among a number of successive Ministers of Finance. To ensure that there is nothing partisan detected in what I have quoted, I want to add the observation of the Hon. Member for St. John's West (Mr. Crosbie) who, when Minister of Finance, said:

> I hope that it will be possible in the coming session of Parliament to examine the entire process of budget-making—

Despite this unanimity of views among successive Finance Ministers extending over two decades, we still have today the continuing practice of attempting to force modern budget-making into the long-outmoded practice of another and simpler age, of an age when, as I noted earlier, budget-making largely constituted the adjustment of the Customs Tariff and varying the rate of excise tax. It is as if one expected an adult to wear a child's clothing.

The difficulties arise in two areas. Donald Macdonald, when Minister of Finance, in recalling the statements of his predecessor, said:

> Two aspects of the budgetary process require particular study. The first is a strict rule of secrecy that applies to the budget prior to its introduction. The second is the procedure for consideration of the budget proposals following their introduction in Parliament.

The first of these two problem areas, that of budget secrecy, arises from the need to ensure that no one employing advance information gains financial advantage for himself or herself. During the first decades of our Confederation, advance knowledge of a change in a customs tariff or an excise tax could indeed have provided an undue opportunity. But today, the growing complexity of budgets alone makes such abuse increasingly unlikely. There are today many areas of taxation where the canvassing of options, the public weighing of alternatives, could not in any conceivable circumstance provide anyone with an unwarranted opportunity to exploit for personal gain his or her advance knowledge.

What has gradually overtaken this anachronistic preoccupation with secrecy is the understandable misgiving that the consideration of proposals for tax change is not always carried out in the full knowledge of all their effects. These are areas where no small group of advisers, however skilful, can hope to identify all possible impacts of the proposed changes. Today, submissions are frequently made by groups or individuals in ignorance of what others might be suggesting and the Minister of Finance himself is limited, at least by tradition, in seeking public advice.

The basic problem facing those who formulate and implement a budget is that any pre-budget proposals are prepared in isolation. When budgets are being drafted, there is no public forum in which one proposal can be weighed against another and in which one interest group can offer its suggestions for discussion by others. For example, tax practitioners, among others, rightly believe that they can frequently offer useful suggestions for improvement in both the form and content of tax legislation.

There is another problem arising from the tradition of secrecy. As in the instance of the legislation now before us, a committee of the Canadian Tax Foundation has noted:

> A complicated amendment has followed a complicated amendment and the purpose and scope of certain provisions is difficult to determine. As a matter of tradition, tax changes are usually effective from the date of the budget, but the precise language of an amendment may not be known until many months later when the legislation is finally passed.

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Further, the straitjacket imposed by tradition is more restrictive today than it was even a few years ago. With the introduction of the so-called "envelope system" of Government expenditure, the need for pre-budget consultation among Departments has become yet more desirable. However, even that consultation within Government is hampered by the practice of another age.

There are several solutions to these pervasive problems. Green papers, distributed well in advance of a budget could offer various options and invite comment. Preparation of such green papers and their subsequent discussion might in turn be facilitated if a permanent advisory committee on taxation were to be created by the Department of Finance, as the Department of National Revenue has done in the case of its tax advisory committee. As an alternative, the Standing Committee on Finance, Trade and Economic Affairs might be invited to hold pre-budget hearings.

As both the Canadian Tax Foundation and the Minister of Finance's green paper on consultation of 1981 have suggested, the quality of budget formulation might be substantially improved if a committee of the House were to hold hearings about a range of options placed before it by the Minister of Finance. At a time when all Parties are seeking ways to make more effective the committees of this House, here is a way in which at least one committee could play a more significant role in ensuring the adoption of better legislation. The Standing Committee could provide the opportunity for those with particular viewpoints to present them publicly and for everyone to hear those various positions scrutinized and, where possible, reconciled. This would provide wide spread public benefits, not the least of which would be the reassurance given to those who will be taxed that their representations were being heard. From that could flow consent.

The second major area of difficulty identified by Mr. Macdonald when he was Minister of Finance, and also examined in the subsequent green paper, involves the consideration of budget proposals following their introduction in Parliament. Here again, either ad hoc advisory committees of experts or the Standing Committee on Finance, Trade and Economic Affairs could play a valuable part in ensuring that certain Bills or parts of Bills are given more thorough scrutiny. Under our present procedure, tax Bills are reviewed by the House in the Committee of the Whole. Since no witnesses, no experts, are permitted in the Committee of the Whole, their contributing remains unavailable to Members. As the recent green paper concluded:

> The key to more effective Parliamentary consideration of budget measures lies not so much in major reform to parliamentary procedures as in a more thorough and focused discussion at each stage, from the budget through to the passage of budget legislation. This discussion can be improved through practices such as the tabling of comprehensive notices of Ways and Means, and the provision of technical explanations. It can also be helped by the use of standing or special committees where circumstances warrant.

These cautious and even arid words mask yet a greater need in our society, the pressing need to improve consultation on economic matters among business, Government and labour. Consultation which should inform the budgetary process is important in itself. It is even more important as an expression of a wider recognition that, as public and private entrepreneurship becomes more entwined, consultation and greater understanding among business, Government and labour become an imperative for our further economic growth.

A variety of historical and other factors has contributed to the unsatisfactory situation in Canada today, where such consultation and co-ordination is so badly needed. In the past, and to a degree today, a small population spread over a vast territory has militated against effective consultation. Foreign investment of a pervasive nature has rendered it more difficult for Governments or, for that matter, labour unions to be certain that they are dealing with principals and not merely with branch managers. The existence of several levels of Government within our federal state has further complicated the consultative opportunities compared with those in a unitary state.

These and several other factors have all combined to make the desirable degree of consultation difficult to achieve. In my view, however, the real difficulty arises over the absence of a managed, continuing and formal consultation. In certain areas such consultative occasions do, happily, exist. But across the wide sweep of industry, no such continuing mechanisms are available to business, Government and labour.

In a report prepared by a Government and business task force which I chaired in 1976, we noted that a central problem was the lack of ready consultative mechanisms. Subsequently, 23 industry sector committees, each involving business, Government and labour, were created. Their recommendations were, in turn, reviewed by the cumbersomely named second-tier committee. This may strike anyone who is ardent to debate the issues themselves as a rather mechanistic approach to the question of relations among business, Government and labour, including the method of how budget preparation can be facilitated, to ensure that all those with a direct interest are given the opportunity to be heard. But it must be evident to all but the most myopic observer of the Canadian scene that a prime factor contributing to the current alienation among business, Government and labour is the absence of any process to accommodate their differences.

• (1125)

Our democratic system of Government is predicated on the assumption that the continuing interests of various groups in an increasingly pluralistic society can be reconciled in an

approximate national consensus. For such system to be successful, provision must be made for major interest groups to consult with both the national and provincial Governments.

In recent years, largely as an expression of opposition to wage and price controls, or at least to wage controls which limited collective bargaining, organized labour has withdrawn from even the limited consultation which did exist at the national level. Unorganized workers were not, in any event, represented. For its part, business found it difficult to designate its spokesman. This is a problem which parenthetically is understandable when one considers the divergence of interests that necessarily exist among small business, or large Canadian or foreign-controlled, resource-based or high technology businesses.

These and other considerations are all in fact arguments that, if we are going to compete successfully abroad, we must work much harder to create mutual understanding among the major players in the economy by producing the mechanisms to allow that understanding to take place.

Mr. Deputy Speaker: The rules of the House provide for a ten-minute period of questions and answers at this point. Are there any Hon. Members who seek to ask questions?

Mr. Blenkarn: Mr. Speaker, I was wondering if the Hon. Member would advise this House where he finds the rate reductions in this Bill. Could he explain to the House the imposition of the six and five program that wiped out the indexing that has been a part of our tax system for so many years, reducing the indexing this year to 6 per cent and next year to 5 per cent, no matter what inflation does; an increase in taxes effective this year, as a result of this Bill, of well over a billion dollars, and very much more than that next year as the compounding effect of the reduction in indexing this year, again compounded with next year's index reduction, takes effect in the 1983 year. Would he explain that to the House?

Mr. MacLaren: Mr. Speaker, the Hon. Member for Mississauga South (Mr. Blenkarn) made a number of points and if I do not recollect them all, I am sure he will return to his question.

His first point was the capping of indexing of income taxation, the old age pensions and Family Allowances. The Member did note that what inflation is in 1983 will determine the degree to which the capping will limit for some Canadians the increase in those programs. The Bank of Nova Scotia, for example, recently forecast, it seems with some confidence, the rate of increase in the CPI to be 6 per cent in 1983. If that is the case, there would then be no difference between the capping of income taxation of the old age pensions and Family Allowances and the actual rate of increase of the CPI.

The Hon. Member would, of course, want to keep in mind that those who are in receipt of the Guaranteed Income Supplement and the Child Tax Credit are not affected by the capping of the two programs, and are indeed compensated for the capping of Old Age Security and Family Allowances.

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The Hon. Member asked about the reduction in income tax rates, if I understood him correctly. Indeed, the Bill will bring into law the lower personal income tax rates proposed in the 1981 budget for the 1982 taxation year. This reduces the tax in many income brackets and represents a total saving of about a billion dollars for an estimated 5.8 million Canadians.

I mentioned during the course of my statement the fact that the federal tax reduction has been revised to provide a flat $200 deduction per taxpayer, plus up to $200 for a dependent spouse. Therefore, we shall see substantial tax savings for Canadians, both in terms of their marginal rates and in terms of the federal tax reduction for the taxation year 1982 and beyond.

Mr. Deputy Speaker: The Chair has difficulty at this point. There are a number of Members seeking to ask questions.

Mr. Blenkarn: A short supplementary.

Mr. Deputy Speaker: The Hon. Member for Mississauga South on a short supplementary.

Mr. Blenkarn: Mr. Speaker, the Member is completely off base. He knows we are not talking about old age pensions and Family Allowances. We are talking about income tax in Bill C-139. This Bill takes away indexing from the income tax system and will increase taxes this year by well over a billion dollars and next year by nearly $2 billion. Why is he talking about a tax reduction? Why does he not make some sense?

Mr. Lambert: Mr. Speaker, the Hon. Member for Etobicoke North (Mr. MacLaren) gave a welcome insight into possible changes in the budgetary process. This would have been fine in a budget speech, but this is an income tax Bill. I would like to know more about what the Hon. Member is thinking with regard to the income tax changes. That is what he should have been talking about this morning.

He is a businessman and no doubt a lot of his constituents seek funds for investment in their businesses. What does he think about the turning into public coffers of all those funds which are going to be collected under the changes in IAACs and forward-averaging? I trust he understands net forward-averaging of moneys due will be paid into the Crown and then drawn back as the taxpayer requires. That places the money in the hands of the Crown. Under the IAACs, moneys were placed in the hands of trust companies or into RRSPs or an annuity contract, and were available for investment in private sources. Will the Member give us the benefit of his thinking as to whether there is preference for forward-averaging or IAACs from an industrial and commercial point of view?

Mr. MacLaren: Mr. Speaker, the Hon. Member raises a question which is of substantial complexity and obviously has a different impact on different companies in different ways. Broadly speaking, it is fair to say that taxpayers who benefited from IAACs in the past will benefit from the reduction in the marginal rate under the new forward-averaging scheme. I

believe that the Hon. Member and I would agree that, on balance, the new system is both more equitable and lessens the opportunity for—abuse is a strong word, but distortion than under the previous system. Indeed on balance, the combination of the IAAC provision and the net averaging would be of benefit to many businesses.

Mr. Lambert: The Hon. Member, perhaps unwittingly, avoided answering my question. I did not ask what benefits the individual taxpayer would have under IAAC or forward-averaging. From a philosophical point of view, the money that is paid into these provisions will go into the public coffers as against the private coffers. That is the philosophy I would like the Hon. Member to explain to me.

Mr. MacLaren: Mr. Speaker, under the new legislation for IAACs, previously the money could be withheld and an annuity purchased or other private arrangements made. The basic philosophy of the Government in this instance was that this gave to those taxpayers, those investing in IAACs, an opportunity which was unavailable to others. It was a system which prevented a more equitable character in our tax system. There is some argument for this change. In seeking greater equity in the tax system, which is indeed one of the major elements of the tax legislation now before us, the new system will provide for that. I support it. I think it is a positive move.

Mr. Deputy Speaker: There is one minute remaining. The Hon. Member for Western Arctic (Mr. Nickerson) rises to ask a question.

Mr. Nickerson: Mr. Speaker, I listened with great interest to the presentation by the hon. Member for Etobicoke North (Mr. MacLaren). It was well read, even if it did lack a certain verve or vigour. With the new system of budget formulation that he envisages, and he went into this in some detail and gave a list of alternatives, is it his perference that the green paper, the draft budget, should go to a standing committee, a committee of this House, or should it be debated in the House and Committee of the Whole?

Mr. Deputy Speaker: The Hon. Member should make his question short because time is running out.

Mr. Nickerson: How long would this budget formulation process take? Would it be similar to that in the United States, with a whole year involved, or would it be less than that?

Mr. MacLaren: Mr. Speaker, I shall speak with great verbal vigour. I would think that the process would last the best part of a year. We would do well to start with a green paper, which sets forth some of the options that a Minister of Finance foresees, and that the green paper be sent to a committee of this House for discussion and for witnesses to appear. I should prefer such a system rather than a committee of experts, but committees of experts are certainly a supplementary way of doing it.

Mr. Deputy Speaker: The time for questions and answers has expired.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker—

Some Hon. Members: Hear, hear!

Mr. Nickerson: That is the first time I have received applause like that!

Today I want to speak on one particular aspect of taxation, an aspect which has largely been neglected in Bill C-139. I see the Minister of State for Mines (Mrs. Erola) smiling. She knows what the subject is going to be. It is going to be the question of taxation as it affects Northern Canada, Northern taxation. As a Member of Parliament for that part of the country, I receive more letters of complaint regarding taxation than letters of complaint regarding even the Post Office. Therefore, the importance of the issue to people living in the North can be seen.

The present system of taxation as it affects Northern Canada is grossly unfair and inequitable. It results in Northerners proportionately paying much greater taxes than their Southern counterparts. I will explain why this happens.

The cost of living in the North is much greater than in the South. If you look at the Government's statistics and the results of spatial surveys, you find that in the more cosmopolitan, larger areas of the North, such as Yellowknife and Whitehorse, the costs there on a raw basis exceed those in Edmonton by about 25 per cent. A little further north, say, in the Inuvik area, costs on a raw basis are again some 50 per cent greater. In all of the smaller settlements, costs can be 75 per cent or 100 per cent greater than they are is a comparable place in the South.

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When one looks at these raw costs—the supermarket prices, the price of housing, electricity and so on—one finds that the costs in the North are even higher than they would appear to be from those surveys. There is a lack of alternatives in the North. In the South, if you do not want to pay the supermarket prices for eggs or strawberries, you can go out to the farms and buy them directly. You can shop around. There are a large number of secondhand stores and secondhand merchandise can be purchased. This is not the case in the North. And when you consider the cost of electricity and heating oil which are necessary to heat the houses because there is no gas or other alternatives, you find that a much greater amount of electricity is needed and a much greater quantity of oil. Also, the price of electricity might be, say, four times higher than the price in Ottawa and half as much again might be needed to heat the houses. That, of course, increases the cost of living to a great extent. Needless to say, there is greater wear and tear on vehicles because of gravel roads and the cold weather.

When you add all this up, even in the Southern parts of the North, you find the real cost of living is going to be at least 50 per cent greater than that, for instance, in Edmonton. This means, Mr. Speaker, that if you are going to enjoy the same standard of living in the North as is enjoyed in the South, more money is needed. It is that simple.

Looking at the difference between Edmonton, Yellowknife and Inuvik, a family living on an income of $30,000 in Edmonton would need in Yellowknife an income of $45,000, and in Inuvik an income of some $60,000, to achieve the same standard of living.

Now enters the tax system! In Canada we have a tax system which contains a rapidly progressive way of computing taxes. A person does not have to make too much money before his marginal tax rate, federal and provincial or federal and territorial, reaches 40 per cent or 50 per cent. Let us take the difference between Edmonton and Inuvik now. If an employer in Inuvik gave an employee an additional $30,000 a year to make his standard of living equivalent, and the marginal tax rate was 50 per cent, he would end up with only an additional $15,000 a year, giving him $45,000 in total. This would buy him the same standard of living as that of someone earning $22,500 a year in Edmonton.

We can see very easily, therefore, that the unfair tax system results in a lower standard of living for Northerners. Incidentally, you might say the same is true of corporate income taxes. This is, evidently, grossly unjust and the system needs radical adjustment. I will refer later in my presentation, Mr. Speaker, to what the nature of the adjustment should be.

The inherent unfairness of the Northern taxation system has given rise to another phenomenon. Because it is impossible for an employer properly to compensate an employee in cash or in wages because of the great tax bite, the system of various allowances and subsidies has evolved. People did not really want this sytem but it was thrust upon them because of the tax system which we have in Canada. In particular, the Government itself, the people involved in the Government offices in the North, did not want it, but it was thrust upon them by directives from Ottawa.

The most common allowance or benefit for people in the North has been the subsidization of housing. Either a house has been provided to an employee at less than market rent, which, of course, would be, perhaps, two or three times higher than here in Ottawa, or cash has been advanced to help subsidize the payment of rent.

Another very common benefit which employees have been granted in the North has been vacation travel assistance, one or two trips per year for each family, either to Montreal for people in the Eastern Arctic, or Edmonton for people in the Western Arctic.

This has been a very common system of encouraging people to take up employment in the North. This system worked reasonably well until about 1978. At that time the Department of National Revenue, through strict interpretation of the Income Tax Act—and under a strict interpretation these benefits and allowances are taxable—started making threatening noises. It threatened to disrupt the system which had grown up, a system to which Revenue Canada up to that time had turned a very sensible blind eye. In 1978-79 the debate raged, so to speak, and I remember it was a very important issue in election campaigns in the North in 1979 and 1980.

In the 1980 campaign, the present Prime Minister (Mr. Trudeau), who was then Leader of the Opposition, said that if he was elected he would look into the tax system in the North and bring about permanent changes. But as so very often happens, especially with the Government opposite, once the election was over and the Liberal Party had been returned to office, they forgot all about the promises which had been made during the course of the election campaign. This resulted, Mr. Speaker, in a public outcry at the betrayal which had taken place.

When the Minister of Indian Affairs and Northern Development (Mr. Munro) travelled to Yellowknife and Whitehorse, he was greeted there by people with placards complaining about the broken promises and the fact that the tax system there was to be made even more unfair. This public pressure resulted in a remission order with which most Members of this House are now familiar. The taxes which should have been collected with respect to certain housing and vacation travel allowances were to be rescinded. In a way, this was unfair because the same benefit, by different names, resulted in it either being taxable or non-taxable. Also travel benefits given for medical or educational purposes were deemed to be taxable, whereas those for vacation travel were deemed to be non-taxable. This remission order lasted from year to year and was renewed annually because of the continuing public pressure. It was renewed at the time of the last budget until the end of 1983.

The year-to-year suspense has made it very difficult for proper planning to take place. It was extremely difficult for labour negotiations to take place when they did not know whether the benefits and salaries, and all the other things which were up for negotiation at the table, were to be taxable next year or not. It was very difficult for labour negotiations to take place. In any event, after two or three years of living with this remission order we kind of got used to it. We changed some of the names of the various allowances to make them fit in with the wording of the remission order.

During 1982 the committee of public servants was established here. It had members from Treasury Board, Finance, Indian Affairs and Northern Development, Mines and a number of other Departments. It had been set up to look at the issue and try to come up with some permanent and sensible solutions. Unfortunately, not one Northerner was on the committee. There was one lady who had been born at Port Radium but who had left there when she was seven years old. All these people were from Ottawa. Policies are being made which affect people from far-flung places in Canada by people who know only Ottawa. Time and again Northerners requested permission to participate in the exercise but they were denied.

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The result of the committee study was announced in a press release by the Minister of Finance (Mr. Lalonde) on December 2, 1982 and brought about the most bureaucratic, unintelligible system that could possibly be devised by the most twisted brains in the Department of Finance. The simple

remission order was to be phased out over a period of years and was to be replaced by a complex, accountant's nightmare, containing such things as the repugnant principle of imputed rent. There was no way that the man on the street could understand what was about to hit him. Furthermore, tax accountants or tax lawyers could not compute the effect of this because regulations did not exist. All that existed was a press release from the Minister of Finance. This kind of thing is happening frequently, Mr. Speaker; we are getting Government by press release, not Government by regulation. Apparently the new system is to be implemented by a series of remission orders, not by changes to the Income Tax Act or its regulations, and so the uncertainty will continue.

The effect of the proposed system will be to drive people out of Northern Canada, including indigenous Northerners. I know a lot of people who have gone already because they can get a better deal in Southern Canada, when taxation is taken into consideration, than they can in their own area.

This move reduces industry and reduces development in the North. It puts marginal operations out of business. At Pine Point, which is suffering from low lead and zinc prices, three or four hundred people have already been laid off. If this tax threat is implemented, and I presume it will be unless there is a change of heart on the part of the Minister, it will result in another $2 or $3 million burden on the mine or on its employees. That could very well mean that the mine will never get back into production.

This measure will increase the cost of Government in the North. More people work in Government there than in anything else. It will encourage fly-in, fly-out operations. If an industry employs people who live in Edmonton and flies them in, the cost is not considered taxable; they are just going backwards and forwards to work, although the distance may be 1,000 or 1,500 miles. If people are located in the North, however, and taken out to Edmonton a few times a year for a holiday, the cost is taxable.

Not too long ago I was speaking to the chief executive officer of Echo Bay Mines. He told me that if this system is put in place, 50 people who would have been located in Yellowknife would now be located in Edmonton. About half of them would be professional and managerial people, so this provision is taking the brains out of the North and putting them in the South. Perhaps that is what the Government wants. It does not want tax revenues generated in the North to be used there as that would give rise to self-sufficiency. It would rather keep northerners dependent. It does not want people to make the North their home but wants to keep the Ottawa bureaucratic control over that part of the country.

I should like to suggest what I—and some people of all political persuasions—consider to be the real solution, Mr. Speaker. Even the few remaining Liberals in the Northwest Territories have come to the same conclusion and I am sorry that their advice has been disregarded by the Government.

Any change must be permanent and it must be made to the Income Tax Act. We cannot live from year to year with remission orders. The change must be simple and easily understood, not like the complex, five-page remission orders that would be the result of the proposal made by the Minister of Finance. All that is required is one or two additional lines on the income tax form. People living in Northern Canada must be granted an additional deduction against income for the purpose of computing tax or they could be given a tax credit. I will not argue which is better as there are points on each side. A combination of these methods could even be used. It is far and away the simplest system and the one that makes the most sense.

The Hon. Member for Prince George-Peace River (Mr. Oberle) went into the problem in detail and produced a report. I would commend that report to Hon. Members who are interested in the subject of Northern taxation. He points out that in countries such as Denmark, Russia and Australia—which in a way are similar to Canada as most of the population lives in heavily populated areas, and then there is a sparsely populated hinterland—regardless of the respective ideologies of each country, each has adopted the same approach and there is a special taxation system for remote areas.

I believe Australia is divided into three tax zones. Perhaps 90 per cent of the population lives in the first tax zone and pays tax under the normal system. Then, depending on the remoteness and the cost of living in an area, the tax system is slightly different. I believe they use tax credits. If we were to amend the Income Tax Act in this way, we would be able to phase out the special rules that govern special allowances.

In my opinion, Government revenues would increase over a period of time if we used a sensible system of taxation. People would be encouraged to live and to remain in the North, and surely we want that.

I will not go through the few concluding remarks that I had prepared, Mr. Speaker. It was a pleasure for me to be able to speak on this most important topic today.

Mr. Deputy Speaker: Order, please. The rules of the House provide for a period of ten minutes for questions and answers. Are there Hon. Members rising to put questions to the Hon. Member who just spoke? If not, the Chair will recognize the Hon. Member for Ottawa Centre (Mr. Evans).

Mr. John Evans (Ottawa Centre): Mr. Speaker, I was very interested in the remarks of the Hon. Member for Western Arctic (Mr. Nickerson) on Bill C-139. One aspect interested me particularly, and that is the special problems of Northern residents as they relate to income tax, the extra cost burdens incurred by people in the North, and his plea for special tax treatment.

I was interested in his account of the kinds of special tax treatment provided in other countries such as Denmark, the Soviet Union and Australia and in the concept of tax zones. If he could provide additional information on the nature of those tax zones and some kind of solution to the difficulty we find ourselves in, I would be interested in that. Perhaps we should use the tax system in certain ways to subsidize or offset the high cost of living in various parts of the country. The concept

of tax zones might very well have some appeal and could be examined more closely.

My main purpose in speaking in the debate is to try to lay a broader framework with regard to the tax system. I have become, over the years I have been in the House and during the time I have been Chairman of the Finance Committee, extremely concerned with the tax system as it now stands and with the increased complexity which has evolved in that system over the years from the time of tax reform in the early 1970s. There are certain basic principles which should underlie any tax system, especially the principles that should underlie the income tax system. There are many options which can be taken as to the kind of income tax system which one can design for implementation in a country. But once you have developed the basic principles on which your tax system will rest, one should be very, very careful and indeed reluctant to violate them in any significant way.

• (1200)

Violation of the basic tenets of the income tax system leads to a situation where one group can say, "We are receiving special treatment under the tax system", and another group can then come along and say, "If that group can get special consideration under the tax system and can be treated differently from other Canadians, I think I have an equally strong argument that myself or my group should be treated differently as well". That is precisely the evolution in the taxation system which has occurred at an accelerated rate since tax reform in 1970-71.

We have seen the system modified in a great many ways to take into consideration the special needs of certain groups, the necessity or perceived necessity of stimulating certain kinds of economic activity. These changes to the tax system have resulted in a system existing today which is so complex and so difficult to understand that it has virtually lost the respect of the average Canadian taxpayer. When the Canadian taxpayer no longer understands and/or respects the system of taxation imposed upon him or her, it will lead to some very serious problems with compliance, because after all we still have a voluntary compliance system wherein people declare their income and pay tax on the basis of their own personally-prepared declaration of income and expenses. It leads to problems that have arisen most recently with regard to economic activity which takes place outside the tax system. We have the problem of the underground economy which is growing very rapidly in Canada. It certainly does not approach the extent of the problem in some other countries, notably the United States, but it is certainly growing at a much more rapid rate than any of us in the House would like to see. We have problems of that nature.

Also we have the problems of special interest which flow from my earlier comments that, as certain groups or special interests see other groups receiving special consideration under the Income Tax Act, they demand—and I am certain all Members of the House have experienced these kinds of pressures from various interest groups, whether they be business groups, charitable groups, individuals or groups of individuals—to be treated somehow separately and in a special way under the provisions of that Act. This leads to even greater chaos, if I can use that term, in the public understanding of what is fair, how they are being taxed, on what basis they are being taxed, whether they are paying a fair share of the burden of public expenditure, whether they are paying too much or too little. This kind of situation leads the whole tax system into disrepute.

On a number of occasions in the House I have said that it is time we as a Parliament and as a people set out clearly among ourselves what precisely are the basic principles on which we will found our system of revenue-raising in the country and what are the things we will ask from that system. Essentially, income tax was brought in in the 1916-1917 range as a tax designed to raise revenues to finance our efforts in the First World War. It was not supposed to be a permanent tax; it was supposed to be a temporary one. But it became a permanent feature of our tax system, and various rationales have arisen over time as to why income tax is an appropriate vehicle for raising revenue.

The point is that income tax was a revenue-raising device. That is all it was, but over time we have seen the system become a number of other things. It is no longer just a revenue-raising device. It is a device which is now used to confer special privileges on certain groups by reducing their exposure to income tax. It is a device which is supposed to redistribute income and to stimulate economic growth and development. We are placing so many demands on the tax system that it is unable to achieve any of the objectives which have evolved for the system over time in any respectable way. It is being asked to do so many things that it is doing none of them well, and we will face very serious difficulties in the future with the particular system.

We have before us Bill C-139. I have heard Hon. Members in the House indicate that the Bill is very large; indeed it is. I have heard them indicate that the Bill should not be passed expeditiously by the House because it needs comprehensive and detailed study. I would have to remind my friends that the basic aspects of this legislation have been before the House for over a year now. It started with the November, 1981 budget and the modifications thereto. Subsequent to that budget, there were the June 28 budget, its subsequent modifications and the modifications which occurred in October. But the basic areas under discussion have been before the House for over a year. They have been the subject of an innumerable number of interventions. They have received detailed and close scrutiny by members of a special committee of the Progressive Conservative caucus, by Members of the New Democratic caucus, and certainly great scrutiny by Members of the Liberal caucus. These provisions are not ones with which we are unfamiliar or something which has been dropped on us from high with which we are supposed to deal in a short period of time.

The Hon. Member for Mississauga South (Mr. Blenkarn) and the Hon. Member for Edmonton West (Mr. Lambert)

were members of the special sub-committee of the Standing Committee on Finance, Trade and Economic Affairs during the month of September, at which time we received submissions, heard testimony from witnesses, prepared a draft report on the tax provisions which were available after the June 28 budget and, of course, the previous November budget, and drafted recommendations in the form of a commentary. There were no recommendations made specifically by unanimous agreement of the members of the Committee, but we drafted a report which incorporated opinions in such a way that the reader could easily deduce the opinions of the Committee as to what should be done. Indeed, the Minister of Finance (Mr. Lalonde) when he brought down his October financial statement incorporated a great many of the suggestions that were implicit in the report of the Standing Committee. He made modifications to the provisions as a result to reflect those views as well as the views of hundreds and hundreds of other submissions made to the current Minister and, to the previous Minister concerning impact. He looked at how they could be modified to lessen any adverse impact and how they could be made more fair and more effective in achieving the objectives the Minister of Finance wanted.

• (1210)

We hear the cry that these tax provisions have to be studied in great detail. I agree they have to be studied carefully. We have to ensure that the provisions in Bill C-139 achieve the objectives which the Minister has stated he wishes. I suggest these provisions in one form or another have been under study and intense scrutiny by Members of this House of Commons for a very long time. As a result, we should be able to deal with this matter expeditiously and get it behind us so that we can turn our attention to more fundamental issues dealing with taxation, namely, the structure and fairness of it which simply cannot go without attention much longer.

In the next little while we will have to make decisions as to what the base will be of our tax system. Shall we follow the current practice, which is to use the base of income as the basis for our tax system, or will we move toward a more consumption-oriented tax base? Both methods can be handled in much the same way from a practical perspective as the current income tax system is.

We have also to take a close look at another very important aspect. How shall we apply this tax structure that we will create with regard to the timing of income? One of the big debates as a result of one of the provisions in Bill C-139 is whether or not accrued income should be taxed even though that income has not actually passed into the hands of the recipient.

Mr. Nickerson: Absolutely not.

Mr. Evans: I hear the Hon. Member opposite say absolutely not. That issue was carefully scrutinized by Members of the Finance Committee in September. We came up with very serious reservations about this notion of taxing accrued income as opposed to taxing income when it finally comes into the hands of the recipient for tax purposes.

The whole question of timing should not be dealt with in an ad hoc way; it should be dealt with in a consistent way. If we are going to tax income on a pure income basis, then logic would dictate that you would do it on the basis of when income is earned, not when income is realized. Our Committee, however, indicated that we probably should not be going in that direction of taxing income when earned. Rather, we should be moving toward a system of taxing income when it is realized; that is, when the person has the money in hand.

That moves us away from what is called an income-based tax system toward what is called a consumption-based tax system. People pay tax on the basis of what they are taking out of the system; in other words, a reflection of how much they are consuming in the system and not how much they are earning in the system. Also, that kind of a consumption-based income tax system leads to a much heavier emphasis on saving and investment which, of course, are the precursors of economic growth and increased standards of living.

Those kinds of questions have not been debated to any great extent in this House, and I suggest they have to be. Not only do we have to determine on which basis we are going to tax, but we must determine the timing aspect of that income.

We have to look as well at a very serious question that has evolved over the last 50 years, the question of the progressivity of the tax system. Progressivity of the tax systems means that as your income goes up you not only pay more tax but you pay more tax at a higher percentage rate. Your marginal tax rate goes up over time, which is the difference between the proportional tax system where everyone pays a flat tax of, say, 20 per cent. A flat tax means the more you make the more you pay, but the percentage you pay does not go up. This is contrary to the system we have where the percentage you pay also goes up over time. The basic argument is that this will somehow lead to redistribution of income. It means you tax the wealthier at a much higher rate and those in lower income categories pay a lower rate.

If we look at the total tax system we have in this country, from excise taxes to sales to property taxes to income taxes to capital gains taxes, as well as the special payroll taxes of UIC, Workmen's Compensation, Canada Pension Plan—which are, in any real sense, taxes—we find prior to the introduction of the income tax that essentially we had a flat tax in this country. We had a number of excise taxes, special tariffs and special duties, a flat tax system. Everyone basically paid the same percentage of income in taxation. Income tax was introduced, but over the years the progressivity of that tax became greater and the illusion was that that would redistribute income.

The problem is that a progressive tax system also has negative incentive effects. As the progressivity increases the number of exclusions, deductions, exemptions and special treatment also increase. But if we look at the tax system today, lo and behold, what do we find? With all the complexity and

all the attempts at redistributing income, we have a flat tax system again. We have gone from a flat tax system—

Mr. Deputy Speaker: Order, please. The Chair hesitates to interrupt the Hon. Member but the time allotted to him has expired. The rules provide for 2 questions and answers at this time. The Hon. Member for Mission-Port Moody (Mr. Rose).

Mr. Rose: Mr. Speaker, I was interested in the remarks made by the Hon. Member for Ottawa Centre (Mr. Evans) concerning the progressivity of the tax system and how we are heading toward a flat tax system despite the best efforts of this Government. Is the Hon. Member aware that, in this proposed budget for 1982-1983, for a family made up of two parents and two children and an income of $20,000 per annum, that family would have a 21 per cent increase in federal tax, added to which is the provincial portion of another 6 per cent, making a 27 per cent tax increase? This will amount to about $125 a month extra. Has the Hon. Member considered that in comparison to a person earning $50,000 whose increase in tax is only 13 per cent? What about the person receiving an income of $150,000 who has a drop of 7.6 per cent in tax? And a person earning $500,000, there is a drop in tax of 17 per cent.

Is the Hon. Member for Ottawa Centre aware of this? Does he feel that is assisting in the flattening out, and eroding the effects of a progressive system which we thought we had to redistribute income? Because we have not been redistributing income; the tax system still favours the rich.

Mr. Evans: Mr. Speaker, I disagree very strongly with the Hon. Member for Mission-Port Moody (Mr. Rose). He will use the figures and say, for example, that tax only goes up by 13 per cent for those with a $50,000 income. In terms of dollars, that is a substantially higher contribution than that being made by others.

• (1220)

We must come to grips with the question of how progressive that tax system should be. My personal view, which I know my friends in the corner disagree with, is that the Government should never take more than 50 per cent of an additional dollar that is made. Why should individuals make an effort if the Government is to take two-thirds in taxes and leave them with one-third? Of course, this involves the incentive question versus the revenue-raising question and the income-redistribution question. We will have to discuss these issues logically and rationally.

Presently, the top marginal tax rate is 50 per cent and I strongly believe that that is as high as it should be. In fact, I think it should not be that high.

Mr. Stewart: Come on over.

Mr. Evans: The Hon. Member opposite says come on over. I suggest to him, if he looks at developments in other countries in Liberal circles, that he will find that it is not heresy for me to say that. It is, indeed, mainline Liberalism.

Mr. Blenkarn: Mr. Speaker, the Hon. Member for Ottawa Centre (Mr. Evans) has suggested that the Bill has been thoroughly debated over the entire year. Has he looked at Clauses 121 and 122 of the Bill which were never in any budget proposals or, in fact, set out anywhere? Those Clauses specifically give the Government the right to garnishee a person's money 90 days in advance. Clause 122 provides the right for the Government to seize an individual's business without a proper court order and to operate that business as if it owns it. Those Clauses were never set out in any budget or in any manner to be studied by the committee to which the Hon. Member refers.

Under those circumstances, does the Hon. Member believe that the Bill should be rushed through the House?

Mr. Evans: Mr. Speaker, I hope the Hon. Member did not misunderstand what I said. I did not say that the Bill should be rushed through the House; I said that we should deal with the Bill expeditiously.

The Hon. Member has certainly raised a subject that was not discussed in the Finance Committee. I have heard of those provisions but I have not seen them debated to any extent. The Hon. Member is, indeed, performing his parliamentary duty by ensuring that those issues do come before the House. I would encourage him to give us his views on those particular provisions and explain why he may or may not support them.

Mr. Rose: Mr. Speaker, I am interested in this question of incentives. The argument against the public school system about 125 years ago was that poor people would not have the same incentive to educate their children. This incentive argument is of particular interest when one considers that the new tax system will raise the income tax paid by a family of four by $125 a month. How does the increase of a tax rate on families like that affect their incentives? Does the Hon. Member think that the Ian Sinclairs and the Samuel Bronfmans of Canada will have their incentives destroyed if there is a progressive tax system, even if it takes approximately 55 per cent of those million dollar a year levels?

Mr. Evans: Mr. Speaker, I know exactly what the Hon. Member is saying but the figures that he is relating to us do not relate to the income tax itself. They relate to an entire range of other kinds of taxes that he has conveniently rolled into this particular discussion of the income tax. He is rolling in many other taxes including, for example, Unemployment Insurance premiums.

No one who has to pay income tax is facing an increase in tax rates. The tax rates are cut for everyone, down to an income of $11,100 under the proposals before us. No one faces an increase in income tax rates.

There are other taxes involved. The increase in UIC premiums is required by law because that is supposed to be a pay-as-you-go system. The federal Government is not supposed to pay the entire cost of Unemployment Insurance from its general revenue. The Hon. Member is distorting the facts about the income tax when he says that certain individuals are paying

higher tax rates. No one is paying higher tax rates under this provision.

I agree with the Hon. Member that the tax system is excessively complex. There are too many taxes that are applied arbitrarily in many cases. The income tax system must be rationalized so that we may have a more equitable tax system that can be clearly understood by individuals. If this is done, we will no longer have the confusing statistics that have been given by the Hon. Member.

Mr. Parker: Mr. Speaker, the Hon. Member must be aware that the federal and provincial Governments have put hundreds of millions of dollars into Northeast coal which has presently put about 2,000 workers in my riding out of work. These people also live in one-industry communities. They will be taxed on the benefits of the housing that has been provided to them.

I have brought this matter to the attention of the Minister of Finance (Mr. Lalonde) and I have asked him to give these people the same privileges and benefits as those in the North. The Minister has not yet given me the courtesy of an answer. Will these one-industry communities that are experiencing these difficulties get the tax benefits that other communities in Northern areas receive?

Mr. Evans: As much as I would like to answer that question, I am sure it would be totally irrelevant to the Hon. Member's concern because I am not the Minister of Finance. I cannot make that decision. I suggest he ask the question of the Minister during Question Period.

Mr. Deputy Speaker: The period for questions and answers has expired. According to Standing Order 35(2) and 35(3), speeches will now be limited to ten minutes and there will be no question period.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, Bill C-139 is such a mish-mash that neither I nor most other Hon. Members even know where to start in attempting to give it a fair appraisal. For that reason, I think it is worthy to begin by observing that when the small print on insurance policies became too complex for the average buyer to absorb, public pressure forced their simplification. Similarly, when the gobble-dygook surrounding simple legal matters like uncontested divorces and title searches became too much, we saw the development of the do-it-yourself movement and the rise of the so-called para-legal people.

Not only is it desirable but I think it is imperative that the taxpaying citizens of this country be able to communicate with their elected Government in terms that they both can understand. Is that unreasonable? Yet we have here a massive, Jerry-built contraption of some 295 pages that reflects no less than four budgets, near-budgets, mini-budgets, non-budgets and what have you. This does not count the number of minor statements, adjustments, changes, modifications and just plain retreats that this monstrosity reflects. In turn, it proposes amendments to a taxation system that nearly defied logical explanation at its inception. The inevitable result of all this is that the poor individual taxpayer is so totally helpless and at sea when confronted by a taxation problem that he connot deal with it without professional help. I believe that this is wrong in principle.

A related point to this one leads me to ask just what view of the man in the street is held by the Department of Finance and Revenue Canada. I ask this seriously because I have to deal with these Departments regularly on behalf of constituents who are being harassed by someone hidden in the bowels of Government. However, I ask it particularly because of the nature of these proposed tax measures and, specifically, these measures which deal with private individuals and their investments.

• (1230)

I have spent a good part of my working life in the life insurance and general insurance business. Therefore, because the Bill is too ill-designed, ill-conceived and ill-constructed to be dealt with as a whole, I shall try to direct my comments to those parts of this legislative monstrosity which bear upon insurance and its proceeds.

If there is any principle which is at the heart of our free enterprise system, one which is supported by the Government and Party in power, in theory, at least, it is the right of the individual to have foresight and to prepare for his own retirement years. By all means, the state should provide a base level of income for those who are not successful at doing this for themselves, but once the Government starts penalizing those who are successful, once it begins making it difficult for them to provide for themselves without state support, then it is turning away one of the principles of our system and, indeed, from one of the principles which make possible our concept of a free society.

The original budget of November, 1981 clearly showed the Government's philosophical bent in this matter. Although it has since backed down several times on specific points which were logically untenable, there remains a clear disincentive for individuals to invest in life insurance, what has been up until now the main investment vehicle for the less advantaged among us. In other words, now people might just say: "What is the use of saving money? We might as well squander it and the state will look after us when we reach the usual retirement age of 65."

This disincentive takes two forms. First, policy holders are to be taxed on the accrued income from their policies, deferred annuities. To tax a person on hypothetical income which he or she has not received is, in every case, to force a hardship on the investor. Investors must either scrimp and save from their current incomes to pay the tax or they must liquidate some of their investments to do so. In either case, there is created a strong disincentive to invest, and that is a likelihood that one more family and one more elderly couple will be dependent on state largesse when they reach the end of their working and earning lives. The recent passage of Bill C-131 has shown us all just how secure state largesse can be.

The other manner in which this legislation acts as a disincentive to investment on the part of the small investor is by its very existence. No matter how watered down the final Act may be, it will forever be difficult for the small investor or would-be purchaser of a life insurance policy to forget its original intent. For a brief minute, the Government lowered its friendly mask, its "good guy" false-face, and let us see its real fangs.

Whatever it may say, whatever it may in the short term do, the fact remains that it has shown us that its real intent is to discourage small investment and individual independence. It has shown us where its heart is, that it is philosophically more comfortable when its subjects receive a more or less standard income, with greater dependence on it and less on their own initiatives. This is not a new idea on the world political stage, it has been with us for a long time. It has a name, but that name is not Liberalism.

The Government's attempts this direction go back to 1978, with the repeal of the investment income tax on life insurance. Hand in hand with this went an attempt at taking the savings accumulation in a life insurance policy at death. That attempt proved abortive at the time. Now we are confronted with this present mish-mash, and while we have so far succeeded in watering down the proposals as originally presented in November of 1981, the line of Government thinking still stands exposed.

If I were a would-be policy holder, if I were a would-be investor, I would hesitate. My hand would be stayed by the nagging worry in the back of my mind, "When will the Government drop the other shoe?" I remember speaking on this same legislation, and the former Minister of Finance, the present Minister of Energy, Mines and Resources (Mr. Chrétien), had the good sense to back off; but his successor certainly did not.

How about the insurance agent or, for that matter, any other salesman who is the victim of the Government's ill-conceived schemes to gouge money from them in other ways? A salesman or anyone else who is dependent on a car for making a livelihood is as dependent as is the Minister on his staff, and for the same reason. He knows where he wants to go, but it is the car that carries him. The Government has declared that, by its new "half year convention", the depreciation on that car will be limited to one half the normal rate in the year in which it is purchased. What will be the inevitable effect of this measure? It will discourage his purchase of that car. That is what it will do at this time when the automative sector of the Canadian economy needs every bit of support it can get.

Can you forgive us, Mr. Speaker, if we, the public, get the impression that the Party in power has no idea of what it is doing or even what it is trying to do? However, this is not the only instance in this Bill where the blatant, anti-small investor mindset stands out. No longer will Canadians be able to deduct the interest on loans taken out by RRSPs. Nearly one million people earning less than $30,000 a year declare RRSP contributions. What, then would the proposed Bill achieve? It would seal off another avenue of investment and, thus, independence for the small investor.

I could go on if time permitted. This measure will deny registration for future deferred profit-sharing plans which allow an owner to qualify as a member of the plan. How petty can one get? Shades of Bolshevism! Perish the thought, Mr. Speaker! Should we benefit from anything? Never mind the fact that it is the small owner who provides the bulk of Canada's payrolls, and never mind the fact that the direct effect of the Bill will be to discourage such profit-sharing plans in small business.

What, then, is the inevitable result? It will mean many more Canadians reaching retirement age without resources of their own on which to fall back, and who will thus be dependent on the standardized largesse of their loving, caring Government.

I see, that Your Honour is starting to rise, and I will therefore take my seat.

Mr. Jack Masters (Thunder Bay-Nipigon): Mr. Speaker, first I would like to reiterate what some of my colleagues have said with regard to the legislation before the House, that is, that there is a real need to pass the legislation, and this—

Mr. McDermid: Come on, it is a 300-page Bill. Quit ramming things through.

Mr. Masters: —as expeditiously as possible. That does not necessarily mean ramming it through, but it has been pointed out that many of these items contained in the package have been debated in one form or another, including in this House and in committee, for some time, and if we are to—

Mr. McDermid: Dictators over there.

Mr. Masters: —resolve some of the uncertainty out there, I think we must get down to the business of passing the legislation in order to get on with the business of Canada.

Mr. Cosgrove: That is what the business community wants.

Mr. Masters: There have been a great deal of changes made in the legislation over time.

Mr. McDermid: Called theft.

Mr. Masters: Most of the changes are contained in this Bill, Bill C-139. One of the good things which has come out of these changes has been something which was beginning to be lacking in this country, that is, the opportunity for honest dialogue between the Government and business in the community at large. Whatever lack there may have been in that area, it is heartening to me, as an individual Member, to see this dialogue improving. An ideal situation would be where we could sit down at the same table, discuss our mutual problems, recognize our various points of view, and then attempt to come to a consensus which is fair, not only to the industries with which we are dealing, but to all people of Canada as well.

• (1240)

It is a very complicated world that we live in today, as we try to be fair to each other, as we try to spread the wealth around in such a way that those who need help most receive it, while at the same time not destroying the necessary incentives within the system to allow business to expand and to prosper to the benefit to all Canadians.

Whatever the reasons, it has been a complicated time in the life of Canada as we have evolved many different ways to try to attain the objectives that I have stated. Now that we have reached this point in our history where we are maturing as a nation, we are now finding better ways to discuss our problems together and come up with solutions. The solutions that come from consensus do not necessarily or ever please all of us but I do think that once consensus has been reached, thoughtful Canadians recognize that now that we have a consensus in this area or that area, we will put that consensus to work as our guidelines and move in a common direction, instead of continuing to bicker among ourselves.

I suppose one of the most controversial items suggested in the 1981 budget had to do with life insurance, and that has been referred to on many occasions in and out of this House. I was involved not in the life insurance industry but in the general insurance industry, so I do sympathize in a philosophical sense with the problems that my former colleagues in the life insurance business had. I also have to say that I have a tremendous amount of respect for the way in which they brought forward their concerns. They rose in anger and that anger changed to very hard and heavy discussion. I think it proves the point that when things cool down where you have honest dialogue, you will have changes made for the benefit of all.

I think what happened in the life insurance area was that it appeared that a very basic premise of Canadians, and that is that we have the right and obligation to protect ourselves via life insurance and to protect those we leave behind when we pass on to our great reward, was being attacked. Life insurance has always been deemed a very responsible way to conduct one's affairs. No one argues with that and indeed that caused the greatest amount of furore in the first place was that there was the perception out there that people were somehow going to lose the right to protect themselves and pay stiff tax penalties for having in what they felt was a very responsible manner.

I think that the life insurance people were right to say: "I do not really think you guys are going in the right direction". It was only after careful and thoughtful discussion by the industry that changes were made, but I do not view that as a bad thing. I think it could have been done differently in the first instance, but hindsight is always a wonderful thing to have. I do not think that it is a bad thing that something was put on the table that had to be discussed. Somewhere along the line we had to resolve what we intended by the tax regulations concerning life insurance, or in fact anything else. We are going through a very difficult period in trying to realign our tax laws, which are cumbersome and probably unnecessarily so, and which have to be changed so that the average Canadian can understand them. It is frightening to me that even chartered accountants are having difficulties dealing with our income tax laws and the intent of the laws.

In regard to the life insurance industry, I think that once it was proven that what we were really talking about was taxing income—because that is what income tax laws are for, to tax income—there was a degree of consensus. Under the previous set of rules there were devices—and the unfortunate term "loopholes" has been used—within this system that allowed people to take advantage of the system. And that is their privilege; the whole tax system has been based on that. If one can see a way to make it work to one's advantage, by all means do so.

However, if we are going to continue to try to be fair in our taxation system to all Canadians, if we are going to ensure that we pay tax to the National Treasury in a generally equitable way among all Canadians so we can look after the needs of the country and the people in the community who are not as fortunate as others, then we have from time to time to take a look at these ways to use the system to one's advantage and ask: "Are we being fair?" This is what has happened in the case of the life insurance industry.

I am not going into all of the amendments at this time except to say that the Government, I am sure, recognizes that not everyone selling life insurance is exactly ecstatic about the changes, but that the majority of them say: "It is now in the proper perspective; it is now something we can live with; we can now sell to our clients; it has gone back to the basic of just simply taxing the income portion of life insurance".

If I may be parochial for just a moment in this matter, one of the first groups that to my knowledge came in very heavily on this subject were the life insurance people of Thunder Bay and Northwestern Ontario. These are people with whom I associated for many years and for whom I have a great deal of respect. They very properly pointed out what they felt were the deficiencies. I was able to take that message to the Government, to a Government albeit reluctant at first to listen because, after all, it is very difficult to make changes once a Bill has been put on the table. The impulse is to say there is a problem taken care of, let us go on. It takes a big man, a big Government or big thinking, to be able to say: "Wait a minute, you have had to hit me over the head perhaps, but these points that you raise are relative. We do feel that you make a strong and valid argument; we will now listen to you; we will react to your concerns and together we will be in a position to do better by you and the industry and still preserve the sanctity of trying to be fair to all Canadians."

Mr. Speaker, this is just one item that is contained in Bill C-139 but it is another reason why this Bill deserves to be passed as expeditiously as possible so that we can clarify some of the concerns that Canadians have and proceed on to bigger and better things.

Income Tax

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, I rise to speak to Bill C-139, an Act respecting the Income Tax Act.

Before I begin I would like to explain that I am not an expert on income tax and I want also to stress that I do not think there are many Canadians who are expert on income tax either. I do not think a taxpayer should have to have a five-year accounting degree in order to figure out what is going on with his taxes.

Now the Government is adding to the Income Tax Act another 300 pages, 300 pages of more complicated information for people to have to delve through and figure out. My office spends a lot of time helping people with their income tax problems, and I am sure many other Members of Parliament have many questions and concerns expressed to them by their constituents. We often have problems with our RRSPs, particularly with older people. It is one thing to sell people RRSPs but it is another thing to give them some counselling as to what kinds of benefits they provide, and what kinds of problems they will have if they do not cash them in at the right time, or if they cash them in all at once what difficulties they will be in. They are not getting that kind of counselling.

Unfortunately, the Government provides ways for them to be able to enter into these programs but in many, many cases it does not provide the follow up, so that explanations can be given to these people of what the advantages, if any, are.

• (1250)

Then there is taxation of small-businessmen, many of whom are going out of business. Many do not understand the income tax problem. This is a tremendous hazard for them, not only in operating their business but in having to get experts to figure out their taxation problems.

The problem with complicated taxes is that nobody understands them. When people do understand the tax system, it can be used to frighten or harass them. People are frightened and are concerned about whether they are filling out their tax forms correctly. This is what is happening to waiters and waitresses in my riding. The federal tax people have decided that waiters and waitresses are cheating on their income tax. I do not have the current figures, but according to the 1971 census a waitress earned $1,442 and a waiter earned $2,995. At that time the average income in Canada was about $5,300. In 1971, waiters and waitresses earned only half the average annual income. The same is probably true today. Thousands of these people across the country have received letters from the tax Department stating that they have under-estimated their income by hundreds of thousands of dollars. What is disturbing is that the majority of Canadians who received those letters have no background in dealing with income tax problems. They are not aware of their rights and the tax department is not quick to help. They do not belong to unions, they are not organized. The tax Department representative walks in, corners them and makes them sign documents which may be very detrimental to them. I repeat, these people earn half the average wage in Canada.

There is a man in my constituency who tries to help these people. He has been working with the tax Department for nearly 20 years. He tells me that never in all that time has he run into anything like this. The tax Department is being pretty tough on waiters and waitresses, treating them differently from those who earn a lot of money.

When the original MacEachen budget was introduced, the Government said it would close a lot of loopholes in the taxation system. Many of these loopholes have since been reopened. The tax cuts for the well-to-do which were introduced in that budget have remained. For those with a taxable income under $25,000 a year, there is no real change in their taxation under this Bill. However, if you earn a lot of money, this Bill puts you on the gravy train. Those earning $86,000 to $130,000 a year will receive a 5 per cent cut in taxes; those earning over $130,000 will receive a 9 per cent cut. That is quite a Christmas present for the rich from the Minister of Finance (Mr. Lalonde)

The rich will not have to worry about paying more in corporation taxes. In 1960, corporation taxes made up over 40 per cent of federal tax revenues. Today it is about 30 per cent. Shame, taking it out on the working people of Canada. Obviously you can do a lot better with the tax Department if you make $1 million a year and have a team of accountants working for you than if you were a waiter or waitress. If you are a waitress, the Government not only takes your money with no questions asked, but tells you how much you were supposed to have made.

With regard to Northern benefits, I asked the Parliamentary Secretary about this and he said there was no increase in taxation.

Mr. Fisher: Who said that?

Mr. Parker: The Hon. Member for Ottawa Centre (Mr. Evans) stated in his speech that there was no increase. I want to tell him that there is a very serious increase in the taxation of the benefits of housing and particularly in single-industry communities such as I represent.

Northern benefits have been changed a little to help assist Northern groups for the year ending 1983, but they are of absolutely no assistance for the single-industry communities such as I represent—those who have been laid off. Those in the logging camps will now have to pay tax on room and meal benefits and on their automobile expenses. That is a shame at this time when our logging and mining industries as well as the coal industry in my riding are in such a predicament.

The problem has been created by the federal and provincial Governments which have allowed funding in Northern British Columbia to take away jobs from those who pay taxes, those who are trying to make a living in the single-industry communities. I wrote to the Minister about these problems but I have not received an answer. Shame! A Member of Parliament cannot even get an answer from a Minister on a very important issue like this.

Then there is the matter of how fast we are being asked to pass this legislation. The Government has been sitting on this legislation for months. It came running into the House before Christmas demanding that we pass the Bill immediately. The Government will come into the House in a few days and say that in the interest of those who will be receiving money back, it has to have this legislation. The Government will say it is the Opposition that is not allowing these people to have their money. That is what this Government does with every piece of legislation that comes into this House.

This is very important legislation which requires a lot of consideration by members on all sides of the House. The Government says it will not make any income tax refunds until the Bill is passed. That will not sell. There is no difference between this Bill and the Bill to cut the Family Allowances. They cut the Family Allowances first and then passed the Bill later. We on this side said that was illegal and should not be done. The Government can take money away from those receiving Family Allowances, but cannot reimburse others until the legislation is passed. What a hypocritical move on the part of this Government! But it will not work. The Government says we must pass this Bill quickly because of the uncertainty among taxpayers. Do you know what causes that uncertainty?

Mr. Deputy Speaker: Order. The Chair hesitates to interrupt but the time allotted to the Hon. Member has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Parker: Mr. Speaker, do you know what that uncertainty causes? You get uncertainty when Cabinet Ministers start babbling about the tax system, as the Minister of State responsible for the Status of Women did. I would like to read some excerpts from letters that appeared in our local newspaper—

Mr. Fisher: Mr. Speaker, I rise on a point of order. I hate to say so, but I was one of the people who said no to the request that this inane diatribe continue.

Mr. Deputy Speaker: There does not appear to be unanimous consent. The Chair did not hear it at the time. The Hon. Member for Ontario.

Mr. Fennell: In view of the time, Mr. Speaker, may I call it one o'clock?

Mr. Deputy Speaker: Is there unanimous consent to call it one o'clock?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until 2 p.m.

At 1 p.m. the House took recess.

S.O. 21

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

SHIPBUILDING

ANNOUNCEMENT OF MEASURES TO HELP CONSTRUCTION OF CANADIAN SHIPS

Mr. Gaston Gourde (Lévis): Madam Speaker, not long ago, the Canadian Government announced a number of measures aimed at assisting Canadian shipbuilders. These measures include a broader application of Canadian Customs and Excise legislation as it concerns goods used for the purpose of resource exploration and exploitation beyond the present twelve-mile limit; maintaining subisidies to promote production in the industry and extending a production subsidy for ships finished and delivered before July 1, 1985; and adopting a coastal shipping policy to encourage greater participation by ships sailing under the Canadian flag.

I find it rather strange, however, that Opposition members suddenly seem to have dropped the subject, especially since between November 4 and December 13, 1982, they rose seven times to speak to this matter. Since the new policy was announced, the subject was brought up only once, on January 19. It must be because of the favourable reception this policy has received in shipbuilding circles.

* * *

[*English*]

HEALTH CARE

SUGGESTED REFERRAL OF PROPOSED BILL TO COMMITTEE

Mr. Jim Hawkes (Calgary West): Madam Speaker, we have a conflict in the House. The Minister of National Health and Welfare (Miss Bégin) has indicated that she is negotiating with the Provinces regarding the proposed Canada Health Act. Yet when we talk to provincial Ministers, they indicate they have not met with the Minister for many months.

In the meantime, Madam Speaker, concern about the contents of the Bill is growing.

People in the health care profession, labour organizations, and consumer groups, want to voice their concerns about Canada's health care system and the proposed Health Care Act. They are concerned about issues such as over-crowding in hospitals, lengthy waiting lists, and the need for trained personnel. They have asked repeatedly that the Minister meet and talk with them so they can make their views known. No such meetings are taking place.

In that context, Madam Speaker, I urge this House to urge the Minister of National Health and Welfare to refer the subject matter of the Bill to the Standing Committee so that witnesses can be heard and recommendations made to the Minister about health care in Canada.

* * *

ROYAL CANADIAN MINT

TRANSFER OF BLANKING PRESS FROM WINNIPEG TO LIVELY, ONT.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, it has been brought to my attention that one of three blanking presses will be moved temporarily from the Mint in Winnipeg to the Nickel Belt Riding of the Minister of State for Mines (Mrs. Erola), where it will be used to fulfill a contract of Inco in Lively, Ontario.

As 45 employees of the Mint were laid off in July, 1982, the removal of a blanking press is valid cause for concern that future lay-offs are to be expected. Furthermore, the cost of moving such a machine will total tens of thousands of dollars, which increases my need to question the rationale of a temporary transfer. Therefore I would ask the Minister of Supply and Services (Mr. Blais) to provide this House and the City of Winnipeg with an explanation of why this costly move is being considered when the Mint in Winnipeg is fully competent and capable of handling the task to be done in Lively, Ontario.

The employees of the Mint are truly worried that the same irrational decision making, as seen in the case of the aerospace training centre, will also prevail in their circumstances, causing Winnipeg once more to be passed over as a less logical alternative. At this time of record high unemployment the Mint employees and myself, would appreciate receiving the Minister's assurances that no further lay-offs will take place.

* * *

HUMAN RIGHTS

EL SALVADOR—AMNESTY URGED FOR POLITICAL PRISONERS

Mr. Bob Ogle (Saskatoon East): Madam Speaker, late last week at the United Nations Human Rights Commission in Geneva there were reports about the violations which have taken place against human rights in El Salvador during 1982. Over 4,000 people have been murdered. Actually, 4,777 were listed as having been murdered by, as the report indicated, forces of the right, many times supported by the Government.

Lask week, although I can hardly believe it, the United States Ambassador to the United Nations, Jeane Kirkpatrick, visited El Salvador, spent 18 hours there, and after leaving said that she had never seen a place in which human rights had been so well respected. In the light of that statement, I would say that the Government of Canada has to be extremely careful about following any policy of the United States in that part of the world.

I would ask that the Government of Canada be very sensitive to the sermon that Archbishop Rivera y Damas preached yesterday in the Cathedral of El Salvador, asking for amnesty for the 700 political prisoners who are now imprisoned and being tortured, as the report stated in Geneva, so that when the Holy Father visits there on March 6 there could be the beginnings of a dialogue which will bring about peace.

* * *

CORPORATE AFFAIRS

PROVISION OF INFORMATION TO PUBLIC

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, on the subject of corporate communications, the Human Resources Management Council of *The Financial Times* found that corporations with full line internal and external information systems in place are weathering the recession better than most. In addition, they benefit from greater Government and public acceptance of unpopular business strategies now taking place across the country. While this information environment is a new phenomenon arising from the right-to-know attitudes developing during the past two decades, those attitudes are here to stay and they call for a greater openness between business and society. The Council found that few Canadian corporations assigned adequate priorities to the need-to-know and right-to-know attitudes. Consequently, the Council concluded that the credibility of business as a whole and its ability to bring the country out of a recession have suffered serious damage. In order to ameliorate this situation, the Council made several recommendations, one of which was that each corporation appoint a director of communications, equipped with both authority and support staff to be charged with the responsibility to prepare annual information plans and to carry them out.

As a Member of this Government who supported Bill C-43, dealing with access to Government information, I would like to call upon those involved in Canadian industry to give greater opportunity to improving corporate communications and to provide factual, fair, reasonable and as complete information to the public, and to their employees, as competitive interests allow.

* * *

UNEMPLOYMENT INSURANCE

OPPOSITION OF HORTICULTURAL COUNCIL TO EXTENSION OF COVERAGE

Mr. Gus Mitges (Grey-Simcoe): The recent decision of the Unemployment Insurance Commission to force agriculture and horticultural employers and employees to pay unemployment insurance premiums for employees receiving less than $250 a year, or where an employee is employed less than 25 working days a year, is totally unacceptable to the Canadian Horticultural Council, its membership, and in those areas where such employees are employed on a seasonal basis, to

fruit growers, vegetable growers and tobacco growers, among others.

This decision shows a complete lack of understanding and lack of regard for the position of such employers, and will have a negative effect on their ability to produce labour-intensive horticultural crops. This decision is totally incompatible with the Government's objective of import labour replacement and the creation of more jobs for Canadians in the horticultural industry.

Because of the drastic downturn of our economy, everything should be done to help maintain and encourage the horticultural industry in Canada, but creating difficulties and administrative nightmares is totally negative and discouraging. I hope the Minister of Manpower and Immigration (Mr. Axworthy) will also see the unfairness of this whole matter and take it upon himself to revoke this regulation by reinstating Clause 16(1) of the Unemployment Insurance Regulations, which is not only totally fair and equitable, but is also imbued with that rare commodity, common sense.

* * *

ENVIRONMENTAL AFFAIRS

AUTOMOBILE POLLUTION CONTROL DEVICES

Miss Aideen Nicholson (Trinity): Madam Speaker, Canadian cars are not now equipped with pollution-control devices to the same extent as American cars. Although standards were identical in both countries in the early 1970s, American cars are now estimated to cause only one-seventh as much pollution as Canadian cars. Traditionally, Canadians have paid more for their cars than Americans; however, our before-tax costs are now lower. There is evidence that emission-control devices do not reduce engine performance or add materially to the cost of the car.

This would seem a good time to act to protect our environment from the carbon monoxide and hydrocarbons which are spewed out by our cars. There would also be opportunity for job creation in refining and using emission-control devices. I understand Environment Canada is studying the question, and I look forward to seeing the Minister introduce this matter to the House for discussion and decision.

* * *

• (1410)

LABOUR CONDITIONS

GOVERNMENT APPOINTMENTS AND POLICY

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, at a time when unemployed Canadians number almost 1.6 million, and, when added to those who are underemployed or only able to find part-time work, the number comes to over 2 million, it is clear that the Government must start somewhere to resolve this serious problem. It is equally clear that no solution to any problem thus far solved by the Government has come without a willingness to expend the sizeable amounts of money that problem solving in Government takes.

As the well-known Chinese proverb has it, "A journey of a thousand miles begins with a single step". Accordingly, it is in the spirit of my usual bipartisanship that I extend my congratulations to the Prime Minister (Mr. Trudeau) and his ever-supportive caucus on their success in tackling the national unemployment problem, starting with Senator Pitfield and Donald Macdonald. May I further take the liberty of pointing out to him that should his anti-unemployment program ever expand to that degree, there is 11.6 per cent of the work force in my riding of Parry Sound-Muskoka that would like to be squeezed into it as well.

* * *

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

REPORT ON CANADIAN CONTENT IN TELEVISION PROGRAMMING

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, the CRTC recently released its report on Canadian content on television. Although this report contained only draft regulatory changes, it is a laudable attempt to deal with the following items: first, the relegation of Canadian programing to non prime time hours; second, the almost total absence of high quality Canadian drama on our private networks, and third, the other problems relating to the small size and fragmentation of the Canadian television market.

The CRTC, as regulator, is trying to ensure that viewers have the opportunity to watch first-rate Canadian television, but little more can be done until the Government tables legislation and policies to deal with broadcasting problems in the 80s. For a year, now, we have been entertained by stories of imminent changes and new initiatives, but each promises has been followed by a new excuse for Government inaction, and the abdication of its policy-making role.

Meanwhile, we have total confusion concerning the part that new delivery technologies, notably dishes, will play in the future of Canadian television, and we have a CBC which is powerless to meet new challenges or to plan for the future because the Government reneged on its promise to increase funding, which has decreased over the last five years.

We have no new incentives to help our private broadcasters tap the increased international market for new programs.

We lack new initiatives to help train our visual artists. The 80s are here, and we need to stimulate private sector production of better Canadian TV entertainment.

ENERGY

SUPPORT URGED FOR SOLAR INDUSTRY

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, the fate of Canada's solar industry is soon to be decided by Members of Cabinet. After reviewing the industry's present status and potential, Cabinet Ministers will have to establish the level of funding the solar industry may receive for the next five years. I strongly suggest that federal Cabinet Ministers show complete support for the solar industry and continue funding at least to equal the present level of spending.

In particular applications, solar energy can be cheaper than convention sources. The Cabinet discussion paper prepared on this topic concludes that "over a five-year period, aggressive pursuit of lower price/higher performance systems by both industry and Government can achieve commercial cost-effectiveness. This is realistic but challenging."

Price performance goals cited in the discussion paper put solar energy below the consumer price of competing energy sources such as oil, natural gas, and electricity, in most parts of Canada. The only exception is in the prairies where natural gas is less expensive.

I appeal to the federal Cabinet to show support for the solar industry by continuing funding with the intention of advancing the industry to a state of independence.

ORAL QUESTION PERIOD

[*English*]

STATUS OF WOMEN

REQUEST FOR ESTABLISHMENT OF COMMITTEE TO STUDY WOMEN'S ECONOMIC CONDITIONS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is directed to the Prime Minister. One of the problems in this House seems to be in getting the Prime Minister to take an interest in those who are out of work or on welfare, particularly those living below the poverty line. According to recent figures, some 46.8 per cent of those people are single women.

In spite of his musings that the poor are getting richer, would the Prime Minister agree to establish a special committee to examine the situation of single women, and the conditions in which they find themselves, which suggest that they are totally inappropriate to Canadians in 1983. I refer particularly to those families that are headed by single women which, according to the same figures, comprise some 42 per cent of single women.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Leader of the Opposition seems to be labouring under a misapprehension. He should refer to what I said the other day. I never said that the poor were getting richer; I said the poverty line was a moving line and it was traditionally going up in Canada. Therefore, the premise of his question being wrong, I take it that I do not have to deal with the question itself.

Mr. Nielsen: Madam Speaker, that answer is totally inadequate, particularly in light of the percentages of single women who are living below the poverty line and trying to put meals on the table for their children. I would point out, with respect to the Prime Minister's previous comments in this regard, that we are not speaking of average incomes but of a subsistence level beneath which the average family, living below the poverty line, cannot meet its needs, particularly those families with young children.

PLIGHT OF ELDERLY FEMALE PENSIONERS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, will the Prime Minister not establish terms of reference for a special committee to examine these matters and, at the same time, address itself to considerations of elderly female pensioners who are living in conditions that can only be described as intolerable? I can assure him that there are very few in that category who are spending their winter holidays in the Caribbean.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not know why the Leader of the Opposition takes a swipe at his predecessor, who obviously was spending the last week in the Caribbean. I do not think that is fair comment from a seatmate of the former Leader of the Opposition.

As far as a parliamentary committee is concerned, Madam Speaker, the new Leader of the Opposition has a new House Leader. He knows that questions on setting up parliamentary committees are usually discussed between House Leaders. I am sure that our House Leader would follow that course if the Hon. Member wants to follow it.

POSITION OF PRIME MINISTER

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, can the Prime Minister tell us whether he has any personal objection to setting up a special committee of this House to look into specific problems of single women in this country, before he is off to St. Lucia?

Right Hon. P. E. Trudeau (Prime Minister): No specific objections, Madam Speaker, beyond the general difficulty that House Leaders meet when there are too many special committees set up, all to deal with pressing and urgent problems; the House becomes impossible to manage in such circumstances. I am sure his new assistant as House Leader will be able to negotiate his way through some of these things with or without the help of the new Leader of the Opposition.

SINGLE PARENTHOOD

Mr. Jim Hawkes (Calgary West): Madam Speaker, the Prime Minister will know that 48.5 per cent of single-parents families headed by females are falling below the poverty line. These women have difficulty getting jobs, they have problems with child care, problems with health care, and problems that lead to suffering among the children. Does the Prime Minister have any specific objection to referring the issue of single parenthood to the Standing Committee on National Health and Welfare for examination and report back to the House, with recommendations? Does he have any specific objections to that kind of plan?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, of course I have no personal objections. I am not a member of that Committee but I think that this is a matter that should be dealt with through the Chairman of the Committee and the Committee itself. I have no idea what its current agenda is. If the Hon. Member makes representation to his own Members on that Committee I am sure they can arrange things in the usual way with the Chairman of the Committee.

Mr. Hawkes: Madam Speaker, there has been some obstinacy at those meetings. We do not have such a Committee at the moment.

SUGGESTED ESTABLISHMENT OF PERMANENT COMMITTEE ON WOMEN'S ISSUES

Mr. Jim Hawkes (Calgary West): Madam Speaker, one of the issues that we thought might come out of parliamentary reform was the setting up of a few more permanent standing committees. It seems to me that the House and the women of Canada could benefit from a permanent standing committee to deal with women's issues. They have special problems in terms of the impact of high technology on their job situation, they have special problems with parenting, with retirement, health care and so on. Would the Prime Minister have any specific objection to setting up a new permanent standing committee to deal with women's issues?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that is a singular request on the day when we are precisely voting on the setting up of these parliamentary committees. It is the first time in my memory that we have to vote on the creation of such committees. I am sorry that the Opposition has been dragging its feet, preventing us from getting ahead with this business to the point of calling it to a vote this afternoon.

• (1420)

CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

TESTING OF CRUISE MISSILE—GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Secretary of State for External Affairs. Last week the Minister tabled a framework agreement signed by Canada and the United States which covered or laid down certain conditions for the testing of certain weapons, including the Cruise missile, on the assumption that such tests actually take place at some point in the future. On Friday in the House the Secretary of State for External Affairs said the following:

> There is no understanding beyond what was tabled.

I would like to ask the Minister to be more precise on that today. More specifically, had the Government or the Prime Minister made a commitment in principle to test the Cruise missile prior to the reaching of the agreement which the Minister tabled last week?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): No, Madam Speaker.

CABINET DECISION—MINISTERS' STATEMENTS

Hon. Edward Broadbent (Oshawa): Madam Speaker, in view of that very interesting reply of the Minister, I should like to ask the Prime Minister the following question. Last April 29, in reply to a motion which I moved on behalf of my colleagues in opposition to the Cruise missile, the then Secretary of State for External Affairs said in the House that President Carter had requested Canada to test the Cruise missile system. He went on to say:

> This request has been accepted by the Canadian Cabinet.

Further on the Minister of Justice added these words:

> The decision to go ahead with that has been taken. What is being held up is the implementation of the decision which has already been taken.

Who was misleading the House? Was the former Secretary of State for External Affairs misleading the House when he said that last April, or was the present Secretary of State for External Affairs misleading the House when he answered the way he did today?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Secretary of State for External Affairs answered the question as I would have. I can assure the Hon. Leader of the New Democratic Party that there is no misleading of the House in that. The agreement with the United States, the request which was made of us, concerned a weapons testing agreement, the Cruise being one of the specific instances of weapons which could or could not be tested under that agreement.

In so far as President Carter's request referred to by the Leader of the New Democratic Party is concerned, I have not

had time to ascertain whether he asked specifically to test the Cruise or whether he was talking about a testing weapons system generally, and whether the reference to that by the former Secretary of State for External Affairs was not based upon an inaccurate memory of what President Carter had requested. I cannot say, but I will certainly undertake to have either the Secretary of State for External Affairs or myself find out the precise terms of President Carter's request.

I know since 1980, since President Reagan has been President and since we have formed the Government, that the discussion has been, and the request of the United States has been in terms of general weapons testing.

I recognize, as I believe the Minister recognized, that in people's minds there was often an identification of the Cruise with the general umbrella agreement. But in terms of what the United States requested and in terms of what Cabinet authorized, it was a general weapons testing. Cabinet made the specific point that when the Cruise came up to be requested we would ask the Minister of National Defence to bring that specifically to Cabinet to be discussed under the umbrella agreement.

FORMER MINISTER'S STATEMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, something very significant is being said here because the former Secretary of State for External Affairs could not have been more categoric in his wording. He referred to a Cabinet decision. He did not refer to a weapons system test in general. He referred very specifically to the Cruise missile. The missile system referred to in my motion for debate that day included the Cruise missile.

The Minister in his speech went on to speak at some length on why Canada was an appropriate terrain for testing the Cruise missile and, I repeat, with specific reference to a Cabinet decision, the Minister of Justice said:

> Following the decision of 1979, President Carter requested some 18 months ago that we allow one of the proposed missile systems, the Cruise missile system, to be tested in Canada. It is the Carter request, which was subsequently adopted by the Reagan administration, which has been accepted by the Canadian cabinet.

Nothing could be more precise than that. Therefore I ask the Prime Minister whether he is now saying that there is no such agreement with the United States. Is he now saying it is quite possible in the future of the country that we will not be testing the Cruise missile?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the latter point, yes, it is quite possible, but that is purely hypothetical. On the specific point made by the Hon. Member, I would want to refer him to my previous answer, particularly when he quoted the former Secretary of State as saying that it was the Carter request which was subsequently adopted by the Reagan administration. With respect, I think that that is a misunderstanding or a misstatement. As far as I have been able to verify, since 1980 what the Reagan administration has been asking is a missile weapons testing agreement. In communications I have seen it has been expressed in those terms, not in terms of the Cruise.

Mr. Broadbent: Why did he go on to talk about the Cruise in his speech?

Mr. Trudeau: Because, as I said in my previous answer, for many people, once they have accepted the umbrella agreement the Cruise is the thing they fear will happen. Most of the opposition today, vocal opposition, is on the Cruise. That is the subject which is in everyone's mind.

Once again, what has been signed by the present Secretary of State for External Affairs, what has been discussed and passed in Cabinet is a weapons testing agreement. We make no effort to hide the fact that the Cruise is one of the weapons which will interest the United States and, as I said, we made specific mention in the Cabinet decision that when that request came up—therefore it was obvious that we felt it was likely to come up—the Minister of Defence should come back to Cabinet before acting under the umbrella agreement.

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MINES AND MINING

FUTURE OF CYPRUS ANVIL MINE AT FARO, Y.T.

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in the absence of the Minister of Indian Affairs and Northern Development I will direct my question to the Minister of State for Mines. The Minister will know that all mining operations in Yukon are now shut down. The largest of these, the Cyprus Anvil mine at Faro, which accounts for 40 per cent of the Yukon economy, has been closed for more than eight months. The people have not only had to endure economic hardships but they have also had to contend with cruel promises from the Government which promised to help revive the mine more than five months ago. To date those promises have not been fulfilled.

On February 1 the vice-president of Cyprus Anvil said that a deal with the federal Government would be completed and mine workers would be back to work by the end of this month. Will the Minister here and today announce what deal the mining company has achieved with the Government of Canada in order to get these mine workers back to work and the economy of Yukon on the move again?

Hon. Judy Erola (Minister of State (Mines)): No, Madam Speaker, and I would like to point out to the Hon. Member that negotiations have been going on for quite some time. All Government programs which are available to the unemployed in Canada, including miners, are available to miners in the Cyprus Anvil operation.

Mr. Siddon: Madam Speaker, what the Minister says is that the Federal Government is prepared to stand by and watch the economy of Yukon crumble.

GOVERNMENT PROGRAMS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, is the Minister now prepared to admit the error of her Government's ways and give support to an initiative which will provide improved infrastructure and lower production costs for northern mining companies, in particular by opening the road to Skagway for ore trucks, by improving power subsidies to northern mining companies, and of course by scrapping the ill-considered plan to tax northern workers on the transportation and housing allowances which they receive from their employers?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, the Hon. Member is indulging in his usual rhetoric. I remind him that those programs which are in place are putting people back to work. If he would care to look at the Cassiar situation he would see that Section 38 is working very well and those miners are working today. With a little more co-operation from the other side we would see more people back to work.

* * *

● (1430)

FINANCE

REQUEST FOR 1982-83 FINANCIAL STATEMENT

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the Minister of Finance. The Minister will be introducing, for first reading today, a Bill to borrow some $5 billion. Would the Minister advise this House whether on Motions today he will be giving this House a full and complete financial statement for 1982-83 and for as far as he can see into the next fiscal year? Also, will he be tabling with this House full projections of his financial requirements?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Bill is to receive first reading today. It will be debated on second reading tomorrow. At eleven o'clock tomorrow I will be making a speech in this House, and I will be very happy to provide the information to the Hon. Member concerning our financial situation for 1982-1983.

Mr. Nielsen: What about 1983-1984?

PROVISION OF INFORMATION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, is the Minister saying to this House that he is asking us to accept the borrowing authority bill for $5 billion without fulfilling his promises made to this House on October 27, promises confirmed also in this House by his Minister of State for Finance on October 28, and promises confirmed to myself in the Question Period one week ago, that he would table full and complete financial information, indeed a budget, before he would ask for further borrowing authority?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I never said in my October 27 statement, or since, that there would be a budget before asking for additional financial funds. That was my hope obviously. But, as the Hon. Member knows, the Income Tax Act provisions resulting from the previous budget have not yet been passed by this House. This has delayed my plans regarding the introduction of a budget. In the meantime there will be a requirement for additional borrowing authority.

However, I indicated in my October 27 statement that I would be coming to the House before the end of the fiscal year for additional borrowing authority. This is what I am doing at the present time. As I indicated to the Hon. Member, we will have second reading on the Bill tomorrow, and I will be very happy to provide my hon. friend with the information that he needs to pass judgment on the additional borrowing authority.

PROPOSAL TO REINSTATE FARMERS' CREDITORS ARRANGEMENT ACT

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is for the Minister of Finance. Has he received proposals regarding legislation that would try to accommodate the difficult situations that have occurred between farmers and banks and other borrowing institutions? Has the Minister received proposals to revise or reinstitute the Farmers' Creditors Arrangement Act, or amendments to the Bankruptcy Act? If so, what is his disposition toward them?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as the Hon. Member knows, there is a Bill before this House in the name of the Hon. Member for Lambton-Middlesex in which there is a particular proposal. The Hon. Member for Lambton-Middlesex has been pressing for consideration of this Bill. Both the Minister of Agriculture and myself have indicated that the principle of trying to do something is one to which we are attracted in the current circumstances.

Mr. Hnatyshyn: You have a principle of trying to do something. What about doing something?

Mr. Lalonde: But, as far as legislation by the Government is concerned, that is a matter that would be announced in due time if any such step is taken.

SUGGESTED ESTABLISHMENT OF AGRI-BOND PROGRAM

Mr. G. M. Gurbin (Bruce-Grey): My supplementary question is for the Minister of Finance. He well knows that since the Liberal Government took power in February, 1980, over 900 farmers have faced bankruptcy and thousands of others are in serious difficulty. In the Minister's upcoming budget is he seriously considering including an agri-bond or other type provision that would provide some long-term low interest rate financing for agriculture so that farmers can plan their future?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, what the Hon. Member forgets to mention is that since we

took office this Government has added very significantly to the financing of the Farm Credit Corporation so that it can help the farmers. A number of measures were announced by the previous Minister of Finance—

Mr. Nielsen: Name one.

Mr. Lalonde: —in support of the farmers. The Minister of Agriculture also has been proceeding with legislation in this regard. As a matter of fact there is a Bill before this House called Canagrex, which I hope will be passed by this House, which will be helpful to the farmers and which is supported very strongly by the Canadian Federation of Agriculture. I would like to point out to my hon. friend that there has been no shortage of measures in this House to help farmers. As far as speculation on the contents of the budget is concerned, speculation will have to remain until the budget is read in this House.

* * *

[*Translation*]

TRANSPORT

BUSINESS RELATIONSHIPS BETWEEN CANADIAN NATIONAL AND CAST

Mr. Pierre Deniger (La Prairie): Madam Speaker, my question is directed to the Minister of Transport and concerns the hearings that the Canadian Transport Commission was supposed to hold tomorrow in Halifax regarding the dispute between CN and CAST. Could the Minister inform the House why he supported CN's motion to adjourn the hearing, thus depriving the Canadian people of an opportunity to find out about the business relationship between CN and CAST?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the decision was made with the consent of the Premier of Nova Scotia an my own, and it was made because a number of discussions and negotiations are taking place at the present time which might bring about some substantial changes in this case.

* * *

[*English*]

FINANCE

USE OF GOVERNMENT BORROWED FUNDS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is for the Minister of Finance who is going to ask the House of Commons to approve additional borrowing for the Government. In the last 22 months the Government has sought and received approval to borrow $31.6 billion. Given that we have a rate of unemployment almost double what it was two years ago, and given that we have the highest rate of bankruptcy we have ever had in the history of the country outside the Great Depression, for what precisely does the Minister propose to use the additional borrowing? Is it simply to offset the high cost to the Government that has been brought about as a result of its mismanagement?

Mr. Siddon: You have just noticed it?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I shall be delighted to answer the Hon. Member's question in detail when I give my speech tomorrow. Meanwhile, I would like to remind him that 72 per cent of the increase in the Government's borrowing requirements is due to a reduction in Government revenue in terms of taxes collected from individuals and also from corporations which today are not making the same profits they were making before. The remainder of this amount will be used to help unemployed Canadians, in the form of unemployment insurance benefits or through the Federal Government's contribution to welfare payments paid by the provinces but 50 per cent funded by the Government of Canada.

So it is fairly simple—72 per cent of our increased requirement is due to the fact that the Government's revenue has decreased, and the rest is needed for benefits paid to Canadians in financial difficulty. I can hardly believe that my hon. colleague should think that is a waste of money.

[*English*]

STIMULATION OF ECONOMY

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the Minister has borne out exactly what I said. The money he needs is because of decreased revenue which resulted from a downturn in the economy which has caused record high levels of unemployment, which again results in higher payouts and lower revenues. Would it not make more sense to use some of the billions of dollars that we have borrowed to stimulate the economy and get ahead with rail redevelopment, port redevelopment, or the building of homes, the end result being that we would have some immediate benefit in job creation and long-term benefit in meeting our future needs?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I wonder where the Hon. Member has been the last few months.

Mr. Deans: I have been here.

• (1440)

Mr. Lalonde: As he well knows, thanks to the measures that have been announced in the last few weeks by the Minister of Transport and myself, the railways will invest $800 million this year alone in railway improvement in the West. Total expenditures by the railways will be well over $10 billion over this decade. Those are expenditures that will have been undertaken thanks to steps initiated by this Government.

The Hon. Member talked about housing. He must also realize that the starts in January rose to an annually adjusted

level of 165,000 units, which is a very significant increase compared to last year. Again, that has been the result of hundreds of millions of dollars that this Government has put into the development of housing and the expansion of housing construction. This is a result of measures taken by this Government and approved by this Parliament. The Hon. Member must have been outside the House or quite absent minded when these were considered. I do not know where he has been, frankly.

* * *

CUSTOMS AND EXCISE

IMPORTATION OF PORNOGRAPHIC VIDEO CASSETTES

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is directed to the Minister of National Revenue. It concerns the importation of pornographic material to Canada. The Minister will know that at least 95 per cent of this material in Canada is imported. Recent reports indicate that video cassettes form a large portion of this. One method of getting them in is to change the labels on the cassettes so that the customs officials do not know what is in them. What action, if any, is the Minister taking to try to cut down on the importation of pornographic material into Canada?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, the importation of pornographic material is regulated by legislation, and the relevant regulations are generally known to Hon. Members. It is, of course, extremely difficult, when importation is carried out by individuals or when parcels are addressed to a specific individual, to keep a close watch on such activities especially, as the Hon. Member just pointed out, when the labelling on a video cassette, for instance, has been removed or changed. However, I can assure the Hon. Member that we are taking all necessary measures to enforce the laws of this country as strictly as possible, and I may also remind him that not long ago, the Department of National Revenue, through its Customs and Excise division, took action in this area and banned the entry of cassettes considered by a large majority of Canadians to be immoral.

[*English*]

APPLICATION OF TAX WRITE-OFFS—REQUEST THAT LEGISLATION BE AMENDED

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my supplementary question for the same Minister concerns tax write-offs for films produced in Canada as outlined in the income tax form, item 28(H). Will the Minister confirm that nowhere in the Income Tax Act is there a provision that would have the effect of excluding the producers of pornographic films from claiming this write-off? Furthermore, if this is so, will the Minister assure the House that he will table amendments to the Income Tax Act that will discourage rather than encourage the production of pornographic movies in Canada?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, as far as the first part of the question is concerned, I would like to point out to the Hon. Member that it is not the purpose of the Income Tax Act that its provisions should be used to judge the morality or immorality of items that may or may not be financed through the Income Tax Act itself. Furthermore, as far as amendments to the Act are concerned, I may remind the Hon. Member that matters of policy fall under the jurisdiction of the Department of Finance.

* * *

[*English*]

STATUS OF WOMEN

PROPOSAL TO ESTABLISH STANDING COMMITTEE—MINISTER'S POSITION

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is for the Minister responsible for the Status of Women. Following the questions from the Member for Yukon and the Member for Calgary West, will the Minister tell us what she thinks of the idea of having a standing committee dealing with problems of women, particularly single mothers?

Hon. Judy Erola (Minister of State (Mines)): Frankly, Madam Speaker, I am very amused to hear that the Opposition is finally interested in the status of women.

Some Hon. Members: Oh, oh!

Mrs. Erola: When I suggested publicly approximately a month ago that such a study be launched, I heard no support whatever from the other side of the House.

Mr. Kilgour: In other words, the Minister does not choose to answer the question.

FINANCING OF "VIDEODROME" MOTION PICTURE

Mr. David Kilgour (Edmonton-Strathcona): Will the Minister then tell us what she thinks about the movie "Videodrome" which is playing in Ottawa now and consists of scenes such as burning women with cigarettes, a movie financed in large part by the Canada Film Development Corporation? Does she think that the taxpayers' money should be going to finance films like this or does she think that money should be going to Family Allowances and pensions instead?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, this Government has an excellent record on this subject.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Epp: Which subject?

Mrs. Erola: May I remind him that this Government financed a definitive film on pornography called "Not a Love Story". That was financed by this Government. This Government has done more to promote the education of people on the subject of pornography. We do not spend our time going to watch the movies; we do something about them.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF HIGHER EDUCATION AND SCIENTIFIC RESEARCH OF ALGERIA

Madam Speaker: I have the honour of drawing the attention of the House to the distinguished presence in our gallery of His Excellency Mr. Brehri, Minister of Higher Education and Scientific Research of Algeria.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

REASSESSMENT OF BENEFICIARIES BY TAX OFFICIALS

Hon. Marcel Lambert (Edmonton West): Madam Speaker, my question is directed to the Minister of National Revenue. Would he advise the House whether his officials in the rulings division of the Taxation Department, in their capacity as the collectors of premiums for unemployment insurance, are now changing the rules and reassessing beneficiaries under the Unemployment Insurance Act as far back as four years?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I was not aware of that situation. I shall make some enquiries and subsequently inform the House and the Hon. Member.

[*English*]

POSITION OF SELF-EMPLOYED PERSONS

Hon. Marcel Lambert (Edmonton West): Would the Minister particularly look into the situation of those persons who were formerly classified as self employed, such as fishermen, Irish moss harvesters and others, who are now being reassessed?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I shall make enquiries about the question in general as well as the specific cases raised by the Hon. Member.

[*English*]

ROYAL CANADIAN MOUNTED POLICE

APPLICATION OF FILE DESTRUCTION POLICY

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Solicitor General. Late last Friday the Minister released his long awaited RCMP file destruction policy, setting out criteria with respect to the over 800,000 files opened by the Security Service on law abiding Canadians. The new policy is full of so many loopholes that, in reality, it is nothing less than a "Big Brother" privacy invasion policy, written and administered by the RCMP Security Service itself. Will the Minister tell the House approximately how many files will be destroyed pursuant to this policy and, more important, whether this same policy will form the basis for the future in terms not only of destruction of existing files but of the opening of new files by the Security Service?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I cannot indicate now precisely how many files will be destroyed, but tens of thousands and even hundreds of thousands will be destroyed. The policy is a defined one. I disagree with the Hon. Member that it leaves a great many loopholes. I would like to hear from him what sort of loopholes he perceives could indeed be filled.

The policy calls for an independent review by the Privacy Commissioner. I think that will provide an effective safeguard that the privacy of Canadians is being adequately regarded by the Security Service in its file destruction policy.

As far as opening files for the future is concerned, the statement that I made on Friday was not meant to cover that. It was addressed to file destruction. Basically, the criteria are the same for opening new files as for the destruction of files.

Mr. Robinson (Burnaby): The McDonald Commission itself described the criteria proposed by the Minister as "so vague and loose as to justify almost any collection program." So the Minister is really giving a licence to the RCMP Security Service to continue invading the privacy of thousands of law abiding Canadians.

REQUEST FOR REFERRAL TO STANDING COMMITTEE

Mr. Svend J. Robinson (Burnaby): Madam Speaker, will the Minister now clarify what the provisions in the policy related to blackmail and indiscretion specifically refer to? Will they continue to apply generally to all homosexuals and lesbians in Canada? Will the Minister now agree to refer this important question to the Justice Committee for a full and comprehensive study?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I think the ridiculous characterization of this policy by the Hon. Member shows that he has not taken the opportunity of the weekend to read the policy. I would urge him to do so before making such ridiculous suggestions about what the

file destruction and file opening policies of the Security Service will be.

• (1450)

Madam Speaker: The Hon. Member for Kenora-Rainy River.

Some Hon. Members: Hear, hear!

Mr. Reid (Kenora-Rainy River): I do not dare go for the leadership of your Party.

Some Hon. Members: Oh, oh!

Mr. Nowlan: Reid for Revenue!

* * *

INCOME TAX

EXPLANATION FOR INCOME FIGURES SHOWN ON TAX RETURNS

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, my question is addressed to the Minister of National Revenue. Since our exchange on Friday my office has been deluged with calls from Canadians complaining about the amount of information which has been made available on their income tax returns, but they have also been confused because the income which is listed under the title of AAI does not seem to explain what their three year average income has been. The question that I am hearing, as a matter of detail, is, "What does AAI stand for?"

Mr. Nielsen: Average Annual Income.

Mr. Reid (Kenora-Rainy River): Second, how is the figure which appears in the lower right hand corner determined?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, the Hon. Member's question is an interesting one, and I think it will be of some help to many Canadians when they complete their tax returns. Actually, we must remember that this amount refers to the income averaging formula, and that each taxpayer receives both a T-1 form and the schedules attached to his tax return. These schedules include a section dealing with income averaging, which gives the formula used to calculate the amount. That is, we take the amounts for the last three years—

Madam Speaker, it seems the Hon. Members opposite are not really interested, and that even the new Leader of the Opposition seems to be following the lead of his predecessor, in that he is paying very little attention to the business of the House and displaying the same contempt for the business of the House as his—

Madam Speaker: Order. I think the Minister's answer is going to be rather complex, and perhaps he should concentrate on answering the Hon. Member instead of being concerned about what others are saying.

Mr. Bussières: Madam Speaker, thank you for your advice. I was therefore saying that the taxpayer's income for 1981, 1980 and 1979 is multiplied by an indexing factor which is indicated on the form, so that the average for these three years, multiplied by the indexing factor, gives the amount indicated on the form, which is supposed to help the taxpayer use the income averaging formula.

* * *

[*English*]

PUBLIC WORKS

RENEWAL OF CITIZENSHIP COURT LEASES

Mr. John McDermid (Brampton-Georgetown): My question is directed through you, Madam Speaker, to the Minister of Public Works. When renewing a lease for an already established citizenship court, is it customary for the Minister's Department to sign a six-month lease?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, if the Hon. Member sends me the details, I will look into this matter. That is a rather hypothetical question.

Mr. Kempling: Well, that is a hypothetical Minister.

BRAMPTON, ONT. COURT LEASE

Mr. John McDermid (Brampton-Georgetown): Maybe I can clarify it for the Minister. Could the Minister explain why a lease for the citizenship court in Brampton was just signed for six months and why an active search to move that facility to another constituency is under way? Is this the penalty that my constituents must pay for my exposure of that misguided Liberal manual which suggested the use of citizenship court judges to attract prospective Members to their Party?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I suspect that the Hon. Member's constituents are sufficiently penalized by his being here.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Madam Speaker: The Hon. Member for Provencher.

Mr. Epp: Madam Speaker, I would like to direct my question—

Mr. Rossi: You did it again, McDermid.

Madam Speaker: Order.

Mr. Epp: I notice the Hon. Member is still exercising the best part of his body.

Oral Questions

FEDERAL-PROVINCIAL AFFAIRS

PAYMENT OF MANITOBA PAYROLL TAX

Hon. Jake Epp (Provencher): I would like to ask the Minister of Finance whether a decision has been made as to whether a provincial level of Government can in fact tax the federal Government. Has that been determined in a constitutional sense? This relates back to the Manitoba payroll tax, and he said he would give me an answer. Second, has the federal Government decided that it is in fact obligated to pay the Manitoba payroll tax?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I believe it is well established that the two levels of Government in Canada cannot tax each other. It is part of our constitutional tradition. I believe there are court decisions, as a matter of fact, to that effect. However, as the Hon. Member knows, all through the years the federal Government has agreed to pay grants in lieu of taxes, or has voluntarily agreed to pay an amount equivalent to a particular tax. This has happened, for instance, in terms of taxation at the municipal level, and there have also been reciprocal taxation agreements with the Provinces. Several Provinces have signed such an agreement. The western Provinces have not, however, reached an agreement with the federal Government, with regard to this matter as yet, most of them feeling that they would end up paying more taxes than they would be collecting, I suspect. But now that the situation seems to have been reversed, the Government of Manitoba has shown a great interest in signing a reciprocal taxation agreement, suspecting that it will be receiving more money than paying under such an arrangement. Therefore, I am considering the matter, therefore, at the present time and I will bring it to Cabinet for consideration.

POSITION OF FEDERAL GOVERNMENT

Hon. Jake Epp (Provencher): This question has been before us for some period of time and, constitutionally, one level of Government cannot tax another. The whole justification for the tax was that the Manitoba Government would recover from the federal Government moneys which the Province did not receive, moneys which it thought it would receive under Established Programs Financing. It is a worker's tax. It has had serious and deleterious effects on the creation of employment in Manitoba. The facts remain the same, but the Minister has not answered the question. Manitobans are waiting for that money because it was part of their projected revenues. Has the federal Government now made a decision on whether or not to pay that money?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as the Hon. Member knows, there are two Provincial Governments in this contry that have resorted to such a payroll tax, the Government of Quebec and Manitoba. I must say that this is an evolution which is a cause for concern. I have warned my provincial colleagues about this situation and I hope that we will have an opportunity to discuss this further. As far as the Government's decision is concerned, however, I hope that I will be in a position to announce a decision soon. Again, this is a matter which will be brought to my colleagues for their consideration.

* * *

CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

RATIFICATION OF ARMS TESTING AGREEMENTS

Mr. John Bosley (Don Valley West): Madam Speaker, I would like to ask the Prime Minister a question with regard to the weapons testing agreement. I would very much like to know the Prime Minister's view as to whether only the Government should ratify potential arms testing agreements with the United States, or should the Parliament of Canada ratify those agreements?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if we consider what is done in every case of which I know when Parliament considers foreign policy matters, usually the Government sign such an agreement and then it comes before Parliament. We would be happy to hear the views of the Conservative Party on the Cruise and the weapons testing agreement at any time it chooses to devote one of its opposition days to that subject.

ROLE OF PARLIAMENT

Mr. John Bosley (Don Valley West): Madam Speaker, would the Prime Minister not agree that on a matter as potentially divisive and as seriously important as the Cruise test, perhaps the Parliament of Canada should deal with the matter prior to any agreements being signed?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, perhaps it should and perhaps it should not. I do know that an all-Party committee has just reviewed the rules of the House of Commons and it has not chosen to insert any rule which indicated that foreign policy agreements should be ratified by Parliament before becoming operative. The Hon. Member will realize that that is the system in the United States, but it has never existed in Canada.

Mr. Nielsen: That is not so.

Mr. Trudeau: If the Hon. Member and his colleagues are interested in this reform, maybe they should bring the matter forward when they are debating reform of the rules.

Mr. Hnatyshyn: If that is your recommendation, I am prepared to give it serious consideration.

● (1500)

ROUTINE PROCEEDINGS

[*English*]

STANDING COMMITTEES

CONCURRENCE IN THIRD REPORT OF STRIKING COMMITTEE

The House resumed, from Friday, February 11, 1983, consideration of the motion of Mr. Turner that the third report of the Striking Committee, presented to the House on Monday, January 31, 1983, be concurred in; and the motion of Mr. Crosby (p. 22759).

Madam Speaker: It being three o'clock, and pursuant to Standing Order 12(3), the House will now proceed to the taking of the deferred division on the amendment to the motion to concur in the third report of the Striking Committee. May I remind Hon. Members that there will be a 15-minute bell and we will vote at the end of that time.

The House divided on the motion (Mr. Crosby), which was negatived on the following division:

(*Division No. 293*)

YEAS

Messrs.

Andre
Blenkarn
Bosley
Bradley
Cardiff
Clarke
(Vancouver Quadra)
Cooper
Cossitt (Mrs.)
Crosby
(Halifax West)
Dantzer
Darling
Dick
Domm
Epp
Fennell
Forrestall
Fretz
Greenaway
Gurbin
Gustafson
Hamilton
(Qu'Appelle-Moose
Mountain)
Hawkes
Hees
Hnatyshyn
Howie
Jarvis
Kempling
Kilgour
King
Korchinski
Lambert
Lewis
Malone
McCain
McCuish
McDermid
McGrath
McKenzie
McKinnon
McKnight
Mitges
Munro
(Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Nowlan
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Siddon
Stewart
Taylor
Thacker
Towers
Vankoughnet
Wenman
Wright—57.

NAYS

Messrs.

Althouse
Appolloni (Mrs.)
Axworthy
Beauchamp-Niquet
(Mrs.)
Benjamin
Berger
Blaikie
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Broadbent
Burghardt
Bussières
Caccia
Campbell (Miss)
(South West Nova)
Campbell
(LaSalle)
Collenette
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
Deans
De Bané
de Corneille
de Jong
Deniger
Desmarais
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dupont
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Flis
Foster
Fox
Francis
Frith
Fulton
Gauthier
Gingras

Messrs.

Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Heap
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Keeper
Knowles
Kristiansen
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Laniel
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lewycky
MacBain
MacEachen
Mackasey
MacLaren
MacLellan
Marceau
Masters
McCauley
McDonald (Ms.)
(Broadview-Greenwood)
McRae
Miller
Nicholson (Miss)
Ogle
Parent
Parker
Pelletier
Pepin
Peterson
Pinard
Portelance
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Burnaby)
Rompkey
Rose
Rossi
Schroder
Simmons
Smith
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Young—120.

● (1520)

Madam Speaker: The motion is lost.

[*Translation*]

Mr. Pinard: Madam Speaker, I have had consultations with the Hon. Members for Simcoe North (Mr. Lewis) and Hamilton Mountain (Mr. Deans), and I think if you put the question on the main motion right away, you will get the unanimous consent of the House, and we should then be able to have the Standing Committees of the House struck without further delay.

Madam Speaker: Is there unanimous consent for proceeding with the question on the main motion?

Some Hon. Members: Agreed.

Madam Speaker: The question is on the main motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Madam Speaker: All those in favour will please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Madam Speaker: If the House agrees, we shall dispense with the bells to call in the Members.

Some Hon. Members: Agreed.

Striking Committee Report

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

(*Division No. 294*)

YEAS

Messrs.

Althouse
Anguish
Appolloni (Mrs.)
Axworthy
Beauchamp-Niquet (Mrs.)
Benjamin
Berger
Blaikie
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Broadbent
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Chénier
Collenette
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
Deans
De Bané
de Corneille
de Jong
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Duclos
Dupont
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Flis
Foster
Fox
Francis
Frith
Fulton
Gauthier
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Heap
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Keeper
Kelly
Knowles
Kristiansen
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Laniel
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lewycky
MacBain
MacEachen
Mackasey
MacLaren
MacLellan
Marceau
Masters
McCauley
McDonald (Ms.) (Broadview-Greenwood)
McRae
Miller
Nicholson (Miss)
Ogle
Parent
Parker
Pelletier
Pepin
Peterson
Pinard
Portelance
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Burnaby)
Rompkey
Rose
Rossi
Schroder
Simmons
Smith
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Young—124.

NAYS

Messrs.

Andre
Blenkarn
Bosley
Bradley
Cardiff
Clarke (Vancouver Quadra)
Cooper
Cossitt (Mrs.)
Crosby (Halifax West)
Dantzer
Darling
Dick
Domm
Epp
Fennell
Forrestall
Fretz
Gamble
Greenaway
Gurbin
Gustafson
Hamilton (Qu'Appelle-Moose Mountain)
Hawkes
Hees
Hnatyshyn
Howie
Jarvis
Kempling
Kilgour
King
Korchinski
Lambert
Lewis
Malone
McCain
McCuish
McDermid
McGrath
McKenzie
McKinnon
McKnight
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Nowlan
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Siddon
Stewart
Taylor
Thacker
Towers
Vankoughnet
Wenman
Wright—58.

• (1530)

[*English*]

Madam Speaker: The motion is carried.

Motion agreed to.

* * *

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by Hon. Members on Friday, February 11, 1983, and finds that the petitions meet the requirements of the Standing Orders as to form.

* * *

POINT OF ORDER

MR. HEAP—A VALENTINE FOR MR. TRUDEAU

Mr. Dan Heap (Spadina): Madam Speaker, I rise on a point of order. Due to the special character of today, the people of Spadina have asked me to give a special valentine to the Prime Minister (Mr. Trudeau) with 500 signatures—

Madam Speaker: Order, please. Hon. Members know that they are not allowed to display anything in the House of Commons. I do not see why the rules are used in this way.

* * *

PETITION

MR. BLOOMFIELD—PAY TV BROADCASTING OF PLAYBOY FILMS

Mr. Garnet M. Bloomfield (London-Middlesex): Madam Speaker, I should like to present a petition from 342 constituents of London-Middlesex, expressing their opposition to the broadcasting of Playboy films on the Pay TV channel, First Choice.

The petitioners are deeply concerned about the detrimental effect these movies may have on our youth and believe that they severely damage the integrity and dignity of Canadian women. They also fear that this is the thin edge of the wedge and will eventually lead to the showing of hard-core pornography on Canadian television.

For the above rasons, the constituents humbly protest the airing of Playboy programs.

POINT OF ORDER

MR. ANDRE—NOTICE OF REQUIREMENT BEFORE INTRODUCTION OF BORROWING AUTHORITY BILL

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I rise in regard to the next item of business which appears on the Notice Paper, respecting the intention of the Minister of Finance (Mr. Lalonde) to ask leave to introduce a Bill requesting further borrowing authority.

Under the provisions of citation 235 of Beauchesne's a Member is entitled, in fact is bound, to bring to the Speaker's notice any instance of what he considers to be a breach of order. That is what I am doing.

Last Thursday the Government House Leader indicated the Government's intentions to the House, as reported at p. 22713 of *Hansard:*

> The Minister of Finance (Mr. Lalonde) also intends to give notice of a Bill to authorize the Government to borrow additional funds until the end of the financial year and the beginning of the next one.

That flies in the fact of commitments made by the Minister on October 27 last, and by the Minister of State for Finance (Mr. Cosgrove) on October 28 last. At another time I might argue that as a substantive point of order, which I think it is, but today my point of order is much more precise and clear than that on the question of notice.

I refer you to the new Permanent and Provisional Standing Orders, Madam Speaker, specifically Standing Order 47(1), previously 42(1), which reads as follows:

> Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the Order Paper; but this rule shall not apply to bills after their introduction, or to private bills, or to the times of meeting or adjournment of the House. Such notice shall be laid on the Table before six o'clock p.m., or before five o'clock p.m. on a Friday, and be printed in the Votes and Proceedings of that day.

We had oral notice from the Government House leader last Thursday. Beauchesne clearly states, however, that oral notice in fact has no substance. The exact reference is contained in citation 395 of Beauchesne's, so it is necessary to comply with Standing Order 47(1) precisely.

I have examined Votes and Proceedings for Thursday, February 10 and for Friday, February 11, very carefully. Nowhere in Votes and Proceedings is there an indication that notice has been given of a motion for leave to introduce this Bill. In other words, nowhere in Votes and Proceedings has this item been printed. Consequently, Standing Order 47(1) has not been complied with.

I therefore submit to the Chair that it would be improper at this point on our agenda, for the Minister to ask leave to introduce a Bill for the provision of additional borrowing authority.

• (1540)

Mr. Doug Lewis (Simcoe North): Madam Speaker, I wish to join with the Hon. Member for Calgary Centre (Mr. Andre) on this point of order. We had some sort of notice during the discussion of business for next week from the Government House Leader, but when we reviewed the printed notice, as my colleague said, for Thursday of last week and when we reviewed the *Votes and Proceedings* for Friday of last week, nowhere was there any mention of any Government borrowing Bill.

The first official printed notice which the House had was delivered this morning under Order Paper and Notices of Monday, February 14, 1983, on page 6, at which point the following reference appears:

> February 11, 1983—The Minister of Finance—Bill intituled: "An Act to provide supplementary borrowing authority".

I refer you, Madam Speaker, to page 144 of Beauchesne's Fifth Edition, Citations 399 and 400. We are not arguing that there is any question about what time it was laid on the Table; that is not the point at issue. Citation 400 reads:

> The publication of a proposed motion, once in the Notice Paper and the next day on the Order Paper, is siffucient to cover two days' notice under S.O. 42.

That is as it then was. Under Standing Order 47(1) it is very clear that the notice must be laid upon the Table and be printed in the *Votes and Proceedings* of that day.

As I suggested, it was not printed in the *Votes and Proceedings* of Friday. We submit that in order to give the required notice, today's printed notice on the Order Paper and Notices will start day one and day two will be tomorrow.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I am told—and this is confirmed by our practice in the past—that since 1969, such notices have never been printed in Votes and Proceedings, but have always appeared in the Order Paper and Notices.

In accordance with the practice established since 1969, it is obvious that the hundreds of notices which have been given since that time are not invalid. It is a question of parliamentary procedure. We did follow the rules and give proper notice. The Bill is listed on today's Order Paper and, besides, Members of the Opposition cannot claim to have been taken by surprise since I announced last Thursday that the Minister of Finance (Mr. Lalonde) had indeed the intention of giving that notice Friday, which is exactly what he did. I even said that if the Bill was to be introduced today, we would begin second reading tomorrow. Therefore, first, Members opposite cannot say they were taken by surprise because they were given verbal notice and, second, the parliamentary practice since 1969 has been for that type of notice to be published in the Order Paper and Notices, but not in Votes and Proceedings. It is in the Order Paper, and today we are introducing a Bill for which proper notice was given. In my opinion, everything is in order and the Opposition is splitting hairs when it wants to delay second reading of this Bill by invoking the argument of the Hon. Member for Calgary—

[*English*]

Mr. Andre: Madam Speaker, the Government House Leader raised two points. The first was in regard to past

practices. I simply remind the Chair of another situation, dollar votes in appropriations Bills and legislating through appropriations Bills, which had been a practice for many years. That did not prevent the Chair from reaching what I believe to be the most appropriate decision and saying that the fact that it was done in the past was not justification for carrying on what was an improper practice.

Second, the Government House Leader indicated that since he had given notice orally last Thursday, it was sufficient notice. I should like to refer to Citation 395 of Beauchesne's Fifth Edition, page 143, which reads:

Oral notices for future proceedings do not generally exist in the House of Commons.

It goes on to indicate that the only provision for oral notices to have force and effect is in regard to the then Standing Orders 33 and 75C, which were the two closure provisions, and that only in those instances do oral notices have any force or, to use the language of Beauchesne's, do they exist. They do not exist except to the extent of the former Standing Orders 33 and 75C.

For those two reasons I humbly suggest that the arguments presented by the Government House Leader have no substance. I feel the Chair is obliged to enforce the provisions of Standing Order 47(1) which are vey clear and precise.

Mr. Lewis: Madam Speaker, in his remarks the Government House Leader made reference to the comment that the notice had been printed on the Order Paper on Friday. That is the very point. It was not printed on the Order Paper on Friday. Therefore, the 48-hour notice could not start to run. It started today. We agree that it started to run today, but it certainly did not start to run on Friday.

In closing I suggest the Standing Orders of the House have been reviewed very carefully by a special committee. We have now brought them into print in the new Permanent and Provisional Standing Orders. Section 47(1) is very clear, and we ask that you enforce it.

[*Translation*]

Mr. Pinard: Madam Speaker, I would like to comment on the so-called counter-argument made by the Hon. Member for Calgary Centre (Mr. Andre). In my view, he was giving a very narrow interpretation of one of Beauchesne's citations, and furthermore, he entirely failed to understand what I said earlier. We gave written notice, and to make things absolutely clear, we gave notice before 5 p.m. on Friday. Notice was given. When the Hon. Member takes as an example the $1 votes in the Estimates, this was indeed a practice used by the Government. It was the Government that decided to put in $1 votes, but in the present situation, the practice that evolved of not publishing written notice from the Government in the *Votes and Proceedings* was not developed by the Government. According to my information, it was the Clerks working under your direction, Madam Speaker, who decided, in 1969, to publish such notices in the *Order Paper* instead of in the *Votes and Proceedings*. There is therefore no analogy whatsoever for and no possible comparison between the example given by the Member for Calgary Centre concerning $1 votes in the estimates and the notice in question.

The Government was supposed to give forty-eight hours' notice. We gave notice before 5 p.m. on Friday. When I referred to verbal notice, I was saying this merely to point out to the Members opposite that if they wished to feign surprise, it was not a good idea. Verbal notice was not meant as validation of a notice that was duly given in writing on Friday before 5 p.m. In the circumstances, the Hon. Member's counter-argument is futile.

Without wishing to repeat myself, I said earlier what the practice was since 1969. The Chair will therefore have to decide: Does the fact that the Government gave written notice in the form and within the time prescribed, and the Clerks, under the authority of the Chair, decided to publish such notice in one document rather than another, in any way invalidate the notice in question? That is the question you must answer, Madam Speaker. But if you answer in the affirmative, that it does invalidate our notice, I think, with due respect, that you will be destroying a practice that goes back to 1969, and that this would not be in accordance with our procedures, which are based not only on written Rules but also on Parliamentary principles and practice.

[*English*]

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I rise very briefly on the submission with respect to the point before the Chair. It is not a question of past practices. It is not a question of substantial or partial compliance with notice requirements. It is not a question of traditional practices in the House. The whole question which the Chair has to decide is whether the Standing Orders of this House have been complied with.

• (1550)

Mr. Pinard: By whom?

Mr. Nielsen: Have the Standing Orders been complied with regarding the requirements of this item on the Order Paper?

Mr. Pinard: By whom?

Mr. Nielsen: The Government House Leader asks by whom. By the Government in submitting a Bill which the Government is attempting to bring before the House now.

Mr. Ethier: Who decides?

Mr. Nielsen: Who decides it? The Standing Orders decide whether the requirements have been met. A former Acting Speaker who was the Deputy Chairman of Committees of the Whole House says "Oh, no." But surely, Madam Speaker, if anything guides our procedures in this House it has to be the Standing Orders. They are abundantly clear. Standing Order 47(1) stipulates:

Such notice shall be laid on the Table before six o'clock p.m., or before five o'clock p.m. on a Friday—

That part was complied with. But the Standing Order goes on as follows:

—and be printed in the *Votes and Proceedings* of that day.

Either those words in the Standing Order mean something or they do not. For the Chair to come to any conclusion other than that those words were not complied with nullifies that Standing Order completely.

In our submission, respectfully, it is the job of the Chair to enforce the Standing Orders. Rightly or wrongly, those words are there. Rightly or wrongly, from an oversight or for whatever reason, the printing did not occur in the *Votes and Proceedings* at that day, namely, last Friday. Clearly, Madam Speaker, this Standing Order, in its strictest reading, has not been complied with. The only conclusion in our submission is that the Chair must not call that order today but whenever the Government chooses to set it down under Government Orders after today.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I think the Leader of the Official Opposition (Mr. Nielsen) has put the problem very succinctly before us. It is not a matter of trust or who did what correctly or incorrectly, that does not matter. The Standing Order says quite clearly that the notice must be printed in the *Votes and Proceedings* of the day on which it was given to the Table.

I, like others, have had an opportunity to check that day, and I found the suggestion that that did not happen to be absolutely correct. It did not happen. I do not think the House should be put in a position of having to judge the correctness of a statement by the Government House leader. The Government House leader said he gave it to the Table. The Table apparently did not have it published. But I would be put in a very awkward position then of having to judge who made the mistake and whether or not the notice was in fact there by five o'clock, and I think that is quite unfair. The only thing we can go by is the printed word. The printed word in this instance says that it must appear. It did not appear. It makes no difference whether it was handed in or not handed in. It makes no difference whether it got there in time or did not get there in time. It makes no difference really who erred. The fact of the matter is it is not there. If it is not there, I respectfully suggest that we cannot proceed with it. If we cannot proceed with it, what we are talking about is a one-day delay.

Madam Speaker: First of all, I would like to deal with one of the arguments brought forward by the Hon. Member for Calgary Centre (Mr. Andre) when he referred to the matter of the appropriation Bills and said that argument applied. I just want to remain him that, in my view, it is a totally different situation when those items are accepted. It is with the agreement of the House or with the explicit agreement of the Speaker who, having reviewed the items, that items are determined to be properly put in the appropriation Bill, or the contrary. Often the Speaker rules that some of the items should be omitted. But that is not really an argument dealing with the particular matter that we are studying now.

Changes in the Standing Order need to be interpreted in the light of past practices, as we always do for any Standing Order.

Mr. Nielsen: The wording has not changed.

Madam Speaker: The Table Officers tell me that they did everything that was required according to a practice in this House, which is 15 years old.

Mr. Nielsen: This has not changed. That does not matter.

Madam Speaker: This is the argument that we have to consider. This practice is 15 years old.

Mr. Nielsen: No.

Madam Speaker: We do have a new Standing Order.

Mr. Nielsen: Not this one.

Madam Speaker: It says that the Notice should be printed in the *Votes and Proceedings* of that day. I want to remind Hon. Members that before we had the change in the Standing Orders—

Mr. Nielsen: That has not changed.

Madam Speaker: —this particular Standing Order dealing with notices was written in exactly the same wording. Before we made the change in the Standing Order—

Mr. Siddon: It still stands.

Madam Speaker: —that wording meant that it was sufficient to publish the notice in the Notice Paper and not in the *Votes of Proceedings*. That is the practice which is 15 years old. Now, the Standing Order using that wording meant that such notice was sufficient. I have to conclude that it means the same thing now that we have the new Standing Orders.

Mr. Nielsen: It is not in the Notice Paper either.

Madam Speaker: I refer Hon. Members to Beauchesne's Citation 400. It reads:

(1) The publication of a proposed motion, once in the *Notice Paper* and the next day on the *Order Paper*, is sufficient to cover two days' notice under S.O. 42.

That is the relevant quotation from Beauchesne. As far as I can see, and according to the advice given by the Table Officers who dealt with this particular notice and who deal with all notices, all the requirements of the Standing Order according to our practice have been fulfilled.

Mr. Andre: Madam Speaker, I rise on a point of order.

Mr. Pinard: Ring the bells again.

Mr. Andre: I find it very surprising that the very clear language of—

Mr. Pinard: Ring the bells again.

Mr. Andre: Madam Speaker, it is a substantive point of order that I am raising.

Some Hon. Members: Oh, oh!

Mr. Nielsen: Allow him to raise it.

Mr. Andre: The new Standing Orders, after examination by a committee of this House for many months, state very specifically that it should be printed in the *Votes and Proceedings*.

You have now ruled, Madam Speaker, in spite of this language, in spite of the fact that procedure has not been followed that, in essence, the Standing Order goes out of the window. That establishes a precedent, and I would like it taken into very careful consideration as to where it will lead us in this House. There may, in fact, be a very major point of order on it. Specifically there is another part of Standing Order 47(1) which states in the first line, not the last line, the following:

Forty-eight hours' notice shall be given of a motion for leave—

You have indicated that publication in the Notice Paper has the same meaning as publication in *Votes and Proceedings* something which, as I indicated, we will argue on another occasion, but surely publication in today's Notice Paper does not constitute 48 hours. Surely there is at most only a few hours between the time when—

Mr. Pinard: Madam Speaker has ruled on that.

Mr. Nielsen: No, she has not.

Mr. Andre: —this appeared and when the Minister planned to introduce his Bill. Is the Chair going to say that past practices have eliminated the 48 hours as well? If so, this House is put into a hopeless situation. The Government House Leader had indicated the intention orally last Thursday. But I would again remind Hon. Members, Madam Speaker, of Citation 395 of Beauchesne's which reads that oral notices do not exist.

Mr. Pinard: Look at Citation No. 400 in Beauchesne.

• (1600)

Mr. Andre: If oral notices do not exist, we are in a circumstance where it is quite possible that on a Friday afternoon, at five minutes to five o'clock, a Minister may table notice of an introduction of a Bill, or some other form of notice having a very important impact. As Members of Parliament we will see that on Monday for the first time and be faced with a motion that day of who knows what kind of import. It could be very profound in its implications.

If the line of reasoning you have given in regard to the previous point of order carries over to this point of order, Madam Speaker, we will have, in effect, done away with the 48 hours' notice as well. We would be in a situation where no warning whatsoever is given.

Mr. Nielsen: Forget the warning.

Mr. Andre: It behooves the Chair to examine the responsibilities that the Chair and the Table have toward the House—not toward the Government so that it may pursue what it wants and rubber stamp everything it does—that procedures are handled properly and that we get proper notice of what the Government wants to rubber stamp before we are called upon to rubber stamp it.

[*Translation*]

Mr. Pinard: Madam Speaker, I would suggest that the Hon. Member for Calgary Centre (Mr. Andre) is hardly in a position to defend his argument today. He is complaining about the fact that the Opposition might be taken by surprise because the notice has not been printed in Votes and Proceedings and because that notice was given Friday afternoon at 4.55. There is nothing new there, Madam Speaker. It is an old practice, as you said yourself in your ruling. I deplore the fact that he has again wasted five minutes to criticize your ruling. The Hon. Member has no right to do that. In my opinion, he is showing disrespect for Parliament, and I maintain that he has absolutely no grievance today, for the simple reason that we did give verbal notice before the written notice in the Order Paper. We did not have to do that, but simple courtesy—

[*English*]

I am sorry. Perhaps the Member for Yukon (Mr. Nielsen) does not hear the translation very well. Maybe he would prefer that I speak in English. I will do so.

Mr. Nielsen: Speak in French. That is all right.

[*Translation*]

Mr. Pinard: Well, I will continue my remarks in French, Madam Speaker, but Hon. Members must hear me out. They have been trying to interrupt me for some time. A Member of the Opposition has shown disrespect for Parliament during five minutes when he criticized the ruling you have just made. His argument is unfounded. It has been our practice for the past 15 years and, besides, there is no precedent because, although we were not compelled to do so, we did give verbal notice last Thursday of our intention to introduce this Bill today. The only thing the Hon. Member is trying to do once again is to find an excuse to bring Parliament to a standstill one way or another, and that is—

Madam Speaker: Order, please.

[*English*]

I will hear the Hon. Member for Hamilton Mountain (Mr. Deans). I will not hear any other Member.

Mr. Deans: Madam Speaker, I do not want to engage in the rhetoric of this debate but I want to make a point which I think is important when considering it. On December 22, after a debate, the House of Commons decided to adopt these Standing Orders. These Standing Orders are quite specific

about dealing with the amount of notice required and the procedure to be used for the introduction of a Bill.

I would suggest that the events of December 22 are significant in consideration of this. What happened prior to December 22 is related to the Standing Orders that had been adopted in 1978. Had it been the intention of the Government, the Official Opposition, the NDP or any Member of the House of Commons to adopt or adapt the December 22 Standing Orders to conform with the procedures used prior to December 22, we would have changed the Standing Order appropriately.

The decision on December 22 was that this was an appropriate Standing Order, that these were appropriate proceedings and were therefore the proceedings that should be followed. I put it quite bluntly to the Government that if it had been its intention to move another procedure, it may well have been the one that was in fact the practice of the day, then there should have been a change to the Standing Orders of December 22. The fact that the House of Commons accepted a Standing Order in the manner it was written is a clear indication that the House of Commons intended that to be the method used for the introduction of Bills.

I therefore suggest that had there been no such thing as the December 22 debate, no such thing as the Permanent and Provisional Standing Orders that were adopted on that day, then it only would have been appropriate, and quite so, to refer back to practices carried out prior to that day.

However, this is the first occasion, to my knowledge, when this matter has risen since the implementation of the December 22 Standing Orders. The House of Commons is entitled on this first occasion to ask that the order that it approved be adhered to specifically.

Some Hon. Members: Hear, hear!

Mr. Deans: The House of Commons is entitled to ask that whatever the practice was quite clearly it was not the practice that was approved by the House on December 22. Therefore, the manner of conducting business changed as of December 22, and while the words may well be the same, it was the intention of the House that those words be adhered to and that those intentions be followed.

I put to you, Madam Speaker, that it may well be appropriate, in cases where there is ambiguity, where there are serious doubts about the meaning of certain words, to refer to Beauchesne or past practice. But as of December 22, the rules of the House of Commons were made clear. As of December 22, it is the wish of the Opposition that this particular rule be adhered to.

Madam Speaker: May I remind Hon. Members that if the notice had been published in *Votes and Proceedings* and had been given at five minutes to five on Friday, it would have been sufficient time for the 48 hours to expire. That argument made by the Hon. Member for Calgary Centre (Mr. Andre) does not particularly apply to the situation. The formal notice was given on Friday and was published on Friday.

Mr. Lewis: Where?

Madam Speaker: It was published in the Notice Paper, as is our practice.

Mr. Andre: What is the date on the Notice Paper?

Madam Speaker: February 11, 1983. That notice was given on Friday and it was published and dated February 11, 1983.

With regard to the arguments made by the Hon. Member for Calgary Centre, I would remind him that I am not throwing this Standing Order out the window. I am only saying that it means the same thing as it meant before because the wording that existed before the changes regarding this particular point has not been changed.

I want to tell Hon. Members that I know that this particular point was made to the Committee. The officers who had to review these Standing Orders asked the Committee whether it should not change that particular wording in order to bring it up to the practice that we have been following for 15 years. The members of the Committee decided not to change that wording. The interpretation that we have to make from that decision and from the conversation that took place at that time is that the Standing Order should remain as it was as it concerns this particular passage. It should, therefore, be interpreted in light of our longstanding practice.

That is the interpretation that the Chair now has of that particular Standing Order. Perhaps Hon. Members want to change that. Apparently, some Members of the House do not understand that it might have meant a change in the particular procedure for notices. That is quite obvious from what the President of the Privy Council (Mr. Pinard) has been telling us.

• (1610)

Mr. Siddon: He is playing games.

Madam Speaker: If Hon. Members want to change that, then they should give sufficient notice to everyone concerned. Bills have been treated in that way, even since the Standing Orders have been changed. Therefore, the Chair sees no reason to change the procedure for this particular Bill. Thanks Hon. Members for their arguments, but I regret to inform them of my interpretation that the notice is in order.

Some Hon. Members: No.

Mr. Nielsen: Madam Speaker, I do not rise to question your ruling. However, something was said in it that caught my ear, namely, that there were discussions between the Officers, and I presume you meant the Officers at the Table, and the members of the Special Committee with respect to the interpretation of this Standing Order, and a question was raised by the Table Officers with the members of the Special Committee as to whether they wanted to change the wording of this Standing Order.

I was under the impression that any of these matters which were discussed were discussed on an all-Party basis. Indeed, we had two or three meetings on an all-Party basis where representatives of all Parties were present with Table Officers,

discussing the kind of changes which would be necessary as a result of the adoption of the third report of the Special Committee. Indeed, the Table Officers had gone back to the membership of the Special Committee on two occasions of which I know. However, my point is that we were aware of those occasions on an all-Party basis.

This Standing Order was never, to my knowledge, a subject of discussions between Table Officers and the members of the Special Committee. To my recollection, which could be faulty, it was never explained to us attending those meetings of an all-Party nature to discuss the consequential changes, that this particular rule had been the subject matter of any discussions between Table Officers and the members of the Special Committee. I thought I would make that point clear so that if any decisions were reached with respect to considering any changes in Standing Order 46-47?

Mr. Lalonde: It does not matter, 47, 48.

Mr. Epp: That is how your budget deficit goes.

Mr. Nielsen: Those discussions were held completely outside the knowledge of any Member of the Official Opposition, and I believe that to be the case, also, with respect to the New Democratic Party.

Madam Speaker: I think it must be quite clear that the Chair was not involved in those discussions, but those discussions were reported to the Chair. I assume those discussions were held with representatives of all Parties. I could not imagine that any Office of the Table would be discussing matters with only Members of one Party. If it were only with one Member or two Members, I am sure that those Members were delegated by the other Members of the Committee to deal with the matter. I cannot imagine any Officer of the House discussing any changes to the Standing Orders with only one or two of the Parties involved.

It is quite clear that at that time the members or representatives of the members of the Committee on Procedure and Organization indicated that they did not want to change the wording of the Standing Orders. Therefore, our interpretation of that particular discussion is that the Standing Order should be interpreted as it has been in the last 15 years.

If the House wants to change that, the Chair is at the disposal of the House. However, until now the Chair has received no notice that the interpretation of that particular Standing Order should be different from the one which I have given just now.

Mr. Nielsen: Madam Speaker, I just want to emphasize the fact that there have been no discussions by the Government or by the New Democratic Party or by Table Officers or by Your Honour's office with any Member of this Party with respect to changes to Standing Order 47 at any time.

Mr. Lalonde: There have been no changes.

Mr. Lewis: I rise on a point of order. Madam Speaker, I ask for clarification of your ruling. You used the term, I believe, "once in the Notice Paper and the next day on the Order Paper." Since there is nothing in the Notice Paper for Friday, I would ask Your Honour to clarify your ruling in terms of the fact that the only time we have received notice through the Notice Paper is today. Therefore, I have difficulty in seeing how we can have notice and then notice the next day all happening on the same day.

Madam Speaker: I think that was quite clear from the reference I gave the Hon. Member. The publication of a proposed motion once in the Notice Paper and the next day on the Order Paper is sufficient to cover two days' notice under former Standing Order 42, which is now Standing Order 47. That is quite clear, and I do not see what other explanation I could give the Hon. Member.

Mr. Andre: Madam Speaker, the point is that today is the first day it has been on the Notice Paper. It may have been tabled with the Officers at five minutes before five o'clock on February 11, last Friday, but today is the first day it has been on the Notice Paper. To follow the citation Your Honour read in order to justify not following Standing Order 47(1)—

Mr. Nielsen: She is not listening to you. Wait for her.

Madam Speaker: The Hon. Member for Calgary Centre.

Mr. Andre: Madam Speaker, as I was saying, the citation you read stated that notice is satisfied if it is published one day in the Notice Paper and the following day on the Order Paper. In fact, today is the first day it has been published in the Notice Paper.

Mr. Nielsen: Anywhere.

Mr. Andre: It is the first day it has been published anywhere. It should have been published in *Votes and Proceedings*, but it was not. It must be published tomorrow in the Order Paper for it to satisfy the citation that Your Honour has read, to in fact overrule the wording of Standing Order 47(1).

Mr. Deans: Absolutely. I do not always agree with you, Harve, but you are right on.

Mr. Bradley: Ring March bells again.

Mr. Lewis: Damned engineers.

Mr. Pinard: Ring the bells and go campaign.

Madam Speaker: It is now quite clear to me exactly what this means. It has always been the practice, and even if notice were given at five minutes to five o'clock on Friday afternoon and thereafter published, as it has been now, the requirements of the Standing Orders would have been followed. Therefore, I do not see why Hon. Members are raising the question now, unless they want a complete change in a practice which has been followed in the House for fifteen years.

Mr. Nielsen: Just comply with the Standing Orders.

Madam Speaker: That is the problem we have usually had with weekends. If notice had been given on a weekday, we would not have had this problem, because the Notice Paper would have been published the next day. It was given on the weekend, and every weekend has been considered to constitute the proper time for publication of notice.

Hon. Marcel Lambert (Edmonton West): Madam Speaker, the notice is not to the Chair.

Some Hon. Members: Order.

Mr. Lambert: The notice is to this House. Whatever the practice of the Table Officers, whatever their administrative shorthand has been, if it has been wrong, then the attention of the House is drawn to it. Surely the Chair must comply with that.

• (1620)

In this particular case, there is a Notice Paper dated today, and it is clear, there is this item in a document dated today. There is no way that anyone can say that this is not a document dated today. There are items in here that, with the greatest of respect, bear a certain date—

An Hon. Member: If you have respect, sit down.

Mr. Epp: You are not the Chair.

Mr. Lambert: The Standing Order does not say—

Some Hon. Members: Oh, oh!

Mr. Lambert: I will not be howled down by a mob.

Some Hon. Members: Hear, hear!

An Hon. Member: Respect the Chair!

Mr. Lambert: May I say that when it comes to respect to the Chair that in the chair I have faced a lot more unruliness than you chaps can put up any day.

In so far as this is concerned, and I am very serious here, this Standing Order must be complied with by the Table Officers, and there is nothing in our practices that provides for a practice for weekdays, but never on Sunday. This is a fact. There cannot be notice on Monday morning and a Minister allowed to introduce a particular piece of legislation that very afternoon, under any circumstances.

An Hon. Member: Who says that?

Mr. Lambert: The Hon. Member who is so learned in the rules asks who said that. The Chair said it, the Minister said it and the Government House Leader said it. But notice was given today to this House. There is no way that I can go down to the Clerk's Office at six o'clock and say: "All right, I want to see every notice." That has not been the practice. We do not do that. Therefore, what I am simply saying is that the language is patently clear, and I do not know by what authority, of the Chair or of anyone in this House, the language of the rules can be deliberately bypassed. Based upon *soi disant précédents*, you cannot do it. If we have to say *mea culpa*, we were wrong, that is so, but let us say that that was wrong. That is the point that I am objecting to, that one considers these rules to be written in Sanskrit or some other language that no one in this House understands.

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, it becomes very obvious that one of the reasons that the rules were reconsidered was that either the rules themselves were considered inadequate to keep the House properly informed, or that precedents or some other influence on the rules had made it impossible for the House to be satisfied with the conduct of the business of the House.

If one is to revert to all the precedents of rules prior to December 22, then the exercise of the revision of the rules has been for naught.

I submit to you, Madam Speaker, that what I have to say is in no way critical of you, nor do I intend to reflect on anything you may have said or chosen to rule upon, but I do submit to the President of the Privy Council (Mr. Pinard) that he is acting in extremely bad faith in trying to impose on you, as Speaker, and upon this House, his wish in spite of the very excellent rapport which existed during the procedures of that Committee. The intention of the Committee was to avoid some of the previous practices of the Government. It is because these practices were abhorred that so much time and patience was exercised to correct what was then construed to be a weakness in the rules which denied proper notice to the House and to the people of Canada.

Madam Speaker, I think that the House should apologize to you for the position in which you have been placed by this Government. The Government is trying to defy the very rules which in good faith were adopted with an intention and an interpretation by an all-Party Committee of this House, and it is now putting, you, Madam Speaker, in a very embarrassing position. The Government of this day, Madam Speaker, owes you and that Committee a heartfelt apology for its absolute neglect of the spirit and the intent of the work which was done to improve the rules, so that the House might be better informed and notified of what was going to happen.

[*Translation*]

Mr. Gérald Laniel (Beauharnois-Salaberry): Madam Speaker, I do not want to dwell on the comments on your ruling, but nevertheless I must say a few words about the comments made by some of my colleagues, who seem to think the House should forget its past, its precedents and its history, just because a committee sat down and revised its rules. Madam Speaker, in its report the committee indicated that its work must go on. The committee did not tinker with all the Standing Orders, and in fact, most of them were left as they were.

When the Hon. Member for Hamilton Mountain (Mr. Deans) says that on December 21, the history of the House of Commons changed and that now the Standing Orders are set

in a new mortar and is no longer flexible and that there is no longer any need or possibility for them to be interpreted by the Chair on the basis of past rulings and application of rulings I would remind the Hon. Member that it is not the first time the Standing Orders of the House have been revised, in whole or in part. In 1976, Hon. Members reached agreement on various kinds of reforms. The Hon. Member for Edmonton West (Mr. Lambert) has been sitting in the House a little longer than I have. He has witnessed many reforms, and as a former Speaker of the House, I do not understand how he could forget that the House has provided interpretations of Standing Orders in the course of the years, and that the Chair has always been obliged to accept them and to act accordingly. For instance, Speaker Lamoureux applied the Standing Orders very strictly, on the basis of precedent. Speaker Jerome made quite a few innovations as far as interpreting the Standing Orders was concerned. Today, we are told that this Standing Order has been interpreted in this way for fifteen years. The Speaker says: If Hon. Members want it to be clarified, let them give me appropriate notice and let us get on with it. However, let us not waste our time here this afternoon with people telling us that on December 21, a group of Members—not senior, but junior Members—may have wanted to be more forward-looking. There have been others in the past who examined the Standing Orders. Well, because these junior Members submitted a report to the House which was adopted unanimously, it all means that we must realize we no longer have to refer to Beauchesne, not even for the interpretation of the slightest word, and those are the words of the Hon. Member for Hamilton Mountain.

Madam Speaker, I think that these Members want to take you through a dark tunnel, as it were, where you will never see the light. The future of this House is based on its history, on its part and on its precedents, and if we want to change our customs and procedures, this cannot be done at a moment's notice. Today, for example, Members are asking the Chair for an entirely new interpretation of one of the Standing Orders which during the last fifteen years, for reasons I ignore, has been given a much broader interpretation.

Madam Speaker, I think you would do well to be wary of agreeing with the interpretations given by the Members opposite with respect to dropping all our precedents and the entire history of the House of Commons.

Mr. Pinard: Allow me, Madam Speaker, to make a correction. We had at least one meeting with the Clerk of the House and the House Leaders before Christmas and I heard a while ago the Hon. Member for Yukon (Mr. Nielsen) say that no one on that side had been consulted about the drafting of clause 47. I would like to refer to that meeting and it will be noted that a new text was indeed suggested. However, it was the member for Yukon himself who had asked that such an amendment not be made and that clause 47 remain as clause 42. Under such circumstances, there is no doubt that he was mistaken when he thought that no member from his party had been consulted since he advocated the *statu quo* in the interpretation of that clause and this fact should be on record.

• (1630)

[*English*]

Madam Speaker: Let us be quite clear about what is taking place. Supposing that we did not have a weekend and that the notice had been given today, Monday, and the notice would have been published in the Notice Paper on Tuesday. The notice would have been printed on the Order Paper on Wednesday. Therefore, Hon. Members would have no question. That is quite clear. All the requirements of the Standing Order would have been fulfilled.

The weekend has always posed a problem for the application of this particular Standing Order because the notice that is required is not two sitting days but 48 hours. When a notice is given on Friday, when we come into the House on Monday we have had the 48 hours' notice. That is the practice against which I interpret the situation today. If Hon. Members wanted to change that, they had the chance to change it. They did not want to change it. Our interpretation is that they do not want to change it because they wanted Standing Order 47(1) to be interpreted as Standing Order 42 was interpreted, and that is what the Chair is doing.

Mr. Howard Crosby (Halifax West): Madam Speaker, I rise on a point of order.

Madam Speaker: I will not accept any more interventions on this particular situation. If the Hon. Member for Halifax West (Mr. Crosby) has another point of order, I will be glad to listen to it.

Mr. Crosby: Madam Speaker, the point of order that I would bring to your attention does not bear on this point but on the law of the land. As I understand the provisions of the Lords Day Act and the Interpretation Act, which applies to all laws and statutory provisions of every kind in Canada, they regard Sunday as a non-juridical day. They do not involve those—

Madam Speaker: Order. The practice of the House is quite different.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, I rise, not to quarrel with your ruling, but merely to comment on something that you said while you were making your ruling that ought to be commented on. That is your comment about the Special Committee. The Special Committee, by not changing this particular rule, neither added to the credibility of that rule nor took away from it, because it was not even considered.

Madam Speaker: Order, please. That point might be well taken when Members again meet in Committee. I would urge Members to discuss again this matter in the Committee. Obviously we cannot resolve it here in the House in these discussions. The question should be re-discussed in the Committee, and I would urge Hon. Members to do just that.

Mr. Blaikie: Madam Speaker—

Madam Speaker: Order, please. Hon. Members will understand that I have heard enough commentaries on this point of order. I have now ruled. Therefore, there cannot be any commentaries on that ruling. If the Hon. Member wants to discuss it in general, he knows that this is not the time.

Mr. Blaikie: Madam Speaker, I did not bring up the Committee, you did. All right? You are the one that brought up the Committee in your ruling.

Madam Speaker: Yes, but the Chair has to give its arguments. If the Chair can, it should be explicit. I thought that it would be a good idea to be explicit on this particular point because obviously there was some confusion. Because I mentioned it, that does not mean that the Hon. Member is now entitled to make comments on the broader question of all the changes that might be brought to certain Standing Orders.

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I have a question of clarification. In your Honour's ruling, you suggested that the reason for the kind of departure from the new Standing Order 47 is certain past practices. The past practices of the Table are the kind of Friday habits that the Table has got into. I think these can apply unless challenged. With the current practices, or whatever the practices are, the citation in Beauchesne, Citation 400, has to take precedence over the Friday habits of the Table.

Madam Speaker: That might happen in the future, but until the Chair is advised that that is the interpretation that is put on that particular Standing Order, the Chair has no choice but to rule as it did.

* * *

[*Translation*]

BORROWING AUTHORITY ACT

SUPPLEMENTARY BORROWING AUTHORITY

Hon. Marc Lalonde (Minister of Finance) moved for leave to introduce Bill C- "An Act to provide supplementary borrowing authority."

[*English*]

Mr. Doug Lewis (Simcoe North): Madam Speaker, I have a point of order with respect to the Minister's request for leave to introduce a Bill to provide the Government with supplementary borrowing authority. It is our position on this side that by attempting to introduce a borrowing authority Bill at this time the Minister of Finance (Mr. Lalonde) is committing a breach of the procedures and practices of this House. Madam Speaker, since we have just had a great deal of discussion as to what the practices are, it may be helpful in your consideration of my submission.

First, it is customary for the Government to produce a fiscal statement prior to requesting borrowing authority and, second, the Minister is breaking a contract and an undertaking that he made with this House at the time he last received supplementary borrowing authority. With your indulgence, I have two arguments to make.

First, with respect to the custom of presenting a fiscal statement to Parliament prior to requesting borrowing authority, one should look at the practice followed at the time of a budget. Before seeking borrowing authority the Government lays out a detailed statement of its projected revenues and requirements. Apart from the fact that it is only by generating such projections that the Government can reasonably predict what its borrowing requirements are, such projections are prerequisites for us as an informed Opposition to have an intelligent debate in Parliament. The Government should not expect, nor should Parliament grant, borrowing authority in cases where there is not a demonstrated need for additional funds. We submit that the Government should provide those statements now, before the Bill is introduced.

This House has been consistent in its demands that the Government's borrowing not exceed the requirements that it has demonstrated to the House. That was the principle which led to the splitting of the last borrowing Bill. That was the principle that led to the Government backing off on the amount of $4 billion.

I want to refer specifically to Erskine May, page 3 where it talks about the principles of parliamentary law. I am not here to give a long lecture on the principles of parliamentary law, but I want to suggest one item to the Chair. It reads:

> The principles that lie at the basis of English parliamentary law, have always been kept steadily in view by the Canadian Parliament; these are: To protect a minority and restrain the improvidence or tyranny of a majority; to secure the transaction of public business in an orderly manner—

I emphasize that.

Madam Speaker: Order, please. I will interrupt the Hon. Member because I do not quite understand what his point of order is. Is the Hon. Member debating the motion to put the Bill for first reading? He knows he cannot debate that. If the House does not want to accept that the motion be put, we can vote on it, but there is no discussion and no debate at this particular time.

Mr. Lewis: Madam Speaker, there will be plenty of debate once we get to it. The point I am trying to make to the Chair is that the Minister has no business asking for leave when he has not complied with the customary practices of this House which are to provide financial statements ahead of time. On a borrowing authority Bill, he cannot have his leave without presenting us with the statements upon which he is going to ask for that authority.

I referred in my submission to comments made by Ministers. I want to refer briefly to two further comments. The former Minister of Finance stated in June 1982:

> I would therefore tell the committee that I would anticipate coming back to the House to request additional borrowing authority sometime prior to the end of the fiscal year. But I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation and the implications of that situation on the Government's fiscal situation.

● (1640)

Briefly, the second point I wish to make is that, setting aside that argument and the undertakings which they gave, they are now coming back to us, hat in hand, asking the Chair and the House to ignore previous procedure and to consider a borrowing Bill without any economic statements. That is the point of order I make to you, Madam Speaker. We cannot entertain the motion for leave without the economic statements upon which the Minister is asking for his borrowing Bill.

Madam Speaker: As I understand it, Hon. Members do not agree that the Minister may leave to introduce his Bill at this particular time on supplementary borrowing authority. Is the House ready for the question?

Some Hon. Members: Question.

Madam Speaker: All those in favour, please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed, please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion, the yeas have it.

And more than five Members having risen:

Madam Speaker: Call in the Members.

(*Division No. 295*)

YEAS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Burghardt
Bussières
Caccia
Campbell (Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Collenette
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dubois
Duclos
Dupont
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
MacBain
Mackasey
MacLaren
MacLellan
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Regan
Reid
(Kenora-Rainy River)
Roberts
Rompkey
Schroder
Smith
Tessier
Tobin
Trudeau
Turner
Veillette
Watson
Weatherhead—111.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Benjamin
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clarke
(Vancouver Quadra)
Cooper
Cossitt (Mrs.)
Crosby
(Halifax West)
Dantzer
Darling
Deans
de Jong
Ellis
Epp
Fennell
Forrestall
Fretz
Fulton
Gamble
Greenaway
Gurbin
Gustafson
Hamilton
(Qu'Appelle-Moose
Mountain)
Hawkes
Heap
Hnatyshyn
Howie
Jarvis
Keeper
Kempling
Kilgour
King
Korchinski
Lambert
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
Malone
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McKenzie
McKinnon
McKnight
McMillan
Miller
Mitges
Munro
(Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Ogle
Parker
Robinson
(Burnaby)
Rose
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Siddon
Stewart
Taylor
Thacker
Towers
Vankoughnet
Wright
Young—76.

During the taking of the vote:

Some Hon. Members: Out.

Madam Speaker: I believe the Hon. Member may stay in the House, but I suppose since he arrived after the proceedings started, he cannot vote, but he can stay in the House.

● (1800)

And the Clerk proceeding to announce the result of the vote:

Mr. Lewis: Madam Speaker, I rise on a point of order. In view of the fact that the Hon. Member for Burin-St. George's (Mr. Simmons) has entered the House after the Whips took their seats, and in view of Standing Order 15(2), I would invite the Speaker to rule as to whether or not the Hon. Member for Burin-St. George's should be allowed to vote. We have no quarrel, Madam Speaker, with the fact he wears no necktie because, obviously, he is suffering some discomfort.

Mr. Simmons: Madam Speaker, I regret getting here after the bell stopped ringing. With the 50 Tory backbenchers absent, at least I am here.

Some Hon. Members: Oh, oh!

Madam Speaker: Would the Hon. Member for Burin-St. George's (Mr. Simmons) please tell the House whether he was in the House when the voting proceedings started.

Mr. Simmons: I was here—

An Hon. Member: You liar. You liar.

● (1805)

Mr. Simmons: Madam Speaker, I was here when the voting began.

Some Hon. Members: Oh, oh!

Mr. Andre: Privilege, Madam Speaker—

Mr. Simmons: Madam Speaker, I was not here—

An Hon. Member: You are a liar.

Mr. Simmons: Hold it, guys. You might learn something.

An Hon. Member: Not from you!

Mr. Simmons: I was not here when the bells stopped ringing, but I am here now, unlike 50 Tories.

Madam Speaker: That is not the question that I asked the Hon. Member. I asked the Hon. Member whether he was in the House when the voting proceedings started. In other words, did he enter the House after the question was put?

Mr. Simmons: No, Madam Speaker, I was not in the House when the question was put.

Mr. Andre: Liar!

Some Hon. Members: Oh, oh!

Madam Speaker: The Hon. Member for Calgary Centre.

Mr. Andre: Madam Speaker, obviously I withdraw that remark. I misheard what the Hon. Member said.

[*Translation*]

Madam Speaker: Since the Hon. Member was not in the House at the beginning of the voting proceedings, I have to ask that his name be removed from the list of voting Members.

[*English*]

The motion is carried.

Motion agreed to.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

Adjournment Debate

TRUST COMPANIES—GOVERNMENT'S RESPONSIBILITY FOR MORTGAGE COMPANIES. (B) QUERY RESPECTING GOVERNMENT'S ACTIONS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, on February 8 I again raised questions with respect to the Greymac Mortgage Company and Seaway Mortgage Company fiasco. This is clearly within the responsibility of the Government. The Parliamentary Secretary to the Minister of Finance (Mr. Fisher) advised the House a week ago that the Government was aware, on or before March 31, 1982, that Greymac Mortgage Company and Seaway Mortgage Company were both in default under the Loan and Trust Companies Acts, that they were not managing their affairs properly under those Acts and that the Government had put those two corporations on what he said was a short leash. Indeed, they were advised that their licences would only be extended for a two-month period and they were put under severe restrictions with respect to their investment activities.

Clearly, more had to be done than that. The Government knew that these corporations were associated with two trust companies, both licensed under the Province of Ontario, being Seaway Trust Company and Greymac Trust Company. The Government had an obligation to advise the Province of Ontario, through the loan and trust company people operating trust company affairs in that Province, of what it knew about the mortgage corporations.

I asked the Minister whether he would make a statement on motions to tell the House what he knew and what he had told his counterpart in the Province of Ontario. The Minister made fun of that suggestion. He said that somewhere along the line he had Conservatives fighting with Conservatives. I do not think there is anything funny or any fight about Conservatism with respect to the matter.

● (1810)

The situation is that the Government is responsible for the maintenance of a sound financial system in the country. The Government is further responsible under the management of the Canada Deposit Insurance Corporation to ensure that member companies licensed under that arrangement comply with sound business practices and sound financial requirements under the Canada Deposit Insurance Corporation Act.

Clearly the Government acted as a sleeping policeman. Clearly the Government had some sort of idea that the honest principals behind Greymac and Seaway would do something right. It continued to let Greymac and Seaway operate as mortgage corporations, licensed and permitted to operate under the umbrella protection of Canada Deposit Insurance Corporation. It continued to let them operate under the Loan Companies and Trust Companies Acts. It made no effort to terminate their arrangements in the Province of Ontario. Indeed, with respect to Greymac, the Government allowed the principals in Greymac to become involved in a third trust company, Crown Trust, in September 1982, without doing anything about it, without blowing the whistle, without calling a halt.

The Government stands indicted for its failure to do something. All sorts of people placed their money with Greymac and Seaway during 1982. Indeed, those corporations were touched by the Province of Ontario as being a fair place for boards of education and municipalities to put surplus funds. My own board of education, the Peel Board of Education, on January 1 of this year put $3 million with Greymac. My own municipality, the Municipality of Mississauga, in March 1982 advanced to Greymac Mortgage Corporation $1 million on a note for one year.

Somewhere along the line the Government, responsible for Greymac and responsible for Seaway, through its mortgage corporation arm, and certainly under the Canada Deposit Insurance Corporation, had a responsibility to act. It did not act. People have suffered. Tremendous losses have been incurred. It is time for the Government to come clean.

Hon. Paul J. Cosgrove (Minister of State (Finance)): Mr. Speaker, in my previous comments in the House during Question Period, responding generally to the observations of the Hon. Member for Mississauga South (Mr. Blenkarn), I indicated that pursuant to Section 73(1) of the Loan Companies Act, as in the case of the two federal mortgage loan companies here involved, the Superintendent makes a report to the Minister as to his concern about the ability of companies to continue business under the provisions of existing licences. Section 73(2) of the Act further provides that the Minister, upon receiving that report, shall first of all hear the principals of the company as to the information given by the Superintendent in his report, and then shall determine at that point what course of action the federal Government should follow.

• (1815)

I am still in the process of receiving submissions by principals of the company as represented by solicitors. As a matter of fact, as late as Tuesday of last week, further submissions were made by the company to its solicitors and principals, and the proceedings were adjourned in order for them to file even further material. Until such time as they have completed their submissions, and I have made a report on this matter bearing on the very issues raised by the Hon. Member, as I have indicated, it is not possible for me to go into some of the details which the Hon. Member has requested.

I might be able to assist the Hon. Member, if he is concerned, as he has indicated he is by indicating that provincial authorities who are responsible for the parent companies of the mortgage companies, for which there is responsibility on the part of the Superintendent of Insurance under federal legislation, and the Province of Ontario, which has a responsibility, were somewhat prejudiced in that they may have gained information from the federal Government about the subsidiaries, that they did not have, which pertained to the companies. I can put his mind to rest. There is continuous discussion and communication between the officials of both departments, and at all times officials of the Province, responsible for the parent companies, were aware of all of the actions taken by the federal Government.

INDUSTRY—LAY-OFFS IN SOUTHEAST BRITISH COLUMBIA COAL PROJECTS

Mr. Sid Parker (Kootenay-East Revelstoke): Mr. Speaker, on January 27 I raised a question with the Minister of Industry, Trade and Commerce (Mr. Lumley) regarding the $1 billion which the federal and provincial Governments have provided to support a coal industry in northeastern British Columbia. This is a very important question for my riding because it deals with coal.

Coal is very important in Kootenay-East Revelstoke. It provides jobs for thousands of people and is the reason for the existence of towns such as Sparwood and Fernie. But the existence of those towns is threatened. In the community of Sparwood alone 2,000 coal miners have had temporary lay-offs. Four hundred workers have had indefinite lay-offs and this project has not yet come onstream.

That figure of 2,000 lay-offs is pretty significant. I saw the same figure when I was reading the 1982-1983 Economic Review and Outlook published by the British Columbia Ministry of Industry and Small Business Development. That review had a section on northeast coal. It stated that the development would create 2,000 new jobs at the mine site alone. That is quite a coincidence. While Governments are planning 2,000 new coal jobs in the northeast, 2,000 coal miners are being laid off in the southeastern part of British Columbia.

The Minister of Industry, Trade and Commerce was careful when he answered my question to point out that the federal Government had been involved in developing northeast coal. He said he wanted it understood that the federal Government had substantially assisted the British Columbia Government in this venture. Between the two levels of government the assistance is substantial indeed. That help in the form of railways, roads, a new town site and seaport will come to about $1 billion. The coal companies will be putting up only $1.6 billion. That is quite a massive subsidy considering what some of the people from the southern coal companies have had to say.

Mr. Bob Brady of B.C. Coal said of the southeastern producers:

> We could have expanded to meet the demand and it wouldn't have cost the taxpayer a cent. The infrastructure is all there.

Mr. Jerry Joynt of Fording Coal said the same thing. The point is that the B.C. and federal Governments have spent a billion dollars of taxpayers money and the main effect will be to destroy over 2,000 jobs in one place and create those same jobs somewhere else.

• (1820)

These communities will be badly hurt by this; the families will suffer upheaval and unemployment. I called upon the Government to do something, by ensuring that northeast coal did not come on stream until southeast coal production was approaching its capacity. The only thing the Minister could say was that he could not decide which Governments buy coal and from whom.

However, the Government could take steps. If it was not building the infrastructure for those companies, then other countries would be more likely to use the resources already available. The Government could also work with the British Columbia Government to encourage it to set up a mechanism for the orderly marketing of coal. Similar programs were set up in Saskatchewan under the NDP Government to protect towns and jobs. This worked in Saskatchewan because the Government had the will to act.

I called upon the Government to take those two necessary steps to protect the jobs and towns of southeastern British Columbia. The Minister said, "I wish I had control over the market." I want to say that the Government has created this problem. Many railway workers are dependent upon this industry. Many communities that provide the substructure are dependent upon it. The Government has the responsibility because it created the problem. I urge the Minister to immediately request a meeting between his Department and the B.C. Government to ensure that this injustice does not take place because of the subsidies provided by the two levels of Government.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, in reply to the invitation of the Hon. Member for Kootenay East-Revelstoke (Mr. Parker), I can say that if ever British Columbia wants to meet with Industry, Trade and Commerce officials, there will be no problem. Our doors are open and we would be happy to discuss the whole question of the coal industry both in southern and northern British Columbia.

First of all, I want to mention that Canadian coal exports began mostly in 1970, when we were able to export some 1.35 billion tons, which was the handled tonnage at that time, and that we now export 16.2 million tons per year, which represents assets of $1.03 billion. It is important to note at this stage, Mr. Speaker, that it is only since 1976 that British Columbia has had major investments in the coal industry and the planning of coal mines in the northeastern part of the province. The industry really began at that time, in 1976. Full capacity production for the first two mines, namely Quintette (Denison) and Bullmoose (Teck Corporation), is expected to be reached by 1985. We cannot say therefore that we have fallen behind. A normal schedule has been followed for planning and development.

Another important element which should be noted, Mr. Speaker, is that the Federal Government did not invest directly in the coal mines, but provided assistance for the infrastructures. It is therefore not the Federal Government which is investing in British Columbia coal mines, but the private sector. It is very important to make this distinction. When the Federal Government invests in infrastructures, it expects a cost-benefit relationship to recover the amounts invested. It is therefore only a matter of sound management. The Government of British Columbia supports those projects through massive investments in the infrastructure and by extending power lines and railway tracks to the new mines. Federal support is aimed at upgrading the CN lines between Prince George and Prince Rupert, a project which will certainly benefit a great many industries, including wheat producers and lumber mills.

Mr. Speaker, since it is rather difficult to answer such questions in three minutes, I might prefer to table the document which contains the answers I have here, so that they will appear as an appendix to *Hansard*. I think that would give an excellent idea of the answer to the question asked by the Hon. Member for Kootenay East-Revelstoke. I would like to say, Mr. Speaker, that the current lay-offs in southeastern British Columbia have nothing to do with the northeastern projects, because the first deliveries of coal from that region are not expected before December 1983. In the meantime, the development of coal deposits in the northeastern region and the setting up of the related infrastructure provide a sizeable number of jobs for British Columbia workers. I have very interesting notes and I think that the Hon. Member might like to have them. I will pass them on to him immediately after completing my remarks. However, Mr. Speaker, if it is possible, I would like to table this document and have it appended to *Hansard* so that our readers will see it.

● (1825)

[*English*]

The Acting Speaker (Mr. Blaker): I am sorry, but I should explain to the Parliamentary Secretary that no other proceedings are permitted during the adjournment proceedings. He may want to look to another occasion when he can do that, but I noted that he offered to make it available to the Hon. Member, in any event.

ADMINISTRATION OF JUSTICE—REQUEST FOR JUDICIAL REVIEW OF HABITUAL CRIMINALS

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I rise today to pursue a question which I asked of the Minister of Justice (Mr. MacGuigan), on February 8, last. The question related to the status of habitual criminals in Canadian penitentiaries and noted that legislation was being promised by the former Minister of Justice in 1977 to ensure that a full review would be made of all persons who were presently incarcerated as habitual criminals, in light of the new criteria which were established in the 1977 dangerous offenders legislation.

In the limited time I have this afternoon, I will cite from an excellent, very comprehensive study which was prepared by Professor Michael Jackson of the Faculty of Law, University of British Columbia, entitled "Sentences That Never End, the Report on the Habitual Criminal Study". I will also refer to the complaint which was made to the United Nations Human Rights Committee by Mr. Robert Haddock, who is currently a prisoner at Kent Penitentiary in British Columbia. He alleged that Canada is in breach of Article 15 of the International

Covenant on Civil and Political Rights and failed to perform its duty under Article 2 of that Covenant.

In 1947, Canada enacted, through amendments to the Criminal Code, habitual criminal legislation. Effectively, under this legislation, a person who had been found to be a habitual criminal could be sentenced to preventive detention; in other words, an indeterminate sentence under which a person could be imprisoned for the rest of his or her life, subject to reviews by the National Parole Board. That legislation was reviewed in 1969 by the Ouimet Committee, which came to the conclusion that the habitual criminal legislation should in fact be repealed and replaced by dangerous offender legislation which focused clearly on those individuals who constituted a continuing danger to the personal safety of others, and were not simply social nuisances of some sort.

I might note that in the application of this legislation, there was great geographical inequity. In fact, of the 80 persons who were sentenced to preventive detention, 45 were sentenced in British Columbia and 39 of those 45 were sentenced in the City of Vancouver. The reason for that is well known to those who are familiar with the criminal justice system in Vancouver in the 1960s. It was the then senior Crown counsel, Mr. Steward McMorran, now a county court judge, who invoked this habitual criminal legislation, basically to deter, as much as possible, in what he called the wild west posse state of justice, criminals who might have come to British Columbia from other Provinces.

Following the recommendation of the Ouimet Committee, in 1977, some eight years after the Committee reported, its recommendations were enacted by the federal Government. The old habitual criminal legislation was replaced by new dangerous offender legislation in Part 21 of the Criminal Code.

The new dangerous offenders legislation emphasizes that the offender must have committed an indictable offence that involved the use of violence against another person, or conduct that constituted a threat to the life, safety, or physical or mental well being of other persons, punishable by a sentence of ten or more years. There are other specific criteria, as well.

At the time this legislation was implemented, the former Minister of Justice, the Hon. Ron Basford, gave a commitment to the Committee on Justice and Legal Affairs. He stated that, as a matter of policy, all those persons sentenced under the old habitual criminal legislation would be reviewed by the Parole Board. He said:

> Then there were questions about those already in the penitentiaries as dangerous sexual offenders or habitual criminals. They are covered by the old Code, but as a matter of policy their cases will be reviewed once a year.

This is the critical portion:

> They will be reviewed on the basis by the Parole Board against the new formulation of what a dangerous offender is. That does not obviously guarantee that they will be paroled, but it does mean that their cases will be reviewed in accordance with the new standard.

That commitment made by the then Minister of Justice was never fulfilled. To this day it has not been fulfilled and it is on that basis that Mr. Robert Haddock and a number of other habitual criminals argue that their cases should in fact be reviewed.

● (1830)

Time does not allow me to summarize all the findings of the study conducted by Professor Jackson, but certainly I can summarize the major findings. They are, first of all, that the majority of men who were part of the study have always been regarded not as serious, dangerous offenders in terms of their propensity to commit violence, but rather as serious social nuisances. Professor Jackson came to the conclusion that none of these men could properly be regarded as dangerous offenders within the definition of the 1977 legislation, and that the parole board had not been using those criteria in conducting its reviews of the men involved. It notes as well that the length of time that has been served by these people is greatly disproportionate to the harm or damage they have done and the risk of further harm or damage they may pose to the public.

Professor Jackson argues that in fact if there is not speedy redress of their grievances that the Government will be in breach of Section 12 of the Canadian Charter of Rights and Freedoms which states that everyone has the right not to be subjected to any cruel or unusual treatment or punishment.

Professor Jackson makes two key recommendations, first, that legislation should be introduced providing for judicial review of all habitual criminals to determine whether or not they are dangerous offenders within the definition of the 1977 dangerous offenders' legislation and, second, and very importantly considering the people we are dealing with and the lengthy terms of imprisonment they have served, that resources be made available on a voluntary basis to facilitate the establishment and reintegration of former habitual criminals into the community.

I was encouraged by the response of the Minister of Justice to my question on February 8. I hope that he will in fact implement the recommendations of Professor Jackson's study and once and for all redress what is obviously a very serious grievance that has led to complaints before the United Nations Human Rights Committee, and certainly an injustice with respect to the individuals involved.

Mr. Al MacBain (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, Department officials have examined Professor Jackson's report, which was referred to by the Hon. Member for Burnaby (Mr. Robinson). The Minister met with Professor Jackson in Ottawa recently concerning his report. As a result we are exploring the feasibility of various methods that might be available, both under current law and, if necessary, under new legislation, to remedy the situation, bearing in mind the need both to be fair to the individuals in question and to ensure that no dangerous individuals are released.

The Hon. Member will know that Professor Jackson's study related only to habitual offenders incarcerated in the Province of British Columbia. The facts surrounding habitual offenders incarcerated outside of British Columbia must also be exam-

ined. Particular attention must be paid to offenders who were incarcerated under the habitual offenders' provision but whose offences would qualify them for a finding as dangerous offenders under the existing Criminal Code provisions and give cause for concern over their prospective release from custody.

The Solicitor General (Mr. Kaplan), and the Minister of Justice (Mr. MacGuigan), are consulting with respect to the most proper and appropriate means of maintaining the delicate balance between individual rights and the welfare and protection of society as a whole.

The calls for new legislation give rise to concern, for a number of reasons. New legislation is time consuming; it imposes a potentially large burden on the courts to review cases and it does not address the pre-1977 convictions for offences that could give rise to a post-1977 application under Part XXI.

Alternatively, if an existing mechanism can be found that offers a way to review these cases in light of the need to balance the concern for fairness to the individuals involved and the concern for protecting the public against any members of the group who are dangerous, it would seem preferable to employ such a mechanism. If no such mechanism is available, then new legislation would be considered.

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

At 6.35 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, February 15, 1983

The House met at 11 a.m.

• (1105)

[*English*]

PRIVILEGE

MR. LEWIS—ALLEGED LACK OF NOTICE OF COMMITTEE ORGANIZATION MEETINGS

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I have no wish to interfere with the Orders of the Day and the proceedings today, but I would like to bring to your attention at this time, in view of the fact that it is the earliest opportunity to raise a question of privilege, that the notice with respect to the organization of committees may not have been in order or may not have been delivered to Members in time.

It is our belief on this side that inadequate notice was given of the organization meetings of certain committees of the House, and that this lack of proper notice constituted a breach of order or a breach of privilege of Members of the House. I would like to reserve my right to comment further at three o'clock p.m. today.

I would also give notice that at that time other Members of the House, including other Parties of the House, may wish to address the same question of privilege.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, I think this notice means that more time is going to be wasted. The Hon. Member for Simcoe North (Mr. Lewis) can come and see me and discuss any irregularities there may be, and we shall then see whether there is a case for taking corrective action. However, what the committees do is strictly their own business, and nothing can be done about it here in the House without a report. Aside from that, I am prepared to meet the Hon. Member, and if he has any discrepancies to report, he can point them out to me and we shall try to correct the situation. It is unfortunate, however, that he is trying, this morning, to give notice once more that he is going to waste our time. I hope it will not be necessary to waste another day, and that we will be able to settle the matter between ourselves. Instead of raising questions of privilege, all the Hon. Member has to do is to consult with his fellow house leaders.

[*English*]

MR. CROSBY—APPLICATION OF PERMANENT AND PROVISIONAL STANDING ORDERS

Mr. Howard Crosby (Halifax West): Mr. Speaker, I would like to raise a point of order similar to the one raised by the Hon. Member for Simcoe North (Mr. Lewis) in relation to the application of the new Standing Orders, in particular Standing Order 69(4)(b). My point is contrary to the one raised by the President of the Privy Council (Mr. Pinard).

The Standing Orders regulate the activities and affairs of the House of Commons. They make very clear that Members of the House of Commons are entitled to participate in committee work. By giving 24 hours' notice through their Whip they will be permitted access to committee. It is recorded in the business of the House that yesterday we approved, at approximately 3.30 p.m. o'clock, the report of the Striking Committee which established the standing committees of the House. It now being after eleven o'clock, less than 24 hours later, those very Standing Committees are meeting.

The point must be recorded in the House of Commons right now that this is a rather strange procedure if a spirit of parliamentary reform is to prevail in the Chamber. We have no alternative but to record the facts as they are taking place and to consider what is our position as individual Members and as the Official Opposition to the process which is taking place.

I join with the Hon. Member in making the same reservation and asking your indulgence, Mr. Speaker, to allow this matter to come before the House of Commons at an appropriate time.

• (1110)

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, if I understand correctly what has just been said, the point that is to be raised at three o'clock has already been made. If it is a matter of adequate notice, is it not simply a matter that can be dealt with forthwith, and then we can get on with the business? I do not often urge upon people to do things they do not want to do, but it would seem to me that if the point just raised by the Hon. Member for Halifax West (Mr. Crosby) is the same point that the Hon. Member for Simcoe North (Mr. Lewis) proposes to raise after the Question Period, then it is appropriate to raise it now, and, therefore, it must be raised at the earliest possible moment. If he is aware of it, the matter must be debated now. Let us have the discussion, let us have the ruling and let us get on.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I rise on a point of order. Unlike the House Leader for the New Democratic Party, I would like to move away from all the facts and figures, but if we are pressed into it now, that is fine.

I refer you, Mr. Speaker, to this pamphlet called "A Guide to Committees of the House of Commons of Canada" published under the authority of the Speaker of the House of

Commons. I refer in particular to page 6 of this pamphlet where it states:

Notices of committee hearings are sent to committee members and are printed each day as an appendix to the *Votes and Proceedings*—

Yesterday we had quite a bit of discussion about the question of what *Votes and Proceedings* means. I would like to draw your attention to page I of *Votes and Proceedings* for Monday, February 14, 1983. We are informed that the Special Committee on Standing Orders and Procedure will meet, that the Justice and Legal Affairs Committee will meet and that the Public Accounts Committee will meet. Today at or about nine o'clock a.m., our Whip's office was advised that the Standing Committee on Finance, Trade and Economic Affairs would meet, that the report of the Auditor General to the House of Commons for the fiscal year would be discussed in committee; and then we find that the Agriculture Committee will meet and that the Communications and Culture Committee will meet.

We are making the same point that we made yesterday, and that is that democracy rests on notice. We have no difficulty getting our people to committee meetings when we have notice of them. I suggest to you, Mr. Speaker, that goes for all sides of this House. It is about time that the Members were informed and given plenty of notice as to what is going on. Party bias can then come into play, the Party situation and whether or not you are a Member of the Government or of the Opposition. But I suggest to you that this place has to operate on notice, Mr. Speaker. That notice was not given with respect to those committee meetings.

If we are going to be effective in committee, just as we argued yesterday that if we are going to be effective in the House, we need notice and information. Surely in committee we need and are entitled, as Members of Parliament and as suggested by the Speaker's Office itself, to proper notice. That is our point of privilege.

Mr. Crosby: Mr. Speaker, in response to the suggestion of the Hon. Member for Hamilton Mountain (Mr. Deans), I am prepared to state my point of privilege in very clear and unequivocal terms, if that is desired. I am prepared to make a motion in relation to that point of privilege which is that I, as a Member of the House of Commons entitled to equal rights with all other Members, did not have the opportunity to serve on standing committee meetings which were called for 9:30 a.m. and 10:30 a.m. this morning. Because I received no notification of those meetings, I was unable to be substituted as a Member of any one of those committees that met at 9:30 or 10:30 this morning. I will list them for you, Mr. Speaker. They are Finance, Trade and Economic Affairs; Justice and Legal Affairs; Public Accounts; Agriculture; Communications and Culture; and Fisheries and Forestry, which I attended. I could not be substituted because there was no opportunity for my Whip to provide 24 hours' notice to the Clerk of the House to permit me to become a regular alternate Member of any one of those committees.

• (1115)

By way of a motion, I would suggest that it would be appropriate to refer this matter of the calling of committee meetings to an appropriate committee of the House for study in order to see that all Members have the benefit of the provision that I referred to earlier, Standing Order 69(4)(b), which gives us the right to be substituted on standing committees on 24 hours' notice. That right was unceremoniously and unilaterally taken away from us by person or persons unknown.

Mr. Deans: Mr. Speaker, having listened to the points that were made and having read the Standing Orders, I would say at the outset that it may well be a point of order that Members of the House of Commons are entitled to be given sufficient notice to allow them to attend the sittings of the House and the sessions of the committees. Since there is a rule which requires 48 hours' notice on substitution, then the same rule must surely apply to the calling of meetings. Members must be given sufficient time to substitute prior to the meeting being called to order. We were not aware that the committees were to meet this morning. It was therefore not possible for Members who were unaware to be at the meeting. Neither was it possible, under the Standing Orders, to substitute.

The issue here is the unfairness of the situation. It is quite clear that if a Member is not given adequate notice of a meeting, which is 48 hours, in order that he or she may attend, it is not possible to substitute another Member because the Standing Orders do not permit it.

I suggest it is indeed a point of order; I do not think it is a question of privilege. I suggest that the Chair should rule that meetings of committees should be preceded by adequate notice being given to each and every Member so that they can attend or arrange for a substitute to attend in their place. In order for that to occur, it follows that there must be 48 hours' notice of the calling of the meeting.

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, as I indicated earlier, I am willing to meet with the House Leaders within the next five minutes in my office or wherever they wish so we can clarify this situation. We do not insist on having the committees organized this morning. We thought that it was urgent for the House to be able to have its committees working, but if they do not like the idea and would prefer more notice—I am told that Tory Members attended some of those committees this morning and were very happy—and want to undo what has been done, we are willing to discuss it.

Mr. Crosby: Garbage.

An Hon. Member: Who told you?

Mr. Pinard: It was the Tory chairman, as a matter of fact.

I am saying that if the House Leaders who are here this morning are willing to meet with me, let us not waste the time of the House and proceed with debate. We will meet right

now. If we cannot settle the matter, they can return with the subject whenever they want.

Mr. Lewis: Just once more, Mr. Speaker. I am not going to sit here and listen to any more comments from the Government House Leader. When we raise a question of privilege, as far as I am concerned I object to its being referred to as a waste of the time of the House. You decide that, not him.

The Acting Speaker (Mr. Corbin): The Chair has listened to the comments of Hon. Members. The Chair recognized the Hon. Member for Simcoe North on a point of order. Once recognized, he proceeded to submit a question of "privilege".

I would like to draw to Hon. Members' attention Standing Order 20(2) where a procedure is laid out for the giving of notice of matters of privilege other than one arising out of the proceedings in the Chamber during the course of a sitting. I think Hon. Members would be well advised to adhere to that usual procedure and give proper notice in writing, if Hon. Members cannot in the meantime resolve the matter raised under the points of order before the continuation of the sitting later on this day. In any case, I think we should proceed to Orders of the Day.

* * *

• (1120)

POINT OF ORDER

MR. McKINNON—REQUEST FOR CLARIFICATION OF REMARKS FROM CHAIR

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Corbin): The Hon. Member for Victoria rises on another point of order?

Mr. McKinnon: Yes, another one. Mr. Speaker, I am simply asking for some clarification and guidance on our future behaviour in this House concerning rising on points of order. In yesterday's debate, the Speaker pointed out in pretty firm tones, as recorded at page 22816 of *Hansard*, the following:

I will hear the Hon. Member for Hamilton Mountain (Mr. Deans). I will not hear any other Member.

Further on, the Speaker said:

Order, please. Hon. Members will understand that I have heard enough commentaries on this point of order.

I was in the House on February 3 and raised an objection to a philosophical debate which was going on under the guise of points of order raised by two Hon. Members from two different Parties. The order of business was the Old Age Security Act, which I rather wanted to debate and proceed upon in the hopes that we could change the mind of the Government about the indexation rule which it was attempting to apply to old age pensioners. At that time the Acting Speaker said:

There is no way that the Chair can refuse to see an Hon. Member on a point of order.

At that time I asked the Acting Speaker a question as follows:

Mr. Speaker, we have a very important Bill in front of the House concerning old age pensions. I wonder if you could not see any further points of order and let us get on with that Bill.

In reply, the Acting Speaker stated:

There is no way that the Chair can refuse to see an Hon. Member on a point of order. That is not an option open to the Chair, unless, of course, the House wishes to provide a very clear-cut order to the Chair in that regard.

Now I am completely puzzled. Was the Speaker right yesterday when she said she would not see people and that she had heard enough, or was the Acting Speaker correct on February 3 when he said that there was no choice open to the Chair? Perhaps Your Honour could guide us in this matter.

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, the Hon. Member for Victoria (Mr. McKinnon) is reflecting on a decision rendered yesterday, and it is a shame that he wastes the time of the House in the way he is now.

The Acting Speaker (Mr. Corbin): The occupant of the Chair certainly cannot comment on the matter raised by the Hon. Member for Victoria in the context in which he makes his remarks. I think the best course to follow now would be to take that matter under advisement.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Monday, February 14, 1983, consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute Law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. Scott Fennell (Ontario): Mr. Speaker, I would like to discuss the Bill which is before the House today. I must discuss it in somewhat general terms because of the reduction in the time available.

In the budget and comments by the previous Minister of Finance, it was indicated that this measure was housekeeping. I would call it state control and intervention. As we all know, with regard to income tax forms it is up to the individual to understand the Act and to make out his own form, keeping his own files and determining, on his own, the amount of taxes which should be paid; and then it can be challenged by the Department of National Revenue.

The President of the Institute of Chartered Accountants for Ontario recently gave a speech wherein he stated: "Even tax professionals admit they have difficulty understanding". Before we know it, there will be a new budget, a new tax Bill.

There has been something like over 500 changes to the Income Tax Act when it was revised in 1972.

It is beyond the capability of many Hon. Members in the House to comprehend this Bill. It is not possible for many chartered accountants to understand it, other than those who specialize in tax accounting. It is becoming too cumbersome. It is at a point where the average person cannot understand it. Furthermore, there is a discrepancy in that the cost of professional help is not permitted as a deduction for the average wage earner but is only permitted for people with very high incomes who can afford to pay for it whether it is a tax deduction or not.

• (1125)

Those are some of the points I wanted to speak to in general on this Bill because I feel we are being very unfair to the Canadian public.

Since the November, 1981 budget, chaos has reigned in Canada. Thousands of small businesses have gone bankrupt. The energy industry in Alberta has fallen apart. Alberta, a successful Province, is having to borrow money at this time. This is all a direct result of the Government tax laws that have been passed since February 18, 1980.

Specifically, I would like to deal with a few points in this Bill. I come from a part of the country where the automobile industry is the life blood of my constituents. General Motors has had to lay off thousands of people. There are many other people in related service industries who have lost their businesses.

These occurrences are beyond the recession that we are suffering, which I believe has been largely the fault of this Government. The taxation measures introduced in this Bill have also damaged our automobile industry. Companies leasing cars now have to extend these deals into four or five years for their salesmen as a result of this Bill. The lifeblood of a salesman is his automobile and he can no longer get around as quickly, because a four or five year old car will obviously be in the garage some part of the time for repairs. The Government, at a time when salesmen's incomes are being reduced, are now charging them tax on the use of a vehicle that is their lifeblood. This has reduced the sale and leasing of automobiles, which has hurt the automobile industry. It has hurt all the service industries around the automobile industry and has also harmed the sales people, who are so important to this economy.

Let me go on to one other area of this Bill that I take exception to, and that is the life insurance industry. The life insurance industry has provided great amounts of money for investment in Canada through savings of individuals. Admittedly, the Government has deferred the law for a year or two down the road, but it is so greedy to grab the tax on the income when it is earned, rather than taking the opportunity it has always had to grab the tax on the income when a man needs the money, that we are discouraging people from providing for the future.

You know as well as I do, Mr. Speaker, that constituents who were employed in the forties, the fifties and the sixties and who are now retired are suffering because the money they saved is not adequate to provide them with a decent way of life. To put this provision into this Act is a disgrace. Perhaps the Government's position on this is to control all the people so that they are totally dependent on the state. I think that this is unacceptable to the people of this country.

In Canada, when we need new industry, when we need expansion of residential units in the housing industry, when we need growth to support this fine country, the Government cut out one half of the capital cost allowance. Then, to be tricky, it considered the soft costs in building as capital costs so that a developer cannot write them off. The result of that is to increase the cost of rental units to the people of this country. The cost of rental units now is so high that it is difficult to apply the old formula that no more than 25 per cent of one's income should be spent on rental of living accommodation. By pushing it up, people must spend almost 50 per cent of their income to provide housing.

• (1130)

The next point in the Bill I come to, which refers to small business, is the SBDB. As Members know, this was developed by our Government, proposed by our Government and then abused and torn apart by the Liberals. It was meant to encourage industry, small business, to grow in this country. It was an encouragement for people who put their money in to be able to get lower cost loans. It was not enough, I must say from a personal point of view, but it was a start.

What has this Government done? It has now presented this only for bankrupt firms. I have talked to the banks about this. A company that is in trouble needs a lot more than a 34 per cent reduction in its interest cost. If you are going to help people who are in bankruptcy, you should put a moratorium on their interest rates until they can get their cash flow back to what they require to pay their debt. This does not solve the problem of those to whom it is addressed. This is an area that this Government and the Minister of Finance (Mr. Lalonde) should address in the next budget.

There is one part of the Bill I am delighted with. Due to the complexities within the Act, even the Department could not remove deductibility of interest on borrowed funds. The Department could not find a way to take this Provision out. It got up to 16 pages and then had to throw in the sponge. It could not get it out of the Act. I say thank God, because it should not come out. Canadians are too inclined to keep their money in their socks rather than put it out for investment. The few entrepreneurs we have left in this country need every encouragement to invest in our industry in order to get people employed and make profits so that our industry can grow and we can be less dependent on the multinationals.

Unfortunately, the Government did find a way of getting interest deductibility under Registered Retirement Savings Plans. Those are funds that were necessary to go directly into investment in industry in this country. Is it the Government's

wish to destroy private enterprise? Is it their wish not to give any encouragement to private entrepreneurs but simply to build colossal Crown corporations? I do not stand for that. It is time we help the small-businessman in this country to survive and create the employment that is so desperately required.

One further point is scientific research and development, which is so important in this day. Look at what the Japanese have done with the tremendous resources they have applied to it. The Government even cut into scientific research and development so that you cannot deduct on an accumulated capital basis.

The Acting Speaker (Mr. Corbin): Order. I regret to interrupt the Hon. Member but the time allotted to him has now expired.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, Bill C-139 which we have before us now is the result of three budgets that have all been a disgrace to this nation and have failed miserably when in actual fact the Government introduced them in an effort to make the economy of Canada work. In my view, the Bill we are now dealing with assists only in preventing the economy of the country from working and, therefore, should be significantly amended or withdrawn.

On June 28, 1982, the then Minister of Finance announced that the mortality gain of corporate-owned life insurance will no longer be a qualified receipt of a corporation's capital dividend account and thus life insurance proceeds will be indirectly subject to a death tax of approximately 34 per cent. Many qualified individuals have begun to speak out against this latest attack on Canadian-controlled, privately-owned corporations because it violates the concept of integration of corporate and individual taxation.

If this proposal becomes law, the death benefit proceeds of a corporate-owned policy paid out to shareholders will become taxable in the hands of the shareholders. By not allowing the death benefit to be paid out tax-free to shareholders through the capital dividend account of a private corporation, the use of corporate-owned insurance for the buy-out of shares in the event of the death of a shareholder is effectively nullified.

In asking Canadians to pay tax on income that they have not yet received, the Government is once again creating a major disincentive to investment. The lifeblood of our economy will be undermined by taxing businesses and individuals to the point that Canadians will no longer be able to provide for themselves for retirement and will become totally dependent on Government support.

The free enterprise system and the higher standard of living it provides for everyone depends on the existence of incentives for people to work harder, more efficiently and more creatively. In asking Canadians to pay tax on the accrued income of whole life insurance policies, the Government is attacking the most important conveyance of investment of which many Canadians avail themselves. Despite changes since the original proposal of June, 1982, disincentives still remain for the purchase of certain types of policies, such as the exempt life policies which would be taxed if converted to annuities before the termination of the 20-year term.

Through the taxation of deferred annuities, the Government intends to deprive every taxpayer of the only safe and economically sound way of combating inflation with whatever money he or she manages to save on an after-tax basis. By introducing a similar tax on permanent life insurance, the Government intends to swell the ranks of widows who are totally dependent on welfare.

The vast majority of Canadians find it increasingly difficult to combat the ravages of inflation in trying to meet their retirement income objectives. Extraordinary efforts and sacrifices are required to make the necessary savings. Instead of discouraging these savings by tightening the tax noose around the basic retirement vehicles available, the Government should expand retirement savings opportunities by increasing RRSP and pension contribution limits and by allowing investment of tax-paid dollars in interest-sheltered deferred annuities.

The hardest hit will be low and middle-income Canadians who will gain little or nothing from the lowering of marginal tax rates and will lose proportionately more from partial deindexation. The increased taxation of employee benefits will hit hardest at those in the lower and middle-income brackets. It will encourage employees to seek higher wage settlements at a time when moderation is required.

Limitations on retiring allowances, on termination benefits and on the $1,000 pension income deduction will make it harder for Canadians to prepare for their retirement years. The taxation of accrued income on some whole life insurance policies will affect what is for many Canadians a major source of retirement savings. The non-deductibility of interest on money borrowed to purchase an RRSP will discourage personal investment.

The abolition of IAACs will hurt many small-businessmen and farmers who wish to set aside money for their retirement years, years in which their income will be considerably less. General averaging, which involved no judgment call on the part of the taxpayer as to his future income, has been abolished. In its place, this Bill will introduce a complicated measure called forward averaging. To benefit from forward averaging, the taxpayer must decide on the basis of tomorrow's "guesstimated" income whether or not he should opt for forward averaging.

In the disastrous budget brought down by the former Minister of Finance in November, 1981, dividend credit on stocks was reduced to 22⅔ per cent, replacing the 25 per cent that was originally promised by the Liberal Government. This action is very serious as far as industry is concerned. No doubt with the Government action people will leave their money in the banks. Why risk their capital and take reduced dividends? No, leave the money in the banks where it is advantageous to the investor due to Government action.

Why are you, the Liberal Government, discouraging investments in industry with your dividend reduction? We need industrial expansion, not the stagnation that is being

encouraged by your policy. The one thing you have accomplished with this legislation is making financing for industry more difficult. At this time in our failing economy we need financing for industry more than ever. We certainly do not need to make it more difficult. Without well financed industry our Canadian economy is nothing.

• (1140)

I think one of the most important aspects of this legislation is the fact that Canadians have invested in Canadian industry, with the understanding from the Liberal Government that they would receive a 25 per cent dividend credit on their stocks. With no discussion between the Government and anyone concerned, suddenly this dividend credit is reduced to 22⅔ per cent. Can anyone in the Government say this is the incentive needed to bolster our sagging Canadian industry?

If an employee has the use of an employer-owned or leased automobile for non-business purposes, he is considered to be in receipt of a taxable benefit. The amount of the taxable benefit is based on standby charges. Prior to 1982 the standby charges were 1 per cent of the purchase price of the automobile per month if the car was employer-owned, and one-third of the lease cost if the car was leased. In June, 1982 the Government changed this to 2 per cent and two-thirds respectively. This standby fee is now an exorbitant charge. The Tax treatment of cars used in business is in the process of significant change. The implementation of minimum taxable standby benefits to employees will discourage the use by employees of company-owned or leased cars.

This excessive taxation of personal benefits from company cars will encourage employees who need to use a car on their jobs to supply their own vehicles and receive a corresponding adjustment in their remuneration. Then the employees will seek to deduct automobile ownership and operating expenses to put themselves in a better tax position. In many marginal cases the Department of National Revenue will challenge the right of an employee to deduct automobile expenses.

One of the conditions which now must be met in order for a commission salesperson to claim expenses is that the employee be "ordinarily" required to carry on the duties of his employment away from the employer's business premises. The expression "ordinarily" has for many years been interpreted by the Department of National Revenue to mean "most of the time", rather than "regularly". One such example of a marginal case is the subject of a recent decision of the Federal Court's trial division that, if not overturned on appeal, will represent an important victory for taxpayers. In this case, The Queen v. Patterson, the Department disallowed a relatively small claim for automobile expenses. The Queen's Court found the meaning of the word "ordinarily" as equivalent to "normally" as opposed to "rarely".

Because of this court case, more work will have to be done by a Committee of the Whole. The Department of National Revenue is basing all its cases on the word "ordinarily" and this has now been overruled by the Queen's Court. I believe under these circumstances that until a Committee of the Whole has investigated this aspect of the current legislation, this portion of the Income Tax Act is non-applicable.

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I am very happy to join in this debate today. The Bill now before us, C-139, is probably one of the most important series of tax amendments and measures to be presented in the House of Commons for some time. We should not be rushed into passing this omnibus Bill without first dissecting and analyzing what it offers Canadians and what it does to overhaul our tax system.

As has been said many times before in this House, Canada is in the middle of its worst economic crisis since the great depression. Unemployment has shot up to an unbelievable 12.4 per cent; over 1.5 million people are out of work. This does not include the thousands who have given up looking for work or those who only work part-time because they cannot find full-time employment. Bankruptcies among small businesses and farmers have reached what can only be called astronomical proportions.

A brief outline of the figures shows the extent of the damage. Small business bankruptcies hit 8,055 in 1981, up 22 per cent over 1980 and 43 per cent over 1979. In the first 11 months of 1982, 9,962 businesses went bankrupt, an increase of 37 per cent over 1981 and an incredible 65 per cent over the same period in 1980.

Our farming industry has not fared any better. In the first 11 months of 1982, 384 farms were forced to close down, a 49 per cent increase over the same period in 1981 and an 87 per cent increase over 1980. Investment in Canada has almost completely dried up. Foreign investment, acknowledged to be essential for any sustained economic growth and recovery, has concluded that the tax laws and economic policies pursued by this Government make our country a hostile environment in which to invest and do business.

A brief look at Bill C-139, an Act to amend the Income Tax Act, shows just how complex and far reaching are the changes the Government wants to make. For example, it proposes to discourage savings for retirement through RRSPs. It does not allow for the deduction of interest costs on funds borrowed to invest in RRSPs. There is no tax incentive for Canadians to prepare for their future retirement or even to invest in Canada. For those who do not have an adequate pension plan at work, or for those who want to put a little away for a rainy day, this amendment is bad news indeed. By limiting indexation of personal income tax to the six and five program, this Government is giving itself a major stake in inflation, because as inflation stays high or goes up it receives greater revenue. This is nothing short of an underhanded tax increase. If the Government wants to increase taxes it should do so above board.

We are also opposed, Mr. Speaker, to any tax increases on employee benefits such as an automobile, retiring allowances and employee loans. To take this away is simply a tax grab. It hurts the performance of a company already facing bad times and its ability to attract the best possible talent. Any proposal to tax this area should be withdrawn.

We also oppose the replacement of income averaging annuity contracts with a system of forward averaging, and believe the current system should be maintained. Annuity contracts allow individuals to spread over a number of years the tax they pay in the event of a large increase in income from the sale of, say, a farm or small business. The difference between an IAAC and the Government's scheme is that in the former case the money is left with the private sector to invest in their choice of trust company or insurance company, to in turn invest in the private sector, while under the Government's scheme the money goes to the Government and it decides where to invest it. This point is important because we believe very strongly that this money, like all forms of investment, would be more productive if not tampered with by the Government. We believe our economy would be better off if it is left in the private sector. The Government's forward-averaging scheme is simply another attempt to get its fingers into the investment pot and take more revenue from the taxpayer.

We also object to the Government's attempt, Mr. Speaker, to tax individual insurance policies if they are rolled over into an annuity. That tax will increase anywhere from 25 per cent to 50 per cent depending on how old a person is at the time. This could hurt policyholders at the very time they can least afford it, for example in the face of an emergency.

Another change we oppose is the gutting of the Small Business Development Bond so that it no longer provides for expansion or development assistance. We believe the Government should encourage expansion to create badly needed jobs and investment. As it stands, the bond has been narrowed down to a bail-out bond.

Changes to the capital cost allowance proposed in this Bill will reduce the amount of private-sector investment in new equipment and plants, not to mention new jobs.

Hidden in another part of this Bill, Mr. Speaker, is the fact that the Government proposes to end a very important and time-honoured principle of our tax system, that of confidentiality of income tax information. Under this provision, privileged information such as the name, address, occupation and the like can be given to other federal Departments for research work and analysis. This is very dangerous, Mr. Speaker. We have to ask why this measure is needed. How detailed will this available information be? And how does this square with this Government's pledge to enact freedom of information legislation and ensure personal privacy? What mechanism will the Government offer to make sure this tax information is not abused, because once in the wrong hands, this information could be used to deny services to Canadians for reasons they may not be aware of and against which they therefore cannot defend themselves.

• (1150)

I do not think there is any question that in order to break the never-ending and vicious circle of the recession, the Government must first restore business and consumer confidence and offer some sort of stability in the marketplace. If this is accomplished, Mr. Speaker, there is no doubt in my mind that the public will once again make the consumer purchases they have been putting off for so long. The bottom liner to recovery is restoring confidence, so that Canadians who are traditionally very high savers will begin to spend once again. We must also send clear signals to the business community to restore desperately needed investment and, thereby, badly needed jobs.

First, Mr. Speaker, in my opinion, we should clear the way of Government overregulation to encourage the risk-taker, the entrepreneur, to invest and create jobs.

We should also reduce the deficit the Government has allowed to mushroom to approximately $24 billion from $11 billion in November, 1981.

We should put strong reins of acocuntability on our 306 runaway Crown corporations by following the clear recommendations of the Auditor General's report. We should make it a priority to bring some sense of order to Government spending and the growth of Government. When you have a problem, you simply do not throw money at it in the hope that it will disappear.

Bill C-139, simply put, is a Bill that needs a major overhaul. Instead of clarifying the tax laws, the Bill adds to the confusion. Many of the provisions, some which I have mentioned, should therefore be reconsidered.

What is really needed, Mr. Speaker, is a reduction in Government interference in the marketplace. Before it goes on dictating policy and rules of behaviour to private enterprise, the Government should first gets its own house in order. It should seriously try to reduce the size of the deficit. It is not the private section that needs to be whipped into line as much as it is the Government that needs it. Private sector inflation is roughly 8 per cent, while Government costs are nearly double that. This, obviously, is where the problem lies.

Finally, Mr. Speaker, if we want to bring about renewed economic growth and recovery the Government must lead the way by creating the proper atmosphere. This Bill does just the opposite. It creates far more problems than it solves.

Mr. Dan Heap (Spadina): Mr. Speaker, I am very glad to have an opportunity to speak against Bill C-139, which deals with amendments to the Income Tax Act. It is very unfair in two general ways and in one particular way that concern me very strongly.

In general, what the Bill does is to lower further the taxes on the rich individual or on corporations and to raise further the taxes on people of middle income or low income, thereby further widening the gap between the rich and the poor.

Another point that I am concerned about because of the large number of immigrants living in Spadina is that it will unfairly tax money that those immigrants and immigrants in other parts of Canada send to their relatives overseas; but I will return to that point, Mr. Speaker.

In the time available to me it is not possible to go into all the detail of how the Bill will reduce taxes on people of high income. I want to quote from a booklet issued recently entitled

"The New Canadian Tax and Investment Guide", which has this to say:

—the wealthy investor will pay the same rate even if his investment income increases from, say, $200,000 to $300,000 in a given year. While the MacEachen Budget has been promoted as an attack against the rich, a close analysis of these numbers will show that the rich are virtually unaffected. For the rich and the super rich the budget provides a 10 per cent decrease in tax rates.

That point has been made several times already and I think it is indefensible. The newspaper columnist, Don McGillivray, has estimated that people earning over $25,000 per year will together be saved $1 billion in taxes as a result of this legislation.

One particular but very important example of how the Government continues to take from those who can least afford to pay is that the child care allowance remains at $1,000 even though it may cost $300 per month to put a child in daycare so that the parent can work. Compared to the generous business expense allowances contained in Bill C-139, that is shockingly low.

At a time when unemployment insurance benefits and health benefits—which are an indirect tax and are enforced directly or indirectly by federal budget cuts—have gone up by as much as 40 or 50 per cent, direct taxes on people of low-income are being raised while taxes on high-income people are being lowered. That policy has been followed almost consistently since World War II.

In 1950 individual income tax accounted for a little over 50 per cent of total taxes and corporation taxes for slightly under 50 per cent. By 1980, thirty years later, individuals were paying 76.6 per cent of the taxes, three quarters, while corporations, instead of paying half, were paying 23.3 per cent.

Members who spoke previously mentioned the terrible environment for business that has been caused by taxation yet the figures show that the amount of taxable profits taxed in wartime was 50 per cent. That has now dropped to 37.4 per cent. It seems that corporations and businessmen have far more of their taxable income to reinvest now than they had a generation ago. In fact, in 1979 over half of the corporations in this country paid no tax at all. So the situation has been very favourable to rich individuals and corporations and very unfavourable to poor and middle-income people, and this Bill makes things even worse.

The most serious thing the Bill does to make it worse for low and middle-income people is that it deindexes the exemptions. Exemptions which should have been indexed at 11 per cent are now to be indexed at only 6 per cent. That probably means that $100 or $200 will be taken out of the pocket of the average person. With 15 million taxpayers, that means that probably $2 billion or $3 billion will be lost by low and middle-income people and put into the coffers of the Government to be spent on corporations.

Two or three years ago the corporations, which together paid $11 billion in taxes, took out $15 billion in grants and tax expenditures. That is a 36 per cent rate of return, Mr. Speaker. If you are a big corporation, it meant you put in $11 and got $15 back from your friendly Government. The difference of $4 billion had to come from low and middle-income people. That is the way the Government is going to get it.

I strongly support the proposition of the Leader of my Party that people who earn over $40,000 per year, including Members of Parliament, should pay a surtax. With a reasonable surtax on high incomes we could readily get the money we need for economic development. Instead of people earning over $25,000 per year getting a tax cut; it will be people who earn under $25,000 per year will get a tax cut.

I want to turn now to the matter of the money that immigrants send to relatives overseas. Immigrants have been coming to this country ever since our ancestors were immigrants, and even longer than that. Generally speaking, they have worked hard. Often they came because it was the only way they could support their dependants in the old country. Many dreamed of bringing their dependants over here and some were able to realize that dream. Those who have not been able to, often continue to meet their obligations of supporting their dependants who live overseas. According to Clause 76 of this Bill, they will now not be able to do that with tax exemptions, except for a spouse or child. The Government has been so sure of this that this provision appears in this year's income tax forms.

• (1200)

The Government took a whole year to bring this legislation before Parliament. It is not really interested in whether or not the legislation is passed because it will tax the people anyway. It will take money from them which it predicted a year ago but did not bring such a measure to Parliament until the last few weeks.

I protested against this a year ago, on November 17, in a motion under Standing Order 43. I challenged the principle and pointed out that the people who were asked to do the hardest work, the people who are asked to be responsible citizens, were being tax penalized for being responsible citizens and for saving money to send to their relatives overseas. It is argued that some of them cheat. I do not deny that probably some of them do, but does that mean that Canadian-born people do not cheat on their income tax? Ridiculous! We do not cut out the huge gifts to corporations because we sometimes find a corporation or an expensively-paid professional cheating on income tax.

I should like to refer to a letter from Albert Wu, president of the Chinese Canadian National Council, directed to the Minister of Finance (Mr. Lalonde), in which he gave the rationale for the opposition of his organization representing Chinese people across Canada. It reads:

The move to eliminate the tax deduction for overseas dependents would unjustly penalize recent immigrants, most of whom eke out a livelihood in Canada with poorly paid jobs, and whose parents and dependent relatives still reside in their countries of origin. They are the people who most need relief from the economic difficulties impinging on them. The proposed elimination of tax deduction for overseas dependents would only serve as evidence of the accusation that the Canadian Government treats immigrants as second-class citizens.

This was backed up by letters sent to every Member of Parliament. I am advised that at least 50 Members of Parliament have replied favourably. This was also backed up by 2,000 petitions and by another 400 which I will bring in. I urge Members of Parliament, even if they intend to pass this Bill in the clause-by-clause reading during Committee of the Whole, to vote against Clause 76 because it works a very specific injustice on the immigrants in our country.

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, I join with my colleagues on this side to take part in the debate to draw to the attention of Members on the Government side, particularly Members of the Cabinet, the inequities in Bill C-139. It is probably the most complex that Bill presented to the House since 1971. This Bill runs to some 297 pages in length and it took the Government 389 days, or over a year, to bring it forward. Now we are limited to ten minutes of debate on a Bill which affects every Canadian taxpayer.

The Bill contains changes to the November, 1981 budget, the December 18, 1981 budget, the June 28, 1982 budget, and the October 27 budget of the present Minister of Finance (Mr. Lalonde). I would like to take a look at some of the changes and bring to the attention of the House, in the brief time I am allowed, the condition regarding imputing rent or imputing income. We understand that there will be legislation to impute income from low-interest loans to foreign subsidiaries. I recall to the House the statement of the former minister of finance on March 19, 1982, wherein he said:

> I have attempted to allay the concern by stating categorically that the Government never had any intention, does not presently entertain any intention, nor will it entertain any intention in the future to tax imputed rent. That is the end of the matter as far as I am concerned.

We would have hoped that that was the end of the matter, but once again I draw to the attention of the House the situation faced by a constituent of mine. I brought this matter to the attention of the Minister of Finance on November 23, 1982. My constituent was imputed income; he was an incorporated farmer who was assessed $9,000 imputed income from the rental of a $75,000 home. That should put it into context and alert the people of Canada to the fact that the Government is intent upon imputing income to justify its expenditures, which now run to over $26 billion more than its income.

In my part of Canada, as in other parts of Canada, Canadians are uncertain. I regognize the uncertainty of the people of Canada regarding the Income Tax Act, but it is not the fault of the Opposition that the Government has taken over a year to bring forward legislation to put into law the Bill we are now discussing.

I wrote to the Minister of Finance on October 1, 1982 concerning the present income tax regulations relating to capital gains on the transfer of farm land. The present law provides that deferrals of tax are provided on transfers of farm property by a farmer to his or her child or grandchild. I have a situation in my riding where such a transfer was made by a mother to her son, who happened to be single. The son died in a tragic accident and left the land again to his mother. Now Revenue Canada is saying that tax is payable on the capital gain assessed on the transfer back one generation. I wrote to the Minister on October 1 requesting information and a report on my constituent. I finally received a reply on January 6, 1983, in which the Minister wrote:

> While I sympathize with the circumstances of your constituent, the income tax laws must be general in their application and exceptions cannot be made in individual cases.

I was not asking for exceptions in individual cases. I was asking that the Government look at the transfer back from generation to generation when tragic circumstances deprived a family of the value of its farm, so that it is not fixed in stone. I wanted the Government to recognize that there are tragedies which happen in families so that the transfer could be returned. Most farm families in this day and age work to transfer their land from generation to generation. There are times when it must be transferred to leave the farming operation intact, so that it is not broken up or sold because of a demand put on them by Revenue Canada.

Also I should like to draw to the attention of the House the change in the income averaging annuity contracts, designed to protect capital gains over a period of years. It was just a deferral of tax, it was not a tax benefit. The tax would be paid, but when it was less harmful to the savings of individuals. Most people in my part of Canada, as well as in other parts of Canada, involved in farming and small business have as their only nest egg their farm or small business to set aside for retirement years. Also most people dispose of that asset, their small business or farm, when they are ready to retire. They use the proceeds to continue enjoying whatever years are left to them. If they do not have these proceeds, they are forced to fall back upon the Government. If the Government would allow individuals to provide for their own retirement without taxing before the retirement comes into effect, it would be less of a burden upon the Government of Canada and other taxpayers.

Before the November, 1981 budget, the farmer could claim a reserve on the taxable capital gain portion of the proceeds of his land which he had not received at the time of sale. He could bring that portion of capital gains into income when the proceeds were given to him or when he receives the proceeds.

• (1210)

Let us use the example of an unmortgaged farm with a 1972 Valuation Day value of $80,000 which the farmer sells for $260,000. That is a lifetime of work by a man, a woman and usually the children. He has a capital gain of $180,000, half of which, $90,000, is taxed at 50 per cent, leaving $45,000. That does not even consider recapture of capital cost allowance which could make the situation worse. Let us say this person receives $60,000 down on his farm and takes back a mortgage for 20 years, paid back in equal annual instalments of $10,000 plus interest. These payments represent the retirement income of that farmer and his wife. In the year of sale he could claim a reserve of $69,231 against the taxable capital gain of $90,000, and only $20,000 would be brought into income. The next year he receives $10,000 on his mortgage. He claims a reserve of $65,769 and must bring $3,462 of the $10,000 received into income.

Under the November, 1981 budget this farmer would be taxable on the entire $90,000 in the year of disposition, the year of sale, regardless of what he received. Considering the farmer may be taxable on the sale of his inventory and may be taxable on recapture of capital cost allowance, it is likely that $45,000 in tax would be paid on the $90,000 capital gain at 50 per cent. However, it leaves the farmer in this example with $15,000—the $60,000 downpayment that he had minus $45,000 he has to pay in tax—

The Acting Speaker (Mr. Corbin): Order, please. The Parliamentary Secretary to the Minister of Finance (Mr. Fisher) rises on a point of order.

Mr. Fisher: Mr. Speaker, I have a quick question for the Hon. Member, if he will permit it.

The Acting Speaker (Mr. Corbin): Order, please. Questions can only be put if the Hon. Member agrees to receive them in the first place.

Mr. McKnight: Mr. Speaker, I would be very pleased to answer the question of the Parliamentary Secretary if he would allow me the ten minutes allotted to me. If I can continue and get finished, the Parliamentary Secretary can then ask me his question. I am told I have 30 seconds.

The farmer in my example would have only $15,000 left out of the $60,000 he had received to provide for his retirement. If the farmer had received a downpayment of only $40,000, he would have to make up $5,000 from somewhere so as to make his payment to the Government.

I see that you are rising, Mr. Speaker. This Bill is unacceptable to people who have worked all their lives in order to look after their retirement.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I will not be the first to refer to the 295 pages of this document. It is a complex tax revision document, and that is all it is. It revises the tax structure in certain respects only. The complexity of that document coming at this stage in the tax year is absolutely inexcusable conduct on the part of the Government.

We are now in the middle of February. Tax consultants and tax advisers have been writing to me, and I am sure they have been writing to the Ministers, about getting tax legislation available to them so they can advise and prepare tax returns for their clients. This Bill is composed of 295 pages of nit-picking here and nit-picking there, changes here and changes there. This is one of the most complex documents I have had the misfortune to examine in this House.

I have a suggestion for the Government which I make in all sincerity. I suggest to the Government, any government, that it provide an index for a document of this complexity so that a person can find out where you are in respect to Child Tax Credits, to RRSPs, or to changes in this part of the tax regime or the other. An Index is definitely needed.

There is one other change that I would make with reference to the preparation of Bills. No individual in his right mind or by himself can work through a document of this complexity without a great deal of help. Let me give you an example, Mr. Speaker. Open the document at page 179. I was looking for the reference made by the Hon. Member for Spadina (Mr. Heap), which was Clause 76. I do not even know what section of the Bill page 179 deals with unless I leaf back, and it is possible that I may have to leaf back several pages. However, in this case it is only one page. But in all fairness to Members of Parliament, tax consultants and even to Ministers, at the bottom or the top of the page reference should be made to what section in being dealt with. In this case, what is it? What does it turn out to be? It is Clause 76. There are other pages like this which continue a section from a previous page or several pages earlier.

I sincerely suggest that, in order to simplify documents of this complexity, those two changes be incorporated in any other tax measure or complex Bill of this sort. I would ask that there be an index or a guide at the beginning so that anyone in his right mind—and I hope we are all in our right minds because with this document we are going out of our minds quickly—can look through the document and help people who need and want help in preparing their tax returns ten weeks down the line. Those two suggestions I toss out. They are free. I ask the Minister to take them up. First, produce an index; and second, let us have a section reference on the pages where the section itself is not mentioned.

There is one other great unfairness inherent, as far as I can see, in all our tax legislation, and that is the requirement to pay taxes before the revenue is earned. I think this is iniquitous. I am thinking of pensioners in particular. They do not have enough square cash to get into the market but they do buy something which they think is safe, and that is a Canadian Government bond. In many cases the bond interest is paid on November 1 or at some specific period during the year. Yet since they are required throughout the year to pay quarterly instalments of taxes, they are required to pay tax on revenue that is not going to be seen until November 1. When will any Government correct that stupidity? Either the revenue should be paid quarterly whereupon the tax can be paid quarterly, or the tax should be forgiven until the revenu has been received. I think it is wrong that people should have to pay a tax on revenue that they have not yet received.

• (1220)

Another unfairness in the system to which I would like to refer is tax-free benefits under certain forms of revenue, such as workmen's compensation benefits which are tax-free whereas unemployment insurance benefits are taxable. Why should that be? Another example is the disability insurance plan. While it may be arguable that unemployment insurance benefits are taxable, why are disability insurance plan benefits not tax-exempt? There is a disability involved, as there is a disability involved in the workmen's compensation plan. Why has that parallel not been made?

These are reforms that ought to be included in the tax structure. It may add a few pages to this document but, as has been said in the House this morning, we need a fundamental tax revision so that we do not have this nonsense of adding amendments to existing law. There should be a clean sweep and a refocusing by this Government on revenues so it can decide where taxes can best be applied.

Sick leave is another taxable benefit. This is obviously another area where there is no equity between workmen's compensation and the sick leave benefits. I believe that this area also deserves examination.

In the time I have left I would like to comment on the matter of confidence in this Government as a result of the manner in which it has conducted the affairs of the nation. I had a table prepared for me which shows for a 20-year period, from 1962 to 1982, the amount of personal savings that are sitting in savings accounts in Canada. These are personal savings, not RRSPs. I did not have this table prepared specifically for this debate, but I was interested to have this information when I learned of the reluctance people had to invest because of their lack of confidence in the Government. It was a startling revelation to me when I read this table. I thought that the amount of savings might solely be related to the interest rate that banks were paying on savings, but I think there is more to it than that.

I will relate these figures in billions of dollars. For example, in 1968, when the Government assumed office, there was $13 billion and more in savings. The next year it was $15 billion, then $16 billion, $17 billion, $19 billion, $24 billion, $29 billion and the figure for 1981 is $90 billion in savings accounts in this country. That is an indication of the lack of confidence in this Government.

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I am pleased to participate in this debate. I hope to confine my remarks to the ten minutes which I have, but to make sure that I do I will state my conclusions and suggestions first. I believe I have a couple of proposals for those Members on the other side who might be interested in hearing some positive suggestions.

An unemployed professional visited me a few weeks ago and said that he had been looking for jobs all over the world during the last year. He said that it cost him approximately $3 for every resumé that he prepared. Added to that cost were post office charges and the cost of a typewriter to type over a thousand resumés. That represents the cost of trying to find a job. He told me that it would be very helpful to him, and perhaps many others, if those costs could be considered as legitimate expenses of seeking work. These expenses would also help others such as schoolteachers who have either just been graduated or have been terminated. I believe this is a reasonable proposal to help those who face those legitimate expenses.

I also want to talk briefly about tax discounters. Beginning at approximately this time of year, there are people who desperately need money who go to tax discounters. These discounters will take a person's estimated refund and discount it up to 50 per cent. While we do not need to condone this practice, it is a reflection of how many people need the money immediately and cannot wait until their refund has been processed.

I do not think it would be very difficult to include the expected tax refund over the next five years in the new income tax forms. Why not set up a regime in which people who need this service can get it either through the banks or the credit union, the Government or the Income Tax Department, so that they can receive their tax refund when they need it? They could pay a reasonable fee, but not 50 per cent. In this way they are protected from those gougers who operate fraudulently, or at least immorally. Many people need those refunds desperately.

I would ask the Government to consider those two suggestions. One is for the provision of a public discounter; the other is to recognize the legitimate cost of seeking employment. If the Government recognizes business expenses such as martini lunches or travelling expenses for businessmen, it should also consider expenses to those who are not in that bracket.

Mr. Heap: And the legal cost of cheating OHIP.

Mr. Rose: I would like to return to my introduction. It concerns the general theory of taxation. Our Party believes that taxes should be based upon a person's or a company's ability to pay. Our general criticism has been that we do not believe taxes are based on ability to pay. We believe the present regime does not reflect that but distorts it through the various incentives such as PIP grants, give-aways to the nuclear industry or favouritism toward entrepreneurs.

A distinction is made on how incomes are made. I think all of us remember when Mr. Benson dealt with the Carter paper and the theory of a buck is a buck, and that no matter from whence it comes it should be taxed equally.

Our main criticism of the tax system is that it operates unfairly. It discriminates against those who do not have the ability to pay. Taxes should be based entirely on the ability to pay. A system should be introduced outside of the Income Tax Act which provides incentives, when needed, to an industry or a certain class of people. In other words, affirmative action to assist certain groups of people.

Mr. Cosgrove: The home buyer.

Mr. Rose: The home buyer. They can be assisted outside of the tax system. While a tax incentive could be invoked as well, I certainly hope that it will reflect need and not be available in the same proportion to people who do not need it.

In that instance, the argument might be made that higher income people buy larger houses. Therefore, they need greater incentives to buy those bigger houses. I do not know whether I can entirely agree with that one.

• (1230)

What concerns us is that the Bill before us now will raise the taxes for a family of four making $20,000 by $125.00 a month. I will check my figures, and someone else will if I do not, but if they are correct, that will probably amount to an increase of 27 per cent if one includes provincial taxes, and I mentioned this yesterday. The taxes of a person such as an MP, who is at the $50,000 a year income level, will rise only 13 per cent. If one wants to stretch it even further, persons earning $500,000 a year will actually have a drop in their tax rate of 17 per cent. The Government will counter by saying: "There are not very many of those people, and if you do soak them", as the Hon. Member for Ottawa Centre (Mr. Evans) said the other day, "you will destroy their incentive". I just wonder how much a progressive income tax would destroy the incentives of the Ian Sinclairs and Samuel Bronfmans, whose incomes are at least between $1 million and $2 million a year.

Although I do not want to debate the whole matter over again, the Hon. Member for Ottawa Centre said that he disagrees that the Government should take more than 50 per cent of anyone's revenues. I do not think that happens because, as mentioned by my friend, the Hon. Member for Spadina (Mr. Heap), the effective tax rate for business, no matter what the real rate is, is really only 37 per cent. That figure is not true for all businesses. It is even less for some businesses in some years, notably for the banks. So we do not buy that one.

Again in reply to the Hon. Member for Ottawa Centre, he disputed my figures on the basis that I was discussing the total tax and not just the rate. If that is the case, where the rate falls but the total tax bite goes up must be a perfect example of the old shell game. We know that there is a massive attack on the incomes of Canadians. Our standard of living is being savagely attacked, so the Government lowers the tax rate. I will tell you what the Government increases. It increases the cost of energy by, say, 30 per cent. It increases interest rate costs. It freezes wages. It raises health insurance premiums, cuts Family Allowances, cuts old age pensions and retirement benefits and then has the audacity to say; "Oh, but the rate went down. You have all those extra costs, but the rate went down, so how can you fault us on that one?"

I do think it takes a great deal of intelligence to find that out or perhaps I might not have discovered it, but nevertheless that is exactly what is happening and it is the perfect example of the old shell game. Lower the rate and fool around with the deindexation of pensions, and that is what you have—a massive attack on the standard of living. No matter what one says about the tax rate, it does not hide that issue at all.

This is not only true in Canada; it is true in the United States as well. This is where I have problems with the view of the Hon. Member for Ontario (Mr. Fennell). In the United States, the idea was that if the rate for the wealthy was lowered, that would somehow increase business activity. That was the theory, a kind of supply side economics.

Mr. Cullen: Trickle down.

Mr. Rose: I do not think it has been too successful, but that was the suggestion and it is what was done in the United States. Under the new Reagan budget, the share of tax savings of the $10,000 earner was only 33 per cent. For the $20,000 earner, savings were 21 per cent, and for those earning $100,000 or over, 17 per cent. By far the largest share of total U.S. taxes is paid by those peole who have the lowest incomes, 36 per cent.

It is not just me saying this. The Black Caucus of the United States, which represents poor peole, is also saying it. If the kind of program which favours the rich and soaks the poor is to contribute to our recovery, why is it that the Americans are now $200 billion in debt? The fact is that it has not worked.

Mr. Cosgrove: They did not adopt it.

Mr. Rose: No, but the Government has adopted something very similar to it. It is going in that direction. I have discussed this here and given some examples of how it has increased the cost of everything people buy and has then lowered their incomes. That is what the Government has done. It has frozen their incomes. That is precisely what it has done.

The Acting Speaker (Mr. Corbin): Order. The Hon. Member for Lethbridge-Foothills.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I am absolutely amazed that on second reading of a Bill which is some 295 pages in length, which increases taxes on every Canadian who lives in this country, there are no Government Members rising to speak. This is second reading stage. This is where we are discussing the principles of—

Mr. Cullen: Mr. Speaker, I rise on a point of order. Our Members have spoken and I think we owe it to the Opposition to listen. We have spoken to the Bill—

Mr. Taylor: Not today.

Mr. Cullen: —in order to find out if there is anything new and different. We have not heard anything today.

Mr. Epp: All two of you.

Mr. Thacker: Not one Liberal Member has risen today to speak to this massive Bill.

Mr. Cosgrove: You were not here.

Mr. Thacker: I am the sixth Conservative to speak. In a minute, Mr. Speaker, Liberals will hear how their Party has sabotaged every farmer in this country.

Mr. Smith: Rubbish.

Mr. Thacker: If any farmer votes Liberal in the next election, he will be voting to cut his own throat, because this Bill so far as farmers are concerned is all bad. The result will be more taxes, more Government, more forms and a genuine loss of income. The Pepin proposals with respect to transport would be quite satisfactory if it were not for the fact that the

Government has placed so many taxes on gas being used by farmers.

There are millions of acres of land in Western Canada which produce extra food for the world and bring this country something like $6 billion worth of foreign exchange. Every acre has to be gone over four or five times a year. The seed bed is prepared in the spring, it is then seeded, chemicals are placed on the crop as it is growing, it is swathed, harvested and then must often be worked in the fall. That amounts to six operations. It takes two hours to fly over these acres in Western Canada, yet there has been a Government tax amounting to 60 cents on every gallon of gasoline and some 40 cents on diesel fuel. The Pepin proposals would be nothing for the western farmers to absorb if it were not for these other taxes.

What are the losses? First of all, farmers have lost the right to general averaging and we now have this new forward averaging. I want to say how that is hurting the farmers. They have lost block averaging which permitted farmers to average over a five-year period. Now if they have a sale of a capital item, the block averaging is interfered with and they cannot block average during that five-year period. That will result in distortions and will cost them more for accounting fees and legal advice.

Before this legislation, a farmer almost always sold his land by way of an agreement for sale or would sell it outright and take a mortgage back. Based on the productivity of land, those agreements for sale were almost always over 15 years and in some cases were over 20 years. The fact is that, as a result of the huge Government deficit and the inflation which results, the value of land has risen much higher than the productivity of the land would justify.

Now when a farmer sells the land to the next generation or even to a stranger, and if that stranger or son or daughter cannot raise the money from some financial institution—and they certainly cannot from the Farm Credit Corporation because it does not have enough money—then the farmer who is selling it is forced to finance it. Based on the productivity of the land, the agreement must be for at least 15 years and often 20 years. Under these tax changes, if the agreement is within the family the maximum length of the agreement is ten years. If the farm is sold to someone outside of the family, the agreement can last only five years.

This means that a farmer is not free to sell to whom he might wish, either to someone within his family or perhaps the neighbour's boy who was born and raised in the community and wants to be a farmer. These farmers want to keep their communities alive. It is impossible to sell the land if there is a five-year payout deadline because the productivity of the land cannot justify it. So what happens is that it goes into the hands of large corporations or into the hands of foreigners who purchase land through trust agreements or fictitious companies.

• (1240)

We are also coming to a situation where the land is not as productive as it once was. I hope to make a statement in the next few days which will show that the salinity of the soil in Western Canada is increasing at dramatic rates. Within 10 or 15 years we are going to have a shortage of food in this country because the soil salinity in the western plains is increasing enormously.

I am amazed that Government Members are not speaking on this subject. I would like to hear why they feel that farmers can pay these extra taxes, because I am telling this House that they simply cannot. This is not a tax on capital gains, it is a tax on capital per se. We know from all of the evidence that huge deficits caused inflation, which caused the fair market value of land to go higher than the productivity will justify. The Government is taxing that increase, saying that it is a capital gain, but in fact it is purely an inflationary gain. If the indexing formula for the ordinary cost of living were applied to the 1971 value of the land, it would be obvious that there has been no gain and that all of the farms that are being sold now should not have any tax applied to them.

However, a tax is applied, and I have just worked out an example for an average sized farm in the drylands area, which could be about 1200 acres. That land now sells for about $600 an acre. That leads to a taxable capital gain of $250 per acre. Therefore, on the sale of a 1200-acre farm the farmer could expect to pay $124,200 in the first year because the forwarding averaging means that the farmer has to pay all the taxes as at the date of sale. Over the next five years if it is sold to a stranger, or ten years if it is sold within the family, the farmer applies for a tax credit and gets some taxes back. It is impossible to sell under an agreement for sale and to raise $124,200 tax in the first year on a small farm, a mere 1200 acres. I suppose in Ontario and Quebec a farm of 300 acres or 400 acres would be the equivalent. It simply cannot be done, and I would like to hear Liberal Members give me an example of where it is being done successfully. We are talking to farmers every day and we know that it has become an impossibility.

There is an even more serious dimension with forwarding averaging for farmers which relates to the situation of a retiring farmer who dies before the agreement is paid out. I wrote to the Parliamentary Secretary and he had his officials send me some documents on this. They did not tell me what was in this explanation, I found it on my own. I am not saying that they tried to mislead me, but they certainly were not telling me everything. Before this tax Bill came in, if a farmer had sold his land under an agreement for sale for 15 years and had the misfortune of dying after five or six or ten years, the estate could be kept going and the capital gains could continue to be spread out over the rest of the period of the agreement. The agreement could pass to a wife or children or other beneficiary, and could be carried on.

Under this new forward averaging provision, Clause 120.1(2)(b) sets out the rules that apply when a taxpayer dies at a time when he had an unclaimed accumulated averaging

amount. That simply means that he was spreading out the forward averaging. He still had some tax credits to get. In the year of death the accumulated averaging amount not brought back into income in that year is taxed as if one-third of the amount thereof were added to his taxable income in each of the three years preceding the year in which he died.

That simply means that if a man sells to his son on a ten-year basis but dies after three years, all of the accumulated taxes due then are applied to the three years before he died. This means that the state, the Liberal Government, is taking a massive amount of that person's farm. That is going to result in increased cost of food, make it impossible for young farmers to carry on, and that is going to impact on us, we who live in the cities, because we will be standing in food lines.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I want to deal with some individual income tax cases. One of the things that is most irritating to me and, I suppose, to hundreds of Canadians is the bureaucrats who just do not treat the people decently, and that is putting it mildly. There is too much arrogance shown in some of our Revenue offices. Some of the personnel are excellent but some are terrible. I think the Minister should know what is going on in the field. As a matter of fact, in some cases the bureaucrats are running the Government, not the Ministers.

I want to give one or two examples to show that I am not simply making a wild statement but that I can back up what I am saying. For instance, the Small Business Development Bond can provide $500,000 to an individual company. One of my constituents thought it over and figured that if he could get the money within a month he did not have to borrow the whole amount. Being considerate of others and considerate of the Government, he borrowed barely what he needed, $370,000. But that money did not arrive for several months, and by that time the interest rate had gone up and up and up. So consequently, because of inflation, rising interest rates and the delay in getting the money, the $370,000 was not enough. He then said he would like to get the balance of that $500,000 but was told that he was not allowed to because he could only have one bond, that that is the law. I checked and that is so.

I went to the Minister of Finance (Mr. MacEachen) at the time and outlined the problem. He said that it did not seem right, that the man might lose everything if he did not receive the balance, and I agreed that that was exactly right. The Minister said he would see what he could do about it and, true to his word, he made provision for the purchase of the second bond, as long as the two bonds did not total more than $500,000, which was sensible and reasonable. He sent me a letter dated February 10, 1982, and I quote:

> This is in reply to your letter dated December 15, 1981 concerning the Small Business Development Bond (SBDB) program.
>
> Enclosed you will find a copy of a press release outlining new rules which will allow a qualifying corporation that is in financial difficulty to issue more than one bond provided that the total principal amount of all bonds issued by the corporation does not exceed $500,000. This proposal will enable your constituent to obtain additional funds under the SBDB program.

I was delighted when I received this letter, and so was my constituent. That was in February of 1982. My constituent immediately went to the lender of the money, and since that time he has been trying unsuccessfully to get the additional amount of $130,000. In spite of the fact that the Minister himself authorized it, the bureaucrats said no. They put up this reason, that reason and the other reason.

It is not fair to the Government or to the Minister and this is why I am bringing it to the attention of this House. I appreciate the fact that the Minister understood the problem but the bureaucrats have refused to comply. I am now dealing with another Minister who is looking into it. But surely when a Minister changes the regulations to permit this type of thing, the bureaucrats should not say no and put up obstacle after obstacle after obstacle. My constituent still does not have the $130,000. He is on the brink of collapse; that is how bad it is. As long as bureaucrats run the Government, that will happen. It is time some of these bureaucrats were told where to go. Fire them; get rid of them if they cannot obey the rules of the Minister who sets out the policy.

• (1250)

That is one case. I want to deal with another case that is very serious. I am sorry the Minister is not here because I previously brought this matter to his attention. In 1975 one of my constituents sent three $1,000 instalments to Revenue Canada. I have photocopies of the cheques which went through a bank in Calgary. Revenue Canada did not credit him or his partner with the money. They started to make inquiries almost right away. They went to the bank and to Revenue Canada. There were many letters back and forth. In November, 1979 the matter was brought to my attention. I went to the then Minister. On November 6, 1975 he said that the records had been destroyed. This was after five years. They go after individuals for seven years, yet Revenue Canada destroys its files before that period. In 1980 they had already been destroyed.

The Minister said that although the records had been destroyed, they did have an indication that on November 6, 1975 $2,000 was returned to the bank because the bank had not said to whom it was applicable. I cannot understand that. The names were on the cheques. I went to the bank and asked what had been done with the $2,000. The bank said their records had been destroyed. Each of these two taxpayers is out $1,000 because Revenue Canada destroyed their records and the bank destroyed theirs. Who is left holding the bag? That is $2,000 of hard-earned cash. It is not satisfactory for someone in Revenue Canada to say that they destroyed their records and wipe their hands of the case. That is not fair.

One of my constituents sent in $1,000 for which he did not receive credit. I want that man to get credit. If it is the fault of the bank, let it pay up. If it is the fault of Revenue Canada, let it pay. The money was received by Revenue Canada and Revenue Canada should look into it, not simply say they have closed their books and cannot be of any help.

A civil servant said to me: "We have closed our books, we don't want to talk about it any more". Whether he wants to talk about it or not, I am going to talk about it, because my constituent is out $1,000. It is up to Revenue Canada to find out whether the money was returned to the bank. If so, it is up to the bank to produce the $1,000. This money did not grow on trees. This farmer, his wife and his family had to work hard for it. We want this $1,000 accounted for.

I wish I had time to go into more detail. However, there are a couple of other cases I want to deal with. One was brought to my attention the other day. In 1977, a tax accounting firm opened up. It completed income tax returns for those in the community. As most farmers do not like to complete their own income tax forms and the fee was fair, they had this firm complete them. They thought it was being done by an accountant, so they signed the form, made out a cheque and sent it all to Revenue Canada.

In 1983 one of these farmers—I understand that others now face a similar situation—received a notice from Revenue Canada saying that the income tax forms were not completed properly and they wanted more money, $12,800. That is the first the farmer had heard about it since 1977. The farmer offered to re-do the 1977 return if the firm had made an error, but Revenue Canada would not accept that. They will not accept a new form. They said he was not allowed to file a new one.

The Acting Speaker (Mr. Corbin): Order. I regret to interrupt the Hon. Member but his speaking time has expired.

Hon. Jake Epp (Provencher): Mr. Speaker, I want to put a few comments on the record respecting the income tax legislation, specifically as it relates to the case of a farmer in my riding. I am sure that other Members who represent rural ridings have been noting the number of people coming into their offices and complaining about the tax system and the manner in which the tax Department is treating individual taxpayers. I am not talking about the perennial argument of: "Why are my taxes what they are?"

There is a deep sense among a number of these people that they are being mistreated by Revenue Canada and that the tax regulations are being interpreted in favour of the tax Department rather than the taxpayer. In fact, there is a growing sense among many of them that while in Canada under the rule of law one is innocent until proven guilty through the due process of law, in tax matters the opposite is the case that you are guilty and remain so unless you can prove your innocence.

That is not an idle comment I make. Experience has dictated to many of my constituents that that is the manner in which many in Revenue Canada—it would be unfair to say everyone—treat their files. Let me give a specific example. The Income Tax Act is complicated. I do not think anyone in this House pretends to know every implication that will flow from this Act. My example involves a farmer and his wife. He was working with CP Rail in Winnipeg. They live on a small farm in my riding. His earnings with CP Rail were invested in the farm. The wife and children worked on the farm. The perennial argument developed that the expenses he incurred on the farm and the investments he made in it could not be used as a tax deduction against the income he earned with CP Rail. He argued with Revenue Canada about which expenses were legitimate and which ones were not. CP Rail eventually laid him off. He was getting unemployment insurance. Meanwhile he continued to work on the farm. He had the hope that he would be recalled by CP Rail, but his job was eventually terminated so there was no hope of recall.

Even though this man only works on the farm, he is not regarded as a farmer by Revenue Canada. I argued this with Revenue Canada. He is not working for CP Rail. He is unemployed; his job has been terminated; there is no opening; the job has been declared obsolete. He is living on the farm. How is he classified? Revenue Canada argue that he cannot be a farmer because his farm is not viable. I asked when it has ever been Revenue Canada's responsibility to decide whether an economic pursuit of a Canadian is viable or not.

I intend to continue when the Bill is again before the House.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order.

It being one o'clock, I do now leave the chair until 2 p.m.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

THE CANADIAN FLAG

HISTORIC DATES

Mr. Alexandre Cyr (Gaspé): Madam Speaker, I would like to remind Hon. Members and all Canadians that today is the eighteenth anniversary of our national flag. On December 15, 1964, at about 1 a.m., the Members of this House approved the report of the Special Committee on the Canadian Flag. Twenty-one Members who took part in that historic vote are still sitting in the House today. The Senate of Canada, by a Resolution dated December 17, 1964, recommended that the new Canadian flag be adopted. The Proclamation was signed on January 28, 1965, by Her Majesty the Queen of Canada, Elizabeth II, and countersigned by the Right Hon. Prime Minister Lester B. Pearson and the Attorney General of Canada, the Hon. Guy Favreau.

Ten years ago today, the Hon. Lucien Lamoureux, Speaker of the House, proceeded to unfurl the Canadian flag in the House of Commons for the first time.

Madam Speaker, hon. colleagues, you will agree with me that those two historic events deserve to be given particular emphasis in the House today.

S.O. 21

[*English*]

SEARCH AND RESCUE

SUGGESTED REFERRAL TO COMMITTEE

Hon. James A. McGrath (St. John's East): Madam Speaker, on this day one year ago the world's largest offshore drilling rig, the *Ocean Ranger*, capsized and sank in a storm 195 miles East of St. John's. The entire crew of 84 was lost.

While I salute the brave men and women of the Canadian Armed Forces and the Canadian Coast Guard on carrying out their search and rescue responsibilities, it is important to note that they must discharge this responsibility over an area of 1.8 million square miles and 11,000 miles of coastline, with resources which leave them under-equipped and under-manned. This situation remains unchanged today despite the findings and recommendations of various judicial inquiries during the past 14 years. The Government's lack of action on those recommendations is emphasized by the Minister's own admission that Canada does not have a search rescue contingency plan to cope with a major marine disaster.

Furthermore, Madam Speaker, I note that the *Ocean Ranger* disaster has been the subject of not one but three U.S. inquiries, including a Congressional inquiry, and that, while there is a federal-provincial Royal Commission, it is important that this House note that this matter has never been the subject of a parliamentary committee. I would therefore urge that the whole question of search and rescue be referred to an appropriate Standing Committee of this House in order that all major inquiries be studied, including the findings of the Cross Report and the Mahoney Inquiry into the sinking of the *Arctic Explorer*.

* * *

CANADIAN WHEAT BOARD

DELIVERY OF RECORD EXPORTS

Mr. Robert Bockstael (St. Boniface): Madam Speaker, the Canadian Wheat Board is setting new export records for grain. There is no doubt Canadian grain producers can meet world demand for grain. Where there is doubt is in the area of delivery systems, grave doubts that the railway system can handle grain shipments. The western transportation initiative is aimed at providing the rail infrastructure needed to allow grain producers in western Canada and producers of other goods and commodities to take advantage of export opportunities. The expansion of the western economy to meet its potential cannot happen unless an efficient rail system exists to meet demand. The western rail system could face huge bottlenecks and delays if the western transportation initiative were not implemented.

At the mid-point of the 1982-1983 crop year, the Canadian Wheat Board has sold 13.5 million tonnes of grain. That is up from the 11.9 million tonnes sold at the same time last year. At the end of the 1981-1982 crop year Canada set a record for exports of about 25 million tonnes. For Canadian grain exports to grow there must be certainty among buyers that Canada can deliver. For western producers to expand their activities there must be certainty that grain will be delivered. Expansion of the western rail system will mean both producers and buyers can be certain the grain will get through.

The Government of Canada will spend $3.7 billion over the next four years as part of the transport initiative.

Madam Speaker: Order, please.

* * *

THE ECONOMY

RATIO BETWEEN GOVERNMENT DEFICIT AND UNEMPLOYMENT

Mr. Dave Nickerson (Western Arctic): Madam Speaker, a review of the data reveals a distinct correlation between the Government's annual deficit and the rate of unemployment. In direct contravention of the outdated Liberal-NDP Keynesian economic doctrine, the relationship is directly proportional instead of indirectly proportional. For instance, in that fateful year 1968 when the Prime Minister (Mr. Trudeau) first took office, the deficit was $500 million with 350,000 unemployed. In 1975 the deficit was $5.5 billion and unemployment 700,000. In 1981 the deficit was $13.5 billion and unemployment 900,000. Now the Minister of Finance (Mr. Lalonde) is proposing a $26 billion deficit, which means unemployment, misery, and the threat of breadlines for over 2 million Canadians.

On December 8 last year Iona Campagnolo, President of the Liberal Party, stated in Charlottetown, "The time for public hatred of the Liberal Party has passed as Canadians adapt to their decline in affluence." Let me warn the Liberal Government that unless its members change their disastrous financial policies and reduce their obscene deficit, and consequent unemployment and human hardship, the decline in affluence witnessed to date will be benign in comparison with that yet to come.

Madam Speaker: Order.

* * *

CANADIAN NATIONAL RAILWAYS

ABANDONMENT OF PRINCE EDWARD ISLAND RAIL LINES

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, recently the Minister of Transport (Mr. Pepin) has been making a big deal out of all the jobs which will flow out of the new railway investment to be made possible by the proposed changes in the Crow rate. Yet, only days after he announced his proposals, the CN hastened to announce that the massive lay-offs scheduled for May 1, 1983, were not going to be cancelled and that the Crow rate had nothing to do with the lay-offs.

Yesterday the CN was successful in obtaining permission from the CTC to abandon 20 per cent of its rail line in Prince

Edward Island—another victory for the so-called "rationalization" of services, and a defeat for the real needs of real people and real communities. One is reminded of the false promises made in July, 1981, by the same Minister of Transport about the glorious new investment in transcontinental passenger equipment that the VIA cutbacks would make possible. Instead, existing transcontinental passenger equipment and service have been allowed to deteriorate, and no new investment in this kind of equipment has been made. VIA continues to preside over the death of passenger train service.

One can only hope, Madam Speaker, that it is not too late for the Government to show some enlightened leadership for a change when it comes to rail policy. The Minister could redeem himself by cancelling the lay-offs, by cancelling the abandonment of lines in P.E.I., by keeping the promises he made about transcontinental passenger service in 1981, and by adopting the NDP proposals on the Crow which would give us even more jobs without making an already struggling farm community pay for them, and without endangering a way of life on the Prairies.

* * *

ST. LAWRENCE SEAWAY

LOCKAGE FEES IMPOSED ON SMALL COMMERCIAL VESSELS

Mr. Joe Reid (St. Catharines): Madam Speaker, the very existence of 40 or more communities having ports on the shores of the Great Lakes and which cannot be serviced by full-sized vessels is being jeopardized. The St. Lawrence Seaway Authority initiated a policy to discourage the use of smaller ships using the Welland Canal, and imposed a lockage fee for such smaller commercial vessels which amounted to five times the rate for full-sized ships. This lockage fee, initiated in 1982 and doubled for the 1983 season, will, as the Seaway Authority intends, add an additional $3,500 to the round-trip cost of using the Welland Canal, and put many commercial shipping interests out of business.

Many shippers using larger vessels are dependent on the supply delivery of these small commercial vessels, and one port after another which cannot handle such larger vessels will close down, throwing more people out of work, and allowing ships and facilities to rot and depreciate—all of this following a disastroius shipping season when every advantage and opportunity is required, and when there is no pressing demand to increase the capacity of the Welland Canal. Maybe the Minister of Transport (Mr. Pepin) will encourage the St. Lawrence Seaway Authority to take a second look at this unwarranted surcharge.

S.O. 21

THE LEADER OF THE OPPOSITION

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, an article in today's *Globe and Mail* states that the Leader of the Opposition (Mr. Nielsen) has distributed a speech to residents of his constituency in which he endorses remarks made by the Hon. Member for Capilano (Mr. Huntington). In a constituency report he repeats a statement made by the Hon. Member for Capilano, which says:

> Has it occurred to you that the capitalist system is being buried under the advancing forces of world socialism; that world leaders of these socialist forces are in control of the Canadian Government; that the hangman's knot for Uncle Sam's neck is being made in Canada—

Some Hon. Members: Hear, hear!

Mr. Smith: Madam Speaker, I think it is important to point out to the Leader of the Opposition that surely we have reached the time where we have sufficient political maturity in this country that we can have our differences without making such misleading statements, which are divisive and untrue.

Some Hon. Members: Oh, oh!

Mr. Smith: Madam Speaker, we on this side of the House believe in social justice within a free enterprise system; we believe in initiative and the work ethic; and we will stand up for it.

Some Hon. Members: Hear, hear!

* * *

• (1410)

CANADA POST CORPORATION

DELAYS IN MAIL DELIVERY

Mr. Girve Fretz (Erie): Madam Speaker, recently I read a report from the Post Office outlining how great their service was and what a large percentage of letters get through on time. It is interesting that there was a flurry of advertising and reports indicating how well Canada Post was performing, just before the postage increases today.

Coincidentally, I received several letters from constituents which dampened my enthusiasm. In one letter from Fort Erie, a woman pointed out the amount of time letters took to arrive from various destinations to her home. A letter from Japan arrived in only eight days, while a letter from Buffalo, N.Y., just five miles away, took ten days, and a letter from Montreal took 19 days. In another letter a gentleman from Smithville pointed out to me that a cheque for a considerable sum had been mailed from Nova Scotia 21 days before its arrival in that town. In the interim, the payee lost over $400 interest.

I submit that, in the light of the current cost of mailing a letter, the postal administration must endeavour to provide more efficient service and to eliminate costly and useless advertising.

S.O. 21

CANADA POST CORPORATION

COMPLAINTS ABOUT STANDARDS AND COST OF SERVICE

Mr. Laverne Lewycky (Dauphin): Madam Speaker, in an address given a year ago this month Mr. Michael Warren stated that the threefold objective of Canada Post was to attain financial self-sufficiency, better management-employee relations, and his number one priority, improved postal service.

Today we have a two-cent increase for mailing a letter in Canada, almost doubling the 17 cent rate in effect but 14 months ago, and a 6 per cent rise in the cost of mailing newspapers, advertising, and small parcels. The head of the Canadian Union of Postal Workers is calling for the postponement of these increases until management-employee relations improve, and service is maintained and expanded.

So what, then, has happened during the intervening year? As far as Dauphin riding is concerned, I have received an absolutely astounding series of complaints from constituents on every conceivable aspect of their so-called postal service. I have letters concerning postal rate increases, letters protesting the shortage of rental boxes, the withdrawal of Saturday rural route service, the systematic reduction of post office operating hours, threats of outright closure, and letters about possible forced retirement.

I have a resolution protesting present regulations pertaining to utility bills, petitions calling for the reinstatement of withdrawn postal facilities, and letters from municipal councils voicing the sentiments of just about every Canadian when they ask me just what exactly is Canada Post's present service policy? The response that my constituents and I—

Madam Speaker: Order.

* * *

MARINE TRANSPORT

NECESSITY FOR BRIDGE ABUTMENT PROTECTION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, the day after the collapse of a bridge spanning a shipping lane in Halifax, on the St. Lawrence, or in Vancouver, families of those who will assuredly suffer the loss of loved ones will not ask why it was that the federal authority would not accept primary responsibility for bridge abutment protection; they will ask why it was not done.

Five bridges in Canada have been identified as "high risk", requiring protection against collision. To date no agreement to resolve this potentially disastrous situation is apparent. Tragic consequences of bridge collapses from Sweden to Japan, from Canada to Australia, from U.S. to India, are too well known for us to continue to ignore remedying this problem.

Already we have learned of the difficulties the Halifax-Dartmouth Bridge Commission experienced this year in obtaining full insurance coverage for Halifax's two harbour bridges, pier protection being cited as the principal reason. We know that 70 per cent of such accidents can be linked to human error. Ship traffic passing under the MacKay and MacDonald bridges in Halifax will increase this year to upwards of 1,800 transits.

I say to the Government, resolve this problem before God takes the matter out of our hands. Having said that, I appreciate the progress that has been made—

Madam Speaker: Order.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF FORMER LEADER OF NEW DEMOCRATIC PARTY

Madam Speaker: I am sure Members will want to applaud one of their former colleagues who is in our gallery today, the former Leader of the New Democratic Party, Mr. Tommy Douglas.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

FINANCE

MINISTER'S STATEMENT ON SEEKING ADDITIONAL BORROWING AUTHORITY

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Minister of Finance. Will the Minister confirm that he said that in this House on October 27, as reported at page 20081 of *Hansard:*

> In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-84 and future fiscal years, and then seek additional borrowing authority as required.

Did the Minister say those words, did he mean those words, and will he now keep his promise?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, indeed I indicated my intention in that statement on October 27. That was my intention at the time. As the Hon. Member knows, however, his Party has been dragging its feet on passing the necessary legislation to deal with income tax amendments resulting from previous budgets. In the meantime, even though this Income Tax Bill has not been passed, it is important that the Government be provided with the necessary borrowing authority to fulfil its obligations. That is what I have done. It is not the first time that a very good intention has been sidetracked by Opposition tactics that delay adoption of good measures for the people of Canada. I hope that the measures will be passed soon by Parliament and then I will be able to introduce my budget.

Mr. Blenkarn: Madam Speaker, the Minister knows that the Income Tax Bill has been before the House for only three and a half days since it was introduced on December 7. The Government has been dragging its feet. The Government has been producing and pushing forward legislation that has nothing to do with the problems of the country.

PROVISION OF FINANCIAL STATEMENT

Mr. Don Blenkarn (Mississauga South): Madam Speaker, may I ask the Minister why only last week, when he was asked about the fiscal position of the country, he said that he would be coming in with an additional borrowing bill and at that time would give up to date figures? Did he mean what he said a week ago? If so, why has he changed his mind? When will the Minister come clean with Canada?

Mr. Crosbie: The answer is never.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, if ridicule killed, there would be a lot of dead bodies on the Tory benches.

What I indicated was that if and when the borrowing authority bill is introduced, I will make a full financial statement as to the situation of the Government for 1982-83. I have said that. It is the Conservatives who yesterday prevented the adoption of the Bill on first reading and prevented me from doing it at eleven o'clock this morning as I would have if we had followed normal procedure.

If we can get to the borrowing authority Bill I will be very happy to come forward, at that time. I will be the first speaker on that Bill before anybody else is required to speak. I will give all information as to the excellent financial situation of the Government.

As far as the premise of the Hon. Member's question is concerned, I would remind him that the income tax Bill was introduced early in December, and then other very urgent legislation was presented to Parliament having to do with the six and five program. Again the Opposition filibustered those Bills day after day and we had to resort to time allocation to get them passed. The Hon. Member cannot take refuge in his argument. If the income tax Bill has not been considered more often, that is his Party's fault, and he should realize that.

DELAY IN PASSAGE OF INCOME TAX BILL

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Minister knows that the Government controls House business. If it was important to get the income tax Bill through, why did he not bring it in for debate? The answer really is that, as a Parliament, we cannot be expected to deal with a borrowing authority bill unless we have received written projections of where we stand this year and where we are going next year, what the revenues are, what the expenses are, and what the national deficit amounts to.

An Hon. Member: What is your question?

Mr. Blenkarn: What is the deficit? Is $26 billion borrowing required or is it not? Where are we going?

• (1420)

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member said that Government controls the business of the House. The Government House Leader yesterday tried to get first reading of a Bill, which the Opposition prevented us from considering by resorting to all kinds of tactics, including challenging the rulings of Madam Speaker for two hours. That is on the record. It is quite obvious what the Opposition can do in the House to prevent it from dealing with the urgent affairs of the country. We had a very good example of this yesterday.

As far as the income tax Bill is concerned, I remind my hon. friend that for several months last summer the Parliamentary committee had the draft income tax Bill, which he himself participated a great deal in reviewing. The parliamentary Committee considered this Bill for several weeks, heard witnesses and made recommendations. I have taken most of them into account. Parliament has had plenty of opportunity to consider that legislation. Again, the Opposition should blame only itself it we are not further advanced.

As far as the last point raised by the Hon. Member is concerned, I have indicated that, as soon as we can get consideration of the borrowing authority Bill, I will be very happy to come forward with whatever figures I can in terms of fiscal year 1982-83. As far as fiscal year 1983-84 is concerned, I have to remind my hon. friend that I expect to be able to present a budget in which all the estimates for 1983-84 will be put forward.

CALL FOR INCREASED GASOLINE TAX

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is also directed to the Minister of Finance. Yesterday in a speech the President of Petro-Canada called for a tax increase through an increase in the price of gasoline. This morning on "Canada AM" the Minister suggested that a tax increase might be appropriate to control the size of his enormous budget. Would the Minister explain how these threats of tax increases will give Canadians any confidence whatsoever to go out to buy a new refrigerator, a new stove, or a new house?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the threats of tax increases do not come from me. The Hon. Member referred to a speech made by Mr. Hooper, I believe. I indicated that I have received many representations and suggestions, including some having to do with tax increases. At the same time I have to say—and this is what I indicated this morning—that we have to look at alternatives. If we do not want to increase the deficit, obviously we have to look at the possibility of increasing revenues. We cannot do like the Tories are trying to do all the time, having their pie and eating it too; is that the expression?

Some Hon. Members: Cake.

Mr. Lalonde: Having their cake and eating it too. Very simply, we are looking at reallocating expenditures, even compressing some expenditures if necessary. We did this last October, for instance, to the tune of $1.1 billion. Another alternative is to borrow the money to finance all programs necessary for the people of Canada, and the third one is to raise taxes. These are the three options. None have been eliminated and none are being retained particularly at the present time. I am working on the preparation of my budget. I am consulting very extensively with the people of Canada, I think more than has ever been done in the past. I hope that out of those consultations will develop a broad consensus on a budget my friend will be able to support.

Mr. Wilson: The Minister said this morning that he was thinking seriously of increasing taxes. Surely he has not heard that from the consultations he has gone through over the past few months. Surely the Minister knows that a tax increase will reduce jobs, will force lay-offs and more bankruptcies.

MINISTER'S POSITION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, since the reason Canadians are not spending money today is because they fear they will lose their jobs, how can the Minister justify his lack of understanding of the economic consequences of a tax increase just as we are coming out of the recession? Just when we need it least, he talks about it.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, it is not a problem of lack of understanding on my part. I suspect that it is a lack of hearing on the part of the Hon. Member. He tried to report what I said this morning—

Mr. Wilson: I saw it.

Mr. Lalonde: He says that he saw it. I advise him to listen rather than only see.

Mr. Wilson: I have listened too.

Mr. Lalonde: If he had listened he would have heard what I said. Frankly, if it pleases him, I could tell him that I am seriously considering a tax increase, seriously considering a tax decrease, seriously considering maintaining the deficit where it is, seriously considering increasing it, and seriously considering decreasing it. He can have his choice.

Mr. Andre: Talk about having your cake and eating it too.

Mr. Lalonde: When the budget comes, he will know which options I have retained.

Some Hon. Members: Hear, hear!

Mr. Broadbent: I hope the Minister will seriously consider creating a few jobs for Canadians.

AUTOMOTIVE INDUSTRY

INTERIM AGREEMENT WITH JAPAN ON LEVEL OF EXPORTS TO CANADA

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question on the same subject matter for the Minister of State for International Trade. Would he confirm a report out of Tokyo today that he has reached an agreement with Japanese auto producers, which incredibly involves two points? On the one hand, it will permit the Japanese to increase their export for cars into Canada by 16,000 more during the next six months than they exported into Canada in the last six months. On the other hand, the Minister has failed completely to get a Canadian content provision comparable to what the Americans achieved and announced yesterday in the United States, which will guarantee that one Japanese car company along will produce an additional 12,000 jobs for American workers.

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I find the Hon. Member's interpretation of the results of our discussions in Japan to be rather unique.

Mr. Broadbent: And accurate.

Mr. Regan: Let me tell him why they are not accurate. First of all, we have obtained an interim agreement with the Japanese with reference to their forecast of shipments of cars to Canada for the first six months of this year. That is established at a figure which is 11,000 less than for the first six-month period of last year.

Some Hon. Members: Hear, hear!

Mr. Regan: And it is without any prejudice to either side in our negotiations for the entire year.

Let me say secondly to the Hon. Member that the timing of my visit to Japan related to the quadrilateral meeting of the trade ministers of the European Community, of the United States, Canada, and Japan. But we felt in this country that it was important to have a six-month interim agreement with the Japanese while they were carrying on their negotiations with the Americans, because of the fact that otherwise there would be no check on how many cars would be coming in while the negotiations continued. To make the interim agreement was in the best interests of Canada. The one we have made is advantageous. Indeed, whereas what they are proposing to do with the Americans is to remove merely the numbers they had for the last fiscal years, ours is the more highly advantageous arrangement.

ACCESS TO CANADIAN MARKET

Hon. Edward Broadbent (Oshawa): Madam Speaker, first of all the Minister should know that in the auto industry they compare trends. I have pointed out to him that he has just permitted the Japanese to export 16,000 more cars in the coming six months than they exported to Canada in the last six

months. If the Minister wants to do a year-over-year comparison he also knows that his agreement will permit them to export year-over-year many thousands more in the coming year compared with last year. I would like him to deny that.

Will he confirm that he has just agreed with the Japanese that they can have guaranteed access to 22 per cent of the Canadian market and that he has not obtained what the Americans obtained, a guarantee for production in Canada? Did the Minister not go to the Japanese and say to them, "If you want access to the Canadian market, that is fine; but if you are to sell to Canadians, you have to produce jobs for Canadians just like you do in the United States"?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, considering the home town and the city the Hon. Member represents, I would have thought that he would have a little better idea of trends in the automobile industry than he does. He referred to trends. If he wants to refer to the trends he will find that imports and shipment of cars in the first half of the year have always been greater than in the last half of the year. He should take his time to check on that and ask me on another day, if he wants.

Let me next say that he is applying some sort of new math of which we have not heard yet, when he tries to say that the agreement we entered into would mean more cars coming in during the year. We have made an agreement for the six-month period which is statistically for 11,000 less than for the same six-month period last year, the time of year that has always been the heaviest for shipments. Let him put that in his pipe and smoke it.

Some Hon. Members: Hear, hear!

Mr. Regan: Let me also say to the Hon. Member that this is an interim agreement. We wanted an interim agreement because the former agreement had expired on December 31. We are carrying on discussions with the Japanese in relation to industrial co-operation. We are most anxious to try to arrange to have a greater amount of manufacturing in the country. Let me point out that Toyota has already agreed to a wheel factory in B.C.—

• (1430)

Madam Speaker: Order, please.

Mr. Regan: —but we are seeking much more.

Madam Speaker: Order, please.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, it will not be the first time that Liberals have applauded ignorance.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Broadbent: There are 14,000 auto workers on lay-off in Windsor, in Oakville, in Oshawa, in Toronto and in Quebec. They will not be amused by what the Minister has just agreed to in Japan.

PROGRESS OF NEGOTIATIONS

Hon. Edward Broadbent (Oshawa): Madam Speaker, why was it that the Americans were able to get production agreements in the past for cars, production agreements in the past for trucks, and as recently as yesterday, and I repeat, just one firm alone, Toyota, has agreed to produce, in a joint venture with General Motors, 12,000 additional jobs, while the Minister goes to Tokyo and for all his talk comes back with zip all for Canadian workers?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, as I have said to the Hon. Member, we already have an agreement with the Japanese to establish a wheel factory in British Columbia. We do not consider that anything other than a beginning.

There is no question but that all Canadians must place a high priority on working out areas of industrial co-operation with the Japanese because they have shown themselves to be pretty successful in the automobile market. There is no question that the United States, with a market ten times as large as the Canadian market, has been able thus far with its muscle to achieve some movement, but not in relation to numbers—if you like to compare the numbers going into the American market.

Let me say in relation to the car workers who are laid off in this country that that they would be far more satisfied with the concerned effort I am making to bring down the number of cars imported than they are with the empty rhetoric which the Hon. Member is using.

Some Hon. Members: Hear, hear!

* * *

PETRO-CANADA

CHAIRMAN'S SPEECH ON ENERGY POLICY

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is for the Minister of Finance. Yesterday in a speech in Toronto the Chairman of Petro-Canada recommended that the Government tear up its energy policy and move to world prices for crude oil. Given that Petro-Canada is a multi-billion dollar window on the industry as well as an instrument of public policy for the Government, can the Minister indicate whether the Chairman of Petro-Canada cleared his speech with the Government prior to giving it? If not, could the Minister tell the House what purpose was served by this speech since the Chairman of Petro-Canada surely could pick up the phone and pass on his views to the Government?

Was the Chairman of Petro-Canada flying a trial balloon for the Government or was he trying to initiate a change in public opinion so that the Government could abandon its

election promises without suffering any of the fallout that might otherwise be the case?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I can certify that the Chairman of Petro-Canada did not clear his speech with the Minister of Finance and, as far as I know, with no other Minister or Department.

Mr. Crosbie: He is a "hopper" of his own.

Mr. Lalonde: Petro-Canada is a Crown Corporation. It is operating at arm's length from the Government, and the Chairman of Petro-Canada is free to speak his mind on many subjects and he has done this in the past. There is nothing new there. Mr. Hopper came up with a suggestion. I said I would put it in in the "hopper" of suggestions I have received.

Some Hon. Members: Hear, hear!

Mr. Andre: Madam Speaker, the multi-billion dollar window on the industry does not seem to be serving that purpose. We know that the former Vice-President of Petro-Canada, Joel Bell, had a hand in writing the energy policy. It is safe to assume that the Chairman of Petro-Canada may have a hand in unwriting it.

REQUEST FOR INTRODUCTION OF ENERGY TAX CREDIT

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my supplementary question is also directed to the Minister of Finance. With the exception of areas where a current price war exists, Canadian consumers are paying more at the pump for gasoline than are American consumers, even though American consumers are supposed to be paying world price. Will the Minister commit to this House that, should we adopt this suggestion from the billion-dollar-window on the industry to move to world prices, he will, simultaneously, being in an energy tax credit along the lines of that contained in the Crosbie budget of December, 1979, to ensure that low-income Canadians will not have to face the added burden of this increase in crude oil prices on top of the already excessive taxes, including, of course, the tax for Petro-Canada's empire building?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is still indulging in the same old rhetoric, and I am sorry to say that as time goes by, he does not seem to be getting any wiser. I can inform the House Member that his suggestion will be filed with all the other suggestions I have received and it will receive the same serious attention. When the time comes to bring down a budget in this House, the Hon. Member will see how I intend to deal with the matter he has raised.

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF FOREIGN AFFAIRS OF NICARAGUA

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of a distinguished visitor in the person of Father Miguel D'Escoto Brockman, Minister of Foreign Affairs of Nicaragua.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF MODERATOR OF THE GENERAL ASSEMBLY OF THE PRESBYTERIAN CHURCH IN CANADA

Madam Speaker: I would also like to draw the attention of the House to the presence in our gallery of Right Reverend Wayne Smith, Moderator of the General Assembly of the Presbyterian Church in Canada.

Some Hon. Members: Hear, hear!

* * *

DISASTERS

SINKING OF "OCEAN RANGER"—MEASURES TO AVOID REPETITION

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Minister of Transport. A year ago today the *Ocean Ranger* sank off the East Coast of Canada. Last Wednesday in this House when the Minister was asked by the Hon. Member for Annapolis Valley-Hants whether he could assure the House that the deficiencies found to be part of the cause of the tragedy had been corrected, that the proper safety procedures are being followed, and that the proper equipment for the men on oil rigs is available, the Minister said this:

> Madam Speaker, I cannot, and I am sorry about that.

Is that answer of the Minister correct, or can the Minister assure the House that proper safety procedures are being taken, that proper equipment for the men on oil rigs is available, and that the Government has taken steps to avert any repetition of this tragedy?

The answer given in the House last week is an indictment of the Government and of the Minister and, as a result, thousands of people are concerned about the fact that apparently nothing has been done in the last year. What is the Minister's response now? Could he tell the House what has been done, and can the people now rest easy?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, may I tell my hon. friend that the responsibility for rigs comes under the Department of Energy, Mines and Resources. I think he is aware of that. Would he accept the proposition that I ask the Parliamentary Secretary to the Minister of Energy, Mines and Resources to answer the question, because he has been following the matter very closely?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, no one doubts the seriousness of the subject matter to which the Hon. Member refers, and as a result of the seriousness of such a situation, the Government of Canada has taken very, very strong action with the co-operation of the Government of Newfoundland. As you are probably well aware, Madam Speaker, the Hickman Commission was set up. I might add that Mr. Justice Hickman is the Chief Justice of the Trial Division of the Newfoundland Supreme Court. They have those matters under consideration at the present time.

With regard to the report that was released in the United States, I think it premature for me to make comments on a report that is an interim one which will not be delivered to Canada for some three to four weeks.

REGULATIONS AND INSPECTION PROCEDURES

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is for the Prime Minister. Last week the Minister of Transport did not say he knew nothing about the subject. He said on behalf of the Government that there were no proper safety procedures now being followed, there was no proper equipment for men on the rigs, and he could give no assurances. Now the Parliamentary Secretary gives us some historical kind of answer.

Can the Prime Minister or his Government give assurance that in the last year steps have been taken to change the regulations, to change the inspection procedures to ensure that safety comes first on the offshore, that the Government is now taking better inspection procedures, that more inspectors have been appointed, and will he have his Minister come before a House of Commons Committee to explain what the Government has done, or have 12 months passed—

Mr. Lalonde: It was on CBC this morning.

Mr. Crosbie: —with nothing done to protect people who work on the offshore?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, I find it somewhat ironic that the Hon. Member for St. John's West would wait for a year to go by before raising this particular subject matter.

Some Hon. Members: Oh, oh!

Mr. Dingwall: If he had a real interest at heart he would have come before the Standing Committee on Natural Resources and Public Works and made that question known to the Minister.

Mr. Crosbie: What is the answer, you turkey?

Mr. Dingwall: To be very brief, the answer is yes.

• (1440)

CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

TESTING OF CRUISE MISSILE

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is directed to the Prime Minister. The former Secretary of State for External Affairs, now Minister of Justice, confirmed on several occasions last year both in the House—notably on March 18 and April 29—and in the Standing Committee on March 24, that Canada had agreed in principle to the testing of the U.S. air launched Cruise missile. Although the former Minister regretted it had become public knowledge when he said in Committee that he was "indeed disturbed at the leak of this matter", he still did confirm the agreement. Can the Prime Minister assure the House that Canada can get out of this Cruise testing deal with the U.S., thereby bringing hope to millions of Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not want to fall into the trap of words that the Hon. Member may be unintentionally setting. It is not a matter of getting out of the agreement to test the Cruise. There has been no agreement to test the Cruise.

Since yesterday's exchange with the Hon. Member's Leader I have had the documents verified, the Cabinet decision verified and the exchange with the U.S. verified. Indeed, we have talked of weapons systems testing. I concede, and I did yesterday, that people know, we assume, and Cabinet Ministers assume, that the United States will ask us to test the Cruise. But the purpose of the Cabinet decision was to make it a two-stage process so that we would have an umbrella agreement on the testing of weapons systems, so that we would be able to refer to the umbrella agreement in the future to ensure that certain conditions were met, such as Canadian knowledge, Canadian participation in the scientific knowledge of any tests, Canadian ability to control or interrupt the testing, and so on.

I repeat yesterday's answer. After verification, I can only find an agreement in Cabinet to authorize the Secretary of State for External Affairs to enter into negotiations for a weapons system testing, and the statements of the then Secretary of State, if looked at carefully, indicate that he was talking of a process and that there is a second stage, which is the Cruise. That second stage has not been reached in Cabinet decisions.

Miss Jewett: Either the Prime Minister is being disingenuous or he is saying that his former Secretary of State for External Affairs was constantly misleading the House and the Standing Committee. It is either one or the other. Time and again he confirmed the existence of the agreement.

REQUEST THAT TESTING NOT PROCEED

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, the former Parliamentary Secretary, the

Hon. Member for Sault Ste. Marie, said on April 29, 1982, as reported at page 16751 of Hansard:

Are we to break our agreement with the U.S. on testing of the Cruise missile in Canada?

They have all said that there was an agreement. I ask the Prime Minister now is it possible for the Government of Canada to call this deal off? Is it possible to call off the deal and, as I said, thereby give hope to so many Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can only repeat my previous answer to the Hon. Member. There has been no cabinet decision to test the Cruise. There has been a Cabinet decision to authorize the Secretary of State to negotiate a weapons system testing.

Miss Jewett: No.

Mr. Trudeau: The Hon. lady says no. She knows more about Cabinet decisions than I.

Miss Jewett: I believe MacGuigan.

Mr. Trudeau: Then, if she believes MacGuigan, we will wait until he enters the House and the hon. lady can ask him her question.

* * *

FISHERIES

REQUEST THAT MINISTER MEET BRITISH COLUMBIA DELEGATION

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is for the Minister of Fisheries and Oceans. He will be aware that there is a delegation of responsible fishermen from the West Coast representing the PTA and the Federation. They have been seeking a meeting with him and I hope that the Minister will be able to see them before they leave. They came here at their own expense.

One of the questions they want to ask him concerns the relationship between the Pearse Report, the buy-back program in the Pearse Report, and the restructuring and rationalization of the fleet as proposed in the Cruikshank Report. Is he prepared to make any comment in the House today on that particular aspect of the matter?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, as the Hon. Member knows, I met with the Pacific Fishery Advisory Council, and all the different associations were present. They gave me their views and asked me for some time to study the whole implication of that Report before making their position known. I readily agreed to their offer.

My Deputy Minister met with them about two weeks ago. I will be in B.C. myself for a few days, beginning next Friday, hopefully to meet with the Advisory Council to get their views on that issue and other issues that are major topics in the Pearse Report. I will be there within a few days.

With respect to the Hon. Member's question about the delegation, I will certainly study that matter.

Mr. Munro (Esquimalt-Saanich): The Minister will know that they have been seeking a meeting with him. They came at their own expense. He has already been in trouble in British Columbia and I am sure that he does not want to get into that sort of trouble again. It is much better that he meet the peole who come to see him than having to go out to see them.

REQUEST THAT CANADA-UNITED STATES SALMON FISHERY AGREEMENT BE TABLED

Mr. Donald W. Munro (Esquimalt-Saanich): Perhaps the Minister would be prepared to make some comment on the bilateral agreement between Canada and the United States on the salmon fisheries question. Will he agree to have that particular agreement tabled and examined in the parliamentary committee?

[*Translation*]

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I do not know to what incident the Hon. Member is referring. If he is referring to a specific incident, I should be grateful if he would let me know what his own position would have been, instead of making insinuations. As far as the salmon treaty with the United States is concerned, I am pleased to report that negotiators for our two countries have already initialled the agreement to be submitted to both governments some time during the next few months. At that time, the two governments will, of course, have to take a position on the matter. As far as Canada is concerned, I can inform the House that the initialled document seems to be fair to both parties, and I have already said as much to the United States Ambassador. I also hope this stage of the confirmation of the agreement will be submitted to Cabinet some time during the next few months.

* * *

[*English*]

HOUSING

REPORT OF MINISTER'S ALLEGED STATEMENT ON RENTAL LEVELS

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the Minister responsible for housing. Last week, in one of his musings, the Minister publicly suggested that rents should be based on 25 per cent to 30 per cent of gross income—income before taxes. The Minister can deny that he said it, but it was reported in the press.

Given the fact that 40 per cent of householders in the country are renters and that the average rent in Canada today is approximately 17 per cent to 18 per cent of gross income, this would mean a massive rent increase. More important, it would discriminate against low income families because the Minister mentioned nothing about shelter allowance. Was the

Minister correctly quoted, and perhaps he can give us the advantages of his musings in the House?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, as a former journalist perhaps I have the humility of saying that there are times when journalists get their writing garbled and, in fact, misrepresent what someone has said in a rather lengthy interview. This was the case.

• (1450)

Under no circumstances did I advocate that people should pay rent on the basis of their income. There was discussion on the issue of availability of rental units, and I did reflect to the journalist those reasons which the industry had given me for not going ahead and building as many rental units as we might need in the country. We then went on to discuss rent control, and I indicated very clearly that this was a provincial jurisdiction, that it was not my judgment to make, but that surely there could be a way to help people concerning affordability of housing, that is, to help those who perhaps were paying more than 30 per cent of their income, as we had done in the mortgage renewal plan that my predecessor brought in some time ago.

I flatly denied in Vancouver having advocated what the Hon. Member represents in his question. I flatly deny it again, and I am simply saying that we will try to give Canadians as many houses and apartments that are affordable as possible.

Some Hon. Members: Hear, hear!

Mr. McGrath: I was merely quoting from a story in the Toronto *Star,* which is not in the habit of misquoting Government Ministers.

Some Hon. Members: Since when?

* * *

CANADA MORTGAGE AND HOUSING CORPORATION

INCREASE IN DIRECTORS' FEES

Hon. James A. McGrath (St. John's East): Madam Speaker, concerning the subject of low-income families, the Minister just voted in this House on a provision to hold Family Allowances and Old Age Pensions to the six and five formula. How can he reconcile that with a 200 per cent increase in directors' fees for Canada Mortgage and Housing Corporation? Directors' fees have now risen from $150 a day to $450 a day.

Some Hon. Members: Oh, oh!

Mr. McGrath: How can the Minister reconcile that with a Government policy which would hold families and old age pensioners in this country to an iniquitous six and five formula?

Some Hon. Members: Hear, hear!

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, on the first question, I checked the tape of the interview and I can assure the Hon. Member that there were no gaps of 18 minutes or less on the tape that I checked. So, I very clearly stand by the statement that I made concerning the whole rent control issue.

Concerning the other matter, the new fee schedule was submitted in April of 1982, on April 28 to be precise. I might say to Hon. Members that the directors of CMHC have not received any kind of increase in their fees since 1946. I suspect that Hon. Members of his House have seen substantial increases in their own salaries over a period of 37 years.

I might say that the limited number of directors on this board, dealing with very large amounts of money, make them entitled to the normal fees of officers of other Crown corporations who, I suspect, in many cases discharge less responsibilities than these directors do. It was a matter of judgment, but I also think—and in this I appeal to all Members of the House—that it may very well have been a matter of fairness.

Some Hon. Members: Hear, hear!

* * *

FISHERIES

WEST COAST HERRING ROE FISHERY

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. The Government is proposing a scheme on the West Coast which will allow one seine vessel to fish two areas under the herring roe fishery this coming March. The effect of that proposal will be to throw 200 fishermen, crewmen on those seine vessels, out of work.

In view of the representation by the Native Brotherhood of B.C. and the UFAWU, both organizations representing crewmen on those same vessels, will the Minister reject proposals coming up through his Department and, indeed, protect those 200 jobs in a Province which already sees 250,000 people out of work? Will the Minister protect those jobs, or is this the first phase of implementing the Pearse Report which calls for a reduction by 50 per cent in the number of fishermen in the B.C. fishing industry?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I will certainly very carefully study the representations of the Hon. Member, but surely he should realize that when we shorten the fishing season or reduce the number of entrants, participants in the fishing industry, it is precisely in order to manage the resource in a responsible fashion. Sure, we could allow as many fishermen to fish as he would like, but next year I could not perform miracles and make the species reproduce, and then, of course, we would have to face the consequences.

Mr. Baker (Nepean-Carleton): This is the parable of the loaves and the fishes.

Mr. De Bané: We are to manage the resources in the most responsible fashion possible, and I try to have input from every user group, every participating group.

* * *

INDIAN AFFAIRS

FUNDING OF TRIBAL COUNCILS

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. I am sure the Minister is aware of the memo released earlier this month which was approved by the Prime Minister, recommending that the Liberal strategy be to "reduce native expectation, particularly as it relates to the Constitution conference". Examples of this policy abound, ranging from the termination of the megaproject impact fund to the termination of the $345 million for Canadian economic development.

With the Constitutional conference just a month from today, I wonder if the Minister would explain why yesterday, at the parliamentary hearings into Indian self-government, evidence was brought forth that the Minister plans and fully intends to reduce, if not eliminate, funds to tribal councils. Would he explain why he is doing that at this time? Would he also explain the policy of the Government concerning the Constitutional conference? Is it completely to undermine it, and the confidence of native people in this country, before it happens?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the answer is no to both questions. There is no intention to obliterate funding for tribal councils. As the Hon. Member should know, having spoken with some of the Indian leadership, and certainly the head of the AFN, we are adopting a positive attitude toward the Constitutional conference and, in fact, Indian leaders who were present at the ministerial conference have stated so publicly. Maybe the Hon. Member has chosen to ignore those statements.

* * *

CANADA MORTGAGE AND HOUSING CORPORATION

IDENTIFICATION OF DIRECTORS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is supplementary to the question directed by the Hon. Member for St. John's East to the Minister of Public Works. Can he confirm to the House that among those Members of the Board of Directors of CMHC who have come in for this Liberal largesse, based on the new Liberal math, in which 6 per cent and 5 per cent equal 200 per cent, are included Frank J. Callaghan, President of the Liberal Association of Prince Edward Island; Sylvia Sutherland, a defeated Liberal candidate in Peterborough during the 1980 election; Christine McKee from the University of Manitoba, ombudswoman and associate of the Minister of Employment and Immigration when he taught in Winnipeg; and, rounding out the list, Jacques Plante, President of the Quebec City Chamber of Commerce, and Ben Wosk, a furniture dealer in Vancouver, prominent contributors to the Liberal Party of Canada? Are those the recipients of the Liberal largesse, a 200 per cent increase, despite the Government's six and five program which the Cabinet stated on repeated occasions would be applicable to all Crown corporations and agencies?

Some Hon. Members: Hear, hear!

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I again underline the fact that the submission was on April 28, 1982, which was before the six and five program was initiated.

Some Hon. Members: Oh, oh!

Mr. LeBlanc: Madam Speaker, I have sufficient respect for people who support the other side not to think that just being Members of that Party or contributing to it—although I question the wisdom of that—should disqualify such people. I have met the members of the board and I know that they are very hard working. I know that they are devoted to working for housing. I make no apologies for that fact.

Some Hon. Members: Hear, hear!

Mr. Nielsen: An interpretation of that answer is a confirmation that all of the five individuals named by me are devoted Members of the Liberal Party of Canada.

Some Hon. Members: Does that exclude them?

Mr. Nielsen: No, it certainly does not exclude them, but I suggest to Hon. Members opposite that the trough is getting pretty full.

Some Hon. Members: Hear, hear!

TRAVELLING EXPENSES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, does this same Liberal approach—

Mr. Crosbie: Headed by "Oinker" Macdonald.

Mr. Nielsen: —attempt to justify expenses of $250 for travelling three hours or less, and $450 for three hours or more? Is that a fringe benefit to the new math of the Liberal Party?

• (1500)

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, as I said before, the salaries of the members of the board had not been increased since 1946. The Hon. Member, the Acting Leader of the Opposition, has seen more increases in his last 37 years. What the Hon. Member forgets to point out in his long question is that, in their own right, members of this board are qualified Canadians and, frankly, I do not see

why having one political faith or another should disqualify deserving and competent Canadians.

* * *

[*Translation*]

THE ROYAL ASSENT

Madam Speaker: I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

February 15, 1983

Madam,

I have the honour to inform you that the Honourable W. Z. Estey, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber, today, the 15th day of February, 1983, at 4.05 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
Edmond Butler
Secretary to the Governor General

* * *

PETITIONS

MR. BLOOMFIELD—PAY TV BROADCASTING OF PLAYBOY FILMS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the three hundred and ninety-third report of the Clerk of Petitions stating that he has examined the petition presented by the Hon. Member for London-Middlesex (Mr. Bloomfield) on Monday February 14, 1983, and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*English*]

PRIVILEGE

MR. CROSBY—APPLICATION OF PERMANENT AND PROVISIONAL STANDING ORDERS

Madam Speaker: I have a question of privilege in the name of the Hon. Member for Halifax West (Mr. Crosby).

Mr. Howard Crosby (Halifax West): Madam Speaker, as you know and as I indicated to you in my letter, the question of privilege relates to the notice required for the summoning of meetings of standing committees. Since I raised the question originally in this House this morning I have spoken with our House Leader, the Hon. Member for Simcoe North (Mr. Lewis), who indicates that some arrangements are being made that may resolve this problem. If I could, I wish to defer the question of privilege to a later date, or if you require I could withdraw it altogether.

Madam Speaker: I would not require it. It is up to the Member to judge whether he needs to raise his question of privilege now that some arrangement has been set up by the different Parties. As a matter of fact, I think that is the better resolution to that particular problem as far as I can see from the notice which the Hon. Member had the courtesy to send me.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,325, 3,363, 4,285, 4,341, 4,637, 4,653 and 4,674.

[*Text*]

CANNES FILM FESTIVAL

Question No. 1,325—**Mr. Friesen:**

1. (a) What individuals went to the Cannes Film Festival in 1980 at the expense of the Canadian taxpayer (b) for what purpose were they sent (c) what were their personal allowable expenses per day?

2. What was the total cost to the taxpayer of Canadian participation at the Festival and how was the money spent?

3. Did Mr. Michael McCabe attend the Festival and, if so (a) what were his (i) personal allowances (ii) other allowable executive expenses (b) what was the total amount spent by Mr. McCabe?

4. (a) What is the name of Mr. McCabe's accountant (b) did he attend the Festival at the expense of the taxpayer and, if so (i) for what reason (ii) what was the cost?

5. (a) On what date was Mr. McCabe employed by CFDC as Executive Director (b) how many weeks of paid holiday did he receive annually (c) since his appointment as Executive Director, how many weeks was he away from his office and not on official business?

6. What credit cards were issued to Mr. McCabe in the name of CFDC and what were the credit limits?

7. Was Mr. McCabe asked to tender his resignation as Executive Director of CFDC and, if so, by whom?

8. What is the agreed cost of Mr. McCabe's severance pay?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of the Secretary of State, the Canadian Film Development Corporation and the National Film Board as follows:

In so far as the Department of the Secretary of State is concerned:

1. (a) Mr. Ian McLaren—Director of the Cultural Industries Division: Mr. Jean Lefebvre—Chief of the Film Festivals

Bureau of the above-mentioned division; Mrs. Jacqueline Brodie—assistant-chief of the Film Festivals Bureau.

Under contract to the Film Festivals Bureau: Mr. Gilles Carle, director; Ms. Carole Laure and Mr. Lewis Furey, stars of the Canadian film in competition; Ms. Micheline Lanctôt, director of the Canadian Film selected for screening in the Director's Fortnight; Ms. Darcy Dunton, press officer assistant; Mr. Michael Spencer, Canadian member of the Cannes jury.

(b) (i) Mr. McLaren to meet foreign government officials involved in film and film policy, and to negotiate a possible film co-production agreement with Australia.

(ii) Mr. Lefebvre, Mrs. Brodie to co-ordinate the Canadian presence at the festival events, to meet with film festival directors from around the world, to do cultural promotion for Canadian film productions, to organize and manage the participation of the Canadian films selected for showing by the festival and to help promote these films through the various events connected with the official screenings of the Canadian films in the festival, to promote Canadian films with the (approximately) 1,000 members of the world film press in attendance.

(iii) Mr. Carle, Ms. Lanctôt, Ms. Laure and Mr. Furey were brought to Cannes to help promote their respective films. It should be noted here that the Festivals Bureau provides this service as a matter of policy, only for Canadian films which are selected for showing by major film festivals. The bureau deals exclusively with these films, and with films which are entered in the film market. (Participation in any film market is on an inscription basis. Anyone can participate. But participation in festivals per se, is only possible after a complex selection process by the festival organizers and overseen by the Festivals Bureau.)

Ms. Dunton worked under contract for the Bureau as press assistant.

The Bureau paid the travel expenses (Montreal-Cannes, return) of Mr. Spencer. The festival paid his expenses at Cannes.

(c) Department of the Secretary of State employees' per diem at Cannes were those allowed by Treasury Board Travel Directives for Government employees on travel status in France, 150 francs per day (approximately $40), plus ¼ of this amount for incidentals.

Contractees were paid their travel (economy class) to Cannes. (For Mr. Carle, Ms. Laure and Mr. Furey, only the Paris-Cannes, return portion was paid), plus five days at government travel per diem rates, plus their hotel rooms, if they accepted to stay at a government-rented hotel, Ms. Dunton was paid a flat fee of $3,000, covering her travel, her expenses and her salary. Hotel rooms were rented by the Bureau in December and were paid for by the Bureau.

2. It should be noted that governmental costs at Cannes were shared by the Film Festivals Bureau (which handled the participation of Canadian films in the festival) and the CFDC (which handled the marketing and sales promotion of Canadian films).

Total cost to the Film Festivals Bureau was $117,950 which breaks down as follows:

(1)	Selection process:	$25,246
(2)	Promotion and publicity:	59,281
(3)	Travel (staff & contractees):	13,001
(4)	Administration, rentals, shipping, etc.	20,422

On the date this question was asked, all costs on this exercise have not yet been received nor processed by Finance. Costs stated here, however, are true costs as evaluated by the Cannes administrator.

3, 4, 5, 6, 7 and 8. To be answered elsewhere.

In so far as the Canadian Film Development Corporation is concerned:

1. (a) and (b) The following people went to Cannes at the Corporation's expense:

Michel Vennat, Chairman (first week)
Michael McCabe, Director
Pierre Thibeault, Acting Director (second week)
Jacques Dick, Administrative Director
Ken Rosenberg, Artistic Director (first week)
Mireille Gousse, secretary
Nicole Boisvert, secretary
David Novek, advertising and public relations officer.

All these people attended the festival as representatives of the Corporation to promote the dissemination and sale of Canadian films and direct CINEMA CANADA operations. The Corporation's chief administrative officer, Mr. Jacques Dick, went to Cannes to administer the Film Festivals Bureau's and CFDC's budgets.

(c) For support staff: $75 per day. Officers are reimbursed on presentation of vouchers.

N.B. Cannes is not a film festival; it is four world-class film events taking place together. Each of these events functions autonomously and is directed by separate organizations.

The four Cannes events are:

(1) The Festival competition and the "Un certain regard Section";
(2) The Directors' Fortnight;
(3) The Critics' Film Week;
(4) The Film Market.

These four separate events constitute the Cannes Festival. It is attended by 30,000 to 40,000 film professionals (producers, distributors, exhibitors, directors, film press, actors) from around the world. Among these are approximately 2,000 film press persons, sent there by their newspapers, magazines, radio

and TV stations. The Cannes Film Festival is the annual film convention of the World.

Cannes is the first event in the festival year. Many of the preparation costs (especially those attached to the selection and pre-selection costs) serve all through the year. These costs are charged to Cannes because they are initiated in time for Cannes.

For the first time ever, in 1980, a Canadian feature film was selected to open the Festival. Producers and countries of the film selected to open or close the Festival must "host" and therefore pay the cost of the Festival's opening or closing reception. The Film Festivals Bureau obtained Treasury Board approval (No. 770954, May 20, 1980) to pay its share of this extraordinary expense.

2. The Corporation's expenses totalled $230,945 broken down as follows:

Rental of stands, equipment and so forth	$ 36,245
Travel and shipment of goods	46,700
Promotion and advertising	145,000
Rental of a cinema	3,000
	$230,945

3. (a) (i) and (ii) $2,500 (meals and room), $5,000 (hospitality expenses). (b) $7,500.

4. (a) Not known to the Corporation, (b) not at the expense of the Corporation.

5. (a) June 1, 1978, (b) four weeks per year, (c) To be consistent with the provisions of the Canadian Human Rights Act Part IV we are not providing personal information.

6. Visa-Chargex. Credit limit: $3,000.

7 and 8. See Part 5 (c) above.

In so far as the National Film Board is concerned:

1. (a) F. Macerola—Deputy Government Film Commissioner, A. Lafond—Area Representative, Europe (Paris). (b) Promotion. (c) Canadian Government Travel Allowances for Paris plus necessary hospitality.

2. For transportation, meals, accommodation, representation, hospitality, advertising, shipping of promotional material, etc.—$12,120.

3, 4, 5, 6, 7 and 8. To be answered elsewhere.

CANADA-POLAND BILATERAL AGREEMENTS

Question No. 3,363—**Mr. Kushner:**

1. During the past five years, how many bilateral and multilateral agreements were reached in which both the Canadian and Polish Governments were signatories and, in each case (a) what was the nature and duration of the agreement (b) which departments and/or agencies were involved in both Governments (c) what was the cost to the Government?

2. During the past two years, what was the total quantity and value of (a) food (b) clothing (c) medical supplies that were sent to Poland by both the Government and other groups and organizations to alleviate shortages of such goods there?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): 1. (a) and (b) During the period 1976 to 1982, Poland and Canada were signatories to the following agreements:

Bilateral

1.	Air Transport Agreement	May 14, 1976 (Transport Canada)
2.	Long Term Grain Agreement	November 25, 1976 (Canadian Wheat Board)
3.	Long Term Grain Agreement	April 19, 1977 (Canadian Wheat Board)
4.	Long Term Grain Agreement	October 4, 1979 (Canadian Wheat Board)
5.	Agreement on Mutual Fisheries Relations	May 14, 1976 (Fisheries & Oceans Canada)
6.	Agreement on Mutual Fisheries Relations	May 14, 1982 (Fisheries & Oceans Canada)

Multilateral

A.	Convention on the Prohibition of Military or any other Hostile Use of Environmental Modification Techniques	December 10, 1976 (External Affairs)
B.	Geneva (1979) Protocol to the General Agreement on Tariffs and Trade	June 30, 1979 (External Affairs)

(c) It would be impossible to calculate the cost (if any) of the multilateral agreements and the air transport agreement.

The fisheries treaties give allocations of fish in Canadian waters to Polish vessels in return for purchases by Poland of Canadian fish products. As a result of Poland's current economic difficulties, it is unable to buy the amount of fish products which both sides would prefer. However, in 1982 Poland was obligated to buy products worth $1,000,000.

As for the long term grain agreements, the 1979 treaty expired at the end of 1982. It provided government-guaranteed credit for the purchase of up to 1.5 million tons of grain during each of the three years of the agreement.

2. The Government of Canada has made a contribution of $500,000 to the International Red Cross in response to its appeal for food, medicine and clothing for Poland and has also provided two grants totalling $300,000 to the Canadian-Polish Congress to assist its relief efforts. Unfortunately, the Government has no way of knowing the total quantity and value of food, clothing and medical supplies sent to Poland by private organizations and groups.

EDC ALLOCATION TO CESKOSLOVENSKA OBCHODNI BANKA OF PRAGUE

Question No. 4,285—**Mr. MacKay:**

1. What amount was allocated to the Ceskoslovenska Obchodni Banka of Prague, Czechoslovakia by the Export Development Corporation in (a) 1981 (b) 1982?

2. What products were sold to Czechoslovakia by Canadian firms under this allocation and, in each case, what were the amounts involved?

3. What sales to Czechoslovakia were made by Velan Inc. of Montreal in (a) 1981 (b) 1982 and what were the products and the dollar values?

4. In (a) 1981 (b) 1982, did Velan Inc. sell any valves to Strojexport of Prague, Czechoslovakia and, if so (i) what kind (ii) what are the valves customarily used for (iii) were the same kind of valves or similar valves

manufactured in the past by Velan Inc. for the benefit of the United States Navy?

Hon. Gerald Regan (Minister of State (International Trade)): 1. EDC allocations to the Ceskoslovenska Obchodni Banka of Prague totalled $3.013 million in 1981 and $178,691 to date in 1982.

2. In 1981, a gravimatic casting system (EDC financing—$1.586 million) and valves ($1.427 million) were sold to Czechoslovakia. This year, add-on financing to the same valve transaction was concluded ($178,691).

3. Velan Inc. was the company involved in the above mentioned EDC valve transactions. The dollar value of the contract is a commercial confidential matter that is obtainable only with direct permission from the firm.

4. Valves were involved, but their end use is unknown. A technical comparison between the type of valves sold to Czechoslovakia and to the United States is a matter to be dealt with by the makers of the product.

EDC FINANCING ASSISTANCE TO VELAN INC.

Question No. 4,341—**Mr. MacKay:**

Since 1967, was the Government involved in any way in sales to Communist countries of products manufactured by Velan Inc. of Montreal and, if so, in each case, what was the (a) nature of the involvement (b) value of each sale (c) country of destination of the products (d) nature of the products and what were the products customarily used for?

Hon. Gerald Regan (Minister of State (International Trade)): In addition to providing its customary trade development assistance to Velan Inc., the Export Development Corporation (EDC) has provided financing as follows:

Date	Amount	Country
May, 1977	3,876,935	U.S.S.R.
April, 1978	5,706,900	U.S.S.R.
March, 1979	7,757,612	U.S.S.R.
September, 1981	1,427,000	Czechoslovakia
February, 1982	178,691	Czechoslovakia
June, 1982	4,700,000	Hungary
July, 1982	1,800,000	Czechoslovakia

There was no EDC financing prior to 1977 for sales to Eastern Europe.

In all instances the products exported were valves. There is no information regarding the end use to which the valves were put.

PERSONS EMPLOYED BY CBC NEWS

Question No. 4,637—**Mr. Beatty:**

1. How many persons are employed full time by CBC news within Canada?

2. How many of these persons are not Canadian citizens and, of these, how many are not landed immigrants?

3. What are the descriptions of the jobs filled within CBC news by persons who are neither Canadian citizens nor landed immigrants?

4. What is the policy of CBC news covering the hiring of persons who were not Canadian citizens nor landed immigrants prior to their employment?

Hon. Francis Fox (Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows:

1. English Services Division: 548
French Services Division: 289
Ottawa Area: 30

2. Ten of these employees are not Canadian citizens. All ten are landed immigrants.

3. Not applicable. See answer to Part 2 above.

4. The Corporation's policy, covering those occasions when qualified persons are hired who are not Canadian citizens, is to ensure that the provisions of the Immigration Act are respected.

INVESTIGATION OF AUTO ACCIDENT IN MOSCOW

Question No. 4,653—**Mr. MacKay:**

1. Was there an independent investigation by Canadian authorities of the alleged automobile accident of December 4, 1982 in Moscow in which an employee of the Canadian Embassy, Mr. Michel Leroux, had died and, if so, what was the result?

2. Who was the owner of the automobile involved in the accident?

3. Did the Canadian Embassy request the Soviet authorities to have access to the automobile after the accident for the purpose of an examination and, if so, what was the response received?

4. Was the automobile examined by Canadian authorities after the accident and, if so, what was the result of the examination?

5. What was the title of Mr. Leroux's job in Moscow and what were the duties involved?

6. Was an autopsy performed on Mr. Leroux and, if so (a) by whom (b) what was the cause of death?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): 1. Yes Investigation of the accident was undertaken by officials of the Canadian Embassy, Moscow. Witnesses to the accident were interviewed, conditions of the road at the time of the accident were surveyed and an examination of the car was undertaken by competent Canadian officials. The finding of the investigation was that Mr. Leroux's death was the result of an accident.

2. Mr. Michel Leroux.

3. Yes. Soviet authorities complied with this request allowing the Canadian mechanic at our Embassy in Moscow to carry out a thorough examination of the vehicle in question.

4. Yes. The vehicle was examined on a number of occasions by Canadian officials. While damage to the vehicle as a result of the accident was extensive, the car was found to be mechanically sound. It was determined that the accident occurred as the result of icy conditions on the road where the accident took place.

5. Mr. Leroux was a clerk with a diplomatic designation as attaché. He worked in the consular section of the Canadian Embassy and was performing clerical duties associated with the family reunification program between Canada and the U.S.S.R.

6. Yes. (a) The Canadian Embassy doctor, who is a British physician attached to the British Embassy, examined Mr. Leroux immediately following the accident and confirmed his death. An autopsy was subsequently carried out by a Soviet pathologist. (b) The finding was that Michel Leroux died instantly as the result of injuries sustained in the car accident.

MAHARISHI MAHESH YOGI

Question No. 4,674—**Mr. Friesen:**

Did the Government provide any assistance to the World Plan for Creative Intelligence, the Transcendental Meditation Movement or any other group under the direct or indirect authority of the Maharishi Mahesh Yogi and, if so (a) what was the nature of the assistance and on what date was it given (b) what were the names and addresses of the groups which received assistance?

Hon. Serge Joyal (Secretary of State): In so far as the Department of the Secretary of State is concerned: No. (a) and (b) Not applicable.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute Law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Hon. Jake Epp (Provencher): Madam Speaker, prior to the lunch break I was making the point that I had a constituent who had been employed by CP Rail and also had a farm. When his employment ended at CP Rail we were still not able to convince Revenue Canada that in fact his vocation was farming only. I think it is important for the Minister of National Revenue (Mr. Bussières)—and I wish he were here—to understand that there are judgments being made by Revenue Canada personnel, judgments which I believe have nothing to do with the Income Tax Act.

For instance, this person whose only income now is farming was told by Revenue Canada that, because his farm was not viable, he therefore was not a farmer; but they agreed that he had no other income other than from farming. They asked me the question: If the farm is not viable, how could he remain on the farm? I told them that if they understood anything about farming in previous years they would know that he and his family had invested in the farm and obviously had not needed the farm income to support themselves on a day by day basis, but now that the only income they had was from farming, they obviously would invest less in the farm and have to take more of the profit for their day to day expenses. That, to me, seems a rather obvious approach, but to this day Revenue Canada officials have not accepted that approach.

In fact, I think there is a real concern when auditors go into these places to audit. I contact the auditor and the auditor says: "I do not have to speak to you; you have to speak to someone else in the Department." I suggest when Members of Parliament phone on behalf of their constituents, having been authorized to do so by their constituents, that that is not the approach that people who are getting paid by the public purse should take. Yet that is the attitude they do take.

I am sure that every Member in this House knows of cases where a spirit of decency and fairness has not been shown by Revenue Canada personnel. The regulations are now so complicated that average, ordinary Canadians who cannot expend large sums on tax preparation are concerned that the tax Department as such is seen more as confiscatory; that is, confiscating income and investments that people have rather than be fair to them.

I had another case concerning a gentleman who had sold a small service station and had to repossess it, and then subsequently sold it again. He was taxed on the capital gain from the service station that he had to repossess and then re-billed, because after he had sold the service station a second time, when he got the cash he bought averaging annuities, RRSPs, but did not do so after the first sale because he had no cash. He had not received any cash as the buyer defaulted. Yet Revenue Canada levied tax on a capital gain from the first sale although no revenues were realized.

What I am saying is that there has to be a different approach. I am not saying that people should not pay their taxes, but I am saying that many of the Revenue Canada people operate on the basis that a taxpayer must prove his innocence rather than they must prove the case that their assessment is correct. I believe it is true that many of them operate on that basis.

While we can argue about details and regulations and legislation, back on the farm and on the street where average Canadians are trying to make a living people have today a fear of the manner in which Revenue Canada assesses taxes on income earned. It seems to be very quick to add income and very slow to look at legitimate expenses. That raises this question. I wonder to what extent Revenue Canada has reveived instructions from this Government to try to recover whatever money it can because of the national deficit. As I speak to Revenue Canada people, their attitude to my mind is one not of being fair to the taxpayer but rather that it is seen much more as a collection agency against the taxpayer.

Income Tax

• (1510)

Mr. Howard Crosby (Halifax West): Mr. Speaker, as you know, at this stage of the debate on second reading of Bill C-139 to amend the Income Tax Act we have but ten minutes to indicate our views on the legislation and all its ramifications for the people of Canada. It is no wonder that with that kind of time limitation we are accused by people like J. Lyman MacInnis, President of the Institute of Chartered Accountants of Ontario, of being less than thorough in our review of legislation as individual Members of this House of Commons. In fact, in speaking to a group in Toronto—where else would it be—the gentleman said this:

> The greater tragedy is this. There are 284—

He does not even know how many Members of Parliament are elected in Canada.

> —284 men and women sitting in the House of Commons in Ottawa who continue to enact this kind of legislation.

He is referring to the Income Tax Act of Canada.

> Don't try to tell me that these people understand what they're passing. My guess is there aren't more than a handful who have any idea what the real effect is of the income tax laws they enact. We obviously had one Minister of Finance who didn't know.

I think we all know he is talking about the Hon. Member for Cape Breton Highlands-Canso (Mr. MacEachen) and his disastrous November 12, 1981 budget. The fact is that all of us in this House of Commons are tarred with the same brush, this brush of not caring, not studying the laws we enact and not taking action to prevent the passing in this Chamber of laws that will have unfortunate ramifications for the people of Canada.

I say that because that situation is entirely unfair. Members on the Opposition side do not have the opportunity for briefings from Government officials. They do not have the background material and support, the statistical analyses that are given to Members of the Government when they present Bills, but we all have to share in the blame. That is why we stand on this side of the House of Commons, speaker after speaker, and protest the manner in which this legislation is being run through the House of Commons and the manner in which it will be implemented later on by a bunch of uncaring bureaucrats in the Department of National Revenue, who will see this not as a method to finance the massive undertakings of the Government of Canada, but simply as a method to extract money from the people of Canada. There will be no humanity to it. There will be no philosophy to it. It will simply be the mechanical process of taking the money out of the hands of the Canadian people. That is why I want to dwell very briefly on the philosophy of this legislation.

In income tax laws and laws that extract revenue from the taxpayers, there is no philosophy. That is a mistake that the then Minister of Finance made in this House in his budget speech in November, 1981. He talked of equity. You do not talk of equity in relation to tax measures. There is no equity. Equity would indicate that no money should be taken from the people of Canada in the form of taxation. The money should be raised in other ways that do not require individuals to contribute in a direct way.

The fact of the matter is that we need money to finance necessary and essential programs. That is what is called into question in these budgets every day in this House of Commons. The Government of Canada is extracting money from the people of Canada to pay for programs that are not necessary. It is extracting money from the people of Canada to pay for programs that are unessential and designed and intended simply to keep the Government of Canada in power. They are programs that the people of Canada do not need and cannot afford. The tax process goes on and on and there is no philosophy, no principle, involved in it.

The Minister of Finance in November, 1981 tried to pretend that there was a principle involved. He said that he was going to bring equity into the tax system. I have already explained that it is simply a method of getting dollar bills into the national treasury. It has no connection with equity.

Maybe in employing the system one should be fair among those persons who have to pay the taxed amounts, but there is no way that you can come up with a concept of equity. We found that out in the month that followed November, 1981. We found that the Minister's attempts at equity were ill-advised and did not result from any consultative process with the people and organizations involved.

That was the disaster, the disaster that is reflected in Bill C-139 today—because the tax measures that are contained in Bill C-139 flow from that November, 1981 budget. They flow from the program introduced by the same Minister in June, 1982 when he introduced the six and five program. They flow from the measures his successor introduced in the House of Commons in October, 1982 in an attempt to remedy and resolve some of the problems created by his predecessor.

What we have to do is call the attention of the people of Canada to this kind of incompetence, this kind of fiscal mismanagement that results in the need to tax and tax, and tax again, the people of Canada. You cannot attack these provisions one by one as the President of the Institute of Chartered Accountants said, because you have to characterize them as all bad. There is no real reason for them. The only reason is that the Government is spending vast amounts of money.

In November, 1981 the Minister forecast a budget deficit of $11 billion. In June, 1982 the budget deficit had risen by several million dollars. In October, 1982 the prognostication was $19 billion. It then went up to $22 billion. Now, this very day in the House of Commons, the Minister of Finance (Mr. Lalonde) tells us the budget deficit is $26 billion. If you do not think that has anything to do with taxation, Mr. Speaker, let me tell you what does have to do with taxation. When you divide the number of wage earners in Canada, which number around 10 or 11 million, into $26 billion, in addition to the other amounts that are recovered by the tax system, you realize the financial burden that Canadians face.

What does it have to do with other matters like inflation? Every taxpayer in Canada who lines up at a bank for a loan has to realize that the Government of Canada has been there before, paying for its budget deficit, to borrow $26 billion from financial institutions in Canada and abroad in order to finance this massive deficit. That is why the interest rate goes up and the ordinary Canadian taxpayer has no chance in the face of this fiscal mismanagement. There are millions of these taxpayers. We do not want to forget that there are 14.7 million Canadians who filed tax returns in 1980 and 15.1 million who filed in 1981.

The ramifications of the changes in the tax system are of extreme magnitude and affect virtually every person in Canada. The end result is that those people who are faced with inflation, which although it may be on the decrease now in the face of unrestricted Government spending is bound to increase in the future, are the victims, as well as the millions of jobless in Canada. We have 1.6 million people who are unemployed and still looking for work and we have another one million people who have given up looking for work. There are over three million people in Canada who have unemployment problems. They are the victims of this fiscal mismanagement.

All we can do is spend more money and increase taxes in order to solve the problem which the Government has created. There are many activities and actions that the Government has failed to take over the years in relation to the tax system and revenue-gathering processes in Canada. I have a statement referring to a report about underground money transactions. Do Hon. Members realize that experts have indicated that underground financial transactions in Canada amount to almost one-quarter of the total economic activity? There is something in the area of $53 billion involved in so-called underground transactions. What is the Government going to do about that? Is it going out to find out who these people are who do not respond to the tax system, who ignore our tax system? No. It goes down to Nova Scotia, seeking out a few fishermen who risk their lives every day to go on the high seas. The tax officials are hitting them with assessments, going back over their tax returns and extracting money from them.

They are doing the same thing with people who want to run a small farm to support their family. They are going back and saying: "We are not going to allow you any expenditures, Mr. Farmer, because we think you are an employed person and you are not going to benefit from the tax system". Why don't they go after the criminals? Why don't they go after the drug dealers? Why don't they bring in these billions of dollars in revenues from the underground money transactions that are now taking place in Canada and that have been established by scientific reports?

I want to speak about one item in the tax Bill. That is all I have time for. It is the Government's treatment of pensioners. I asked the Minister of Finance in the House of Commons in December, 1981 whether he would recant on his taxation provision that would deprive senior citizens in Canada of the benefit of the $1,000 exemption in respect of pension income. I thought he indicated at the time that he would. He has been battling back and forth with that ever since. It has been raised in comments, newspapers, tax reviews and so on.

• (1520)

When I look at Clause 67 of this Bill, I do not see where the Minister of Finance has recanted from that onerous provision at all. I want to raise that objection because when the question was put to him in front of the people of Canada he expressed great sympathy for senior citizens who were trying to provide for their old age. I know of no more onerous provision in this entire Bill C-139 than that which deprives senior citizens of a $1,000 income tax exemption if they are involved in another registered retirement savings plan.

If that is the attitude of the Government towards our senior citizens, then I have real concern for the future of Canada. If the Government thinks the Canadian people want to extract money from our senior citizens merely to fatten the Government so it can spend money on Dome Petroleum or help Bombardier and all those other activities it is engaged in, then we are in a sorry state in this country.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I believe that this Bill demands that we take a few minutes to remind Canadians how controversial this Government's administration has been. The Bill before the House today is more or less a reflection of the four budgets that were brought down since 1981. After all the corrections, amendments, and mistakes corrected twice over, we finally have here a thick slab of legislation which accountants and especially taxpayers will have a lot of trouble understanding. In any case, it is our duty on this occasion to criticize the Government roundly for poor management, poor planning, for commitments it failed to meet and, of course, for the promises it made to Canadians in order to try and win their support. If we consider all the changes that were made, we realize to what lengths the Government is prepared to go to obtain the support of the Canadian people.

I am referring to the four budgets brought down since 1981. They include a host of amendments which are sometimes very harmful, particularly to the poor. This legislation will not affect the rich but it will affect people on very low incomes who are least able to absorb some of the reductions and changes that affect Canadians directly. However, what is really incredible, Mr. Speaker, is the fact that since November 1981, starting with the predecessor of the present Minister of Finance (Mr. Lalonde), we have had 48 changes in the budget forecasts, while the present incumbent who was appointed last October had already made incredible mistakes, and I am referring to his miscalculation of the Government's deficits, borrowing requirements and projected borrowing requirements.

Mr. Speaker, to the Canadian people, to Canadians watching us, it was clear that for several months, after the Right Hon. Prime Minister (Mr. Trudeau) got rid of the former Minister of Finance who is now Secretary of State for External

Affairs (Mr. MacEachen), it was thought that his successor might prove to be better at financial forecasting. There was also the consideration that it was perhaps embarrassing for the Right Hon. Prime Minister of Canada to ask the then Minister of Finance to resign because his budget, his budgetary forecasts and his general administration had proved to be a complete failure. However, I would have thought that the present Minister of Finance would come up with sounder proposals and better planning so that Canadians in general and businessmen in particular would have some idea of where the Government is going.

There has been no improvement, however. Today, some pertinent questions were asked about Petro-Canada which is once more about to make the Government renege on its promises regarding oil prices and the world market price. Yesterday, the Minister of Finance announced he was very disappointed that the deficit would be even greater than expected, that he would have to borrow, several more billion dollars, and so, that government spending is increasing more and more. And today, the Minister of Finance is telling us once more that he will have to find new sources of revenue. Where is he going to find them? According to him, he has no choice. He was unable to accept some of the cuts in Government spending.

To err is human, I understand that. On the weekend I read in the paper that the Minister of Labour (Mr. Caccia) refused to recognize and, in fact, disclaimed any responsibility for a mistake which is costing his own department a million dollars because of commitments made to certain employees. As I see it, Canadians will not be able to tolerate that sort of thing much longer. I think it is important to remind Canadians of the mistakes being made in various departments, the mistakes made by the Minister of Finance and the changes he was obliged to make, not because the Government was reluctant to introduce these new taxes, but because the Opposition did its job, and because on this side of the House, we fiercely defended the interests of Canadians, who in turn helped us by their response to various surveys which indicated that this Government's popularity was declining. Of course, some Liberal Members, although secretly and never in the House, expressed their concern about the Minister of Finance and finally forced the Prime Minister of Canada to get rid of the Minister who is now Secretary of State for External Affairs. That did not help matters, Mr. Speaker. It did not improve the situation very much, it has not reassured Canadians, and today, the present Minister of Finance is already demonstrating an incredible lack of direction. I agree with the Auditor General that this Government has lost control over its spending, and I think it is absolutely necessary to bring out all these facts and to show the Canadian people the unmitigated mess this Government is making of governing the country.

Mr. Speaker, it is clear from this piece of legislation that the Government is again going to rob the poor, Canadians who are looking for work and who are waiting for the Government's miracle policies to create jobs and give hope to the unemployed and especially to young Canadians who are getting desperate in a way they have never been before, because of rising unemployment. The Bill before the House today, and I want to make this quite clear, clearly reflects the Government's poor administration, its erroneous forecasts and the truly incredible mistakes made by people who are supposed to be running the country and give Canadians a set of positive economic policies.

However, there are no such policies, and instead, we have had forty-eight so-called remedies. I think it is important to remember that in less than three years, the Government has had to introduce forty-eight changes in its four last budgets, because they contained incredible mistakes—mistakes that were made by the present Minister of Finance's Cabinet colleagues and which he has had to correct, and worst of all, Mr. Speaker, the present Minister of Finance was a party to these forecasts and mistakes when he was responsible for Energy, Mines and Resources. In Cabinet, he endorsed so many erroneous decisions that would seem incredible to the average businessman who must be wondering about the manner in which we are being governed. Mr. Speaker, you know as well as I do that administrators with this record of incompetence, and I think the word is rightly chosen, would be hard-pressed to find a job in the private sector today. Mr. Speaker, that is why we are demanding more and more room for the private sector, but unfortunately, that is not the philosophy of this Government. Through the measures before the House today, this Government is directly competing with the private sector, which has demonstrated that it can provide far more effective management than the Government has been able to produce to this day. In the circumstances, Mr. Speaker, I think it is important to remind Canadians about the poor management and government this country is getting, and to express the hope that Canadians will soon be asked to pass judgment on this Government, and I sincerely hope that this will happen, Mr. Speaker.

• (1530)

[*English*]

Mr. John Gamble (York North): Mr. Speaker, one of the handicaps of the new Rules as they apply to speeches in the House is that within a brief period of ten minutes, a topic of the kind confronting us today, namely an examination of the provisions of Bill C-139, must be discussed. Even general comments are difficult in connection with this extensive piece of legislation which is 292½ pages long and covers a statute which, with its accompanying explanatory notes, as some of my colleagues on the other side would recognize, would stand in the CCH compilation, two feet high. It would require the steady attention, I submit, of a Member of this House who wished to understand the provisions of the Income Tax Act, during a two-year sabbatical from this place spent in a monastery where he was not confronted with any kind of distraction.

On a number of occasions I have dealt with one of the great problems of the Income Tax Act and that is, its inscrutability. This piece of legislation has become so complex over the years that the average citizen cannot hope, under any circumstances, to understand and to cope with its provisions. It has become so difficult that it is a labyrinth through which few people can find their way. For those unfortunates who happen to be caught in its pernicious clutches, it is a quagmire which, in many cases, has strangled many Canadian taxpayers.

The circumstances that confront us today are that rather than deal in any fashion with a simplification process, the Government has chosen to pile amendment upon amendment—to add, not subtract, from the great bulk of the wretched statute itself. We are confronted, I submit, with a bureaucratic plan to choke off the freedoms and rights to retain property and income that should be well recognized as pertaining to all Canadian citizens. What has happened is that over the years we have seen a gradual erosion in the base left in the hands of the taxpayer, which he can claim to be his own.

Some time ago when the first income tax was introduced in 1917, to become effective in 1918 as a temporary wartime measure, the concept of taxing income was very simple. It involved a process whereby an individual or business collected a certain sum of money, and a portion of that money was allocated to taxes. In the early years, that portion was relatively small. It became apparent to those intent upon collecting more revenue, that it would expedite the receipt of the funds required by Government for its plans, some of them foolhardy and some of them necessary, if they might extract the tax before the money was actually in the hands of the taxpayer. The concept of payment on an accrual basis developed, so that corporations and individuals who fell into certain categories were taxed on the basis of having established an arrangement which entitled them to receipt of income, even though they had not in fact, received that income. The results of the process were simple. The Government collected its money and maybe—just maybe—the taxpayer collected the income on which the tax had already been paid.

In this Bill we find a further and most interesting refinement. We are not now concerned only with collecting tax before the income has been received, a circumstance from which the business community and the individuals have suffered for some time. We are now caught in the predicament where the taxpayer in certain professions, is to be taxed on the basis of the work he has done with respect to which no account has been rendered. The concept is that if there is work in progress undertaken by a professional taxpayer, of the kind categorized by the Act, that taxpayer must pay a portion, not of the bill he has rendered, not of the income he has received, but of the work he has done. The whole purpose of this scheme is to put money in the hands of the Government before the citizen has had a chance to put in his pocket the income upon which the tax is based.

I suspect that the next move to expedite the early return to the revenue of a fund generated as a consequence of the work of Canadians, is to contemplate a tax on the basis of an idea that is conceived in the mind of a taxpayer which later gives rise to work in progress which, in turn, gives rise to the dispatch of an account. The mere concept that I might do work for someone should give rise, I suspect, at a later date, to the belief that, having thought of doing some work, I should pay tax to the Government with respect to the profit I might generate in the event that the work were ever undertaken.

One of the problems with respect to this new development is that there will be a determination of the fair market value of the work that is done, prior to the dispatch of the account. This, I submit, will involve individual taxpayers in the professions caught by the provisions of this amendment, with an obligation to retain advisers who can value the work which has been done. There will be a constant badgering by the officers of the Department of National Revenue who will argue that the value placed upon the work is not high enough. I fully recognize that the reserve for doubtful accounts, assuming that an account is ultimately rendered, will still apply. These provisions have long proved to be a mechanical problem confronted by taxpayers who have any desire to regiment properly the way in which they plan their tax affairs.

Let me say what in my view the provisions of the Bill should include. In today's circumstances they should obviously make provision for tax reductions and not tax increases. The Minister of Finance (Mr. Lalonde) has stood in the House and proclaimed the great benefits which are to befall taxpayers as a result of the passage of the legislation. Let me remind the Minister and the House that the Bill contains a deindexing provision which will automatically have the effect of increasing taxes for Canadians generally. For that reason it is offensive, because it has the effect of increasing the true rate of tax that has to be paid.

Inflationary pressures creating illusory—I say illusory and not real—assumptions of income increases ought not to give rise to payment of tax at a higher rate. They ought not to give rise to a diminution of the real value of the deductions which are permitted under the provisions of the Act prior to the introduction of the Bill and the computation of income. Those benefits enjoyed by Canadians will disappear by the passage of this legislation, and Canadians should be aware of that.

May I say one final thing with respect to the Bill as it relates to the inclusion in income of an element of whole life insurance policies. The provisions can be found in Clause 5(1), and I will direct my attention to them in Committee of the Whole. Unfortunately, they leave the right to determine how those amounts are fixed to the Governor in Council, and not to the House of Commons. I submit that is objectionable.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, like the Hon. Member who just spoke, I find myself locked in to a ten-minute speech when there are many things I want to say with respect to the specifics of this Bill. I look forward to Committee of the Whole hearings when we can deal with the specifics, but at this time I should like to make some general comments.

• (1540)

In a speech within the last two weeks, a senior partner of Touche Ross and Company of Toronto, Mr. J. Lyman MacInnis, who is also President of the Institute of Chartered Accountants of Ontario, said:

The Canadian Income Tax Act is an unmitigated mess!

Every chartered accountant, every tax lawyer, every tax consultant and every taxpayer of Canada would agree with that statement. He went on to say in his address:

—for decades it's been a well-established rule or jurisprudence that income tax laws be written in clear, unmistakable language. This is so because it is a self-assessing system. The most quoted statement by a court in this respcect says:

"It is not enough to attain a degree of precision which a person reading in good faith can understand, but it is necessary to attain, if possible, a degree of precision which a person reading in bad faith cannot misunderstand. It is all the better if he cannot pretend to misunderstand it".

The present Income Tax Act, the amendments over the years and this Bill are incomprehensible. I would suggest that they are incomprehensible to everyone except those academics in the ivory tower who draft legislation. Those people, if forced to live in the real world, would not survive because they could not make a living; they would starve to death because they do not understand business, either small or large, and they do not understand people.

Several years ago in the House, during consideration in Committee of the Whole, the then Minister of Finance agreed to a minor amendment to the Income Tax Act. It was an amendment which every Member of the House and I suspected, when it came in, would constitute one paragraph. When the amendment finally came in, it consisted of two full pages of sections and subsections. I pointed out the absurdity of such an amendment, which could have been simple, to the very man who had the responsibility of drafting the particular amendment. He said to me, "You really do not understand the problems in drafting legislation, despite the fact that you are a lawyer". He went on to say, "We are now computerized. This legislation is designed for the computer, not for the taxpayer". Mr. Speaker, the computer does not pay the taxes; the taxpayer pays the taxes.

Thus we have confusion, confusion not only in the Department, but confusion in the minds of taxpayers. They are left in a real quandry. What can the taxpayer do when he runs into a problem, if he cannot afford or does not necessarily want to hire a chartered accountant to help him with his return, a fairly simple T-1 return? He can call a toll-free number. Every district taxation office has a toll-free number. What happens if a taxpayer phones and poses the following question: "I have a problem with my income tax return; what is the answer?" First of all he discovers that the response of the Department is not binding on the Department. If he follows the advice he receives, he has no certainty that when he files his return it will be accepted. Also I suspect that all district taxation offices are the same. If one phoned and asked the same question on more than one occasion, quite frequently one would receive different answers as a result of the phone calls, different answers to the same question. Not only that, in the last two or three years, with the confusion which has existed because of budgets and no income tax amendments before us, taxpayers have come into my office and told me that they have phoned the toll-free number and the voice at the other end said, "We do not know what the answer is; go and see your Member of Parliament." Then the individuals came to me thinking that I had all the answers to their problems, yet these people in the Department who are answering the telephones are supposedly the experts.

Another route which the taxpayer can take is the interpretation or information bulletin route. He can go through the whole list and find a particular interpretation bulletin that fits his case, that is, if he can find the list of the interpretation bulletins. Having picked up the interpretation bulletin, he has to sit down and try to figure out what it indicates. That can be a very interesting exercise. I say this because one discovers that what is contained in the bulletin is sometimes different from what is contained in the tax guide accompanying the tax return itself.

I recall a recent case where one of my constituents filed a return claiming a deduction for registered retirement savings plan contributions he made. He made the deduction based upon his earned income. It was quite clear in the guide and in his return. After several months he received an assessment notice from the income tax Department advising him that he was not entitled to the deduction. But it did not say why. Nowadays these assessments come out and one cannot tell what they say or what they mean. It used to be that 15 or 20 years ago, when the income tax Department re-assessed a person he could look at the document and know where he had gone wrong or know where the Department had gone wrong in re-assessing him. This does not happen nowadays because the computer does it, that all-wise machine.

Finally, after several months my constituent discovered that while he had a substantial amount of earned income, he had claimed a loss on rental income which was deducted from his earned income and he was not entitled to the deduction. I could go on at length citing examples, but I see my time is up. Simply, I would like to say that I think the time has come when it is very important—as a matter of fact it is vital—that the Government take the necessary steps to set up a committee, not comprised of people from the ivory tower, but of people who have day-to-day knowledge of the Income Tax Act and of individuals who have to prepare their own income tax returns, so that there will be a comprehensible Act which people can understand without having to spend money and hours of argument with the Department over their taxes.

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, I welcome the opportunity to participate in the debate on Bill C-139 which I have here in my hands, an Act to amend the statute law relating to income tax. This is a rather large and heavy piece of legislation. It is very complex. In fact, it is so complex that it was necessary for the Government to put out a smaller version of the Act which was called "Explanatory Notes to Bill Amending the Income Tax Act." The Explanatory Notes are also quite lengthy. I mention this to point out that

income tax legislation in Canada has become most complex. These 300 pages contained in Bill C-139 that are being added to the existing Income Tax Act, already 700 pages or so long, really just piles complexity upon complexity. This means that it is very difficult for an individual to fill out his or her income tax form and very difficult for an individual to understand the nature of the tax system as it exists today. It is very difficult for an individual to evaluate the income tax system and, therefore, to pass judgment on what the Government is doing.

• (1550)

Simplicity would better serve the level of information which the public should have. Simplicity would also better serve justice.

I will attempt to give some meaning to this most complex document in the few minutes I have. I have examined the document to the best of my ability. The document impresses me in terms of legislation as being unfair and as being a sleight of hand, because it implements part of the six and five program. It is a sleight of hand as it affects inflation, and this document is here with us today as a result of the last three budgets which the Government brought down, that of November, 1981, the budget of June, and then the economic statement given by the present Minister of Finance (Mr. Lalonde). This document is here as an economic statement, and as an economic statement, it is totally inadequate.

One does not need to peruse the document to realize that any citizen living and working in Canada, particularly those who do not have the opportunity to work, does understand that the last three bugets have had no real impact upon the economic situation in this country. These amendments are unfair. Let me illustrate by pointing to the tax rates in this country. I have two points in this regard. First, the November budget lowered tax rates for upper-income Canadians in return for what is to be the taking away of certain exemptions allowed under the income Tax Act. Therefore, the move was supposed to be fair. But while the Government lowered tax rates for upper-income Canadians and backed down on the closing of loopholes that existed before, it has left us with a very unfair tax system.

I have the taxable income table before me. In terms of taxable income—and keeping in mind that taxable income is probably three-quarters of a person's income—if a person was earning anything from zero taxable income up to $24,464, with the exception of one category in which there was a small decrease of one per cent, there was no decrease in the taxable rate of income. In other words, for anyone earning up to $24,000 of taxable income, which may mean something like $30,000 to $32,000 of real income, there is no tax break flowing from this document. However, if you earn more than that, you get a two or three percentage point break in the marginal tax rate. But what is most interesting is that if you have taxable income of $86,000 up to $133,000, your tax rate drops by 5 per cent, and if you are earning more than $133,000, your tax rate drops by 9 per cent. Therefore, if you are in the upper-income salary group, you get a significant decrease in your tax rate.

To make that point once more, let me quote from a book entitled "The New Canadian Tax and Investment Guide" which stresses this point. It reads:

> —the wealthy investor will pay the same rate even if his investment income increases from, say $200,000 to $300,000 in a given year. While the MacEachen Budget has been promoted as an attack against the rich, a close analysis of these numbers will show that the rich are virtually unaffected. For the rich and the super rich, the Budget provides a 10 per cent decrease in tax rates.

These tax amendments are unfair. They continue to add to the unfairness of the tax system by giving very high tax rate gifts to the very rich in this country while giving nothing to those in the lower income group. In fact, those in the lower income brackets are penalized. They are given a tax increase by virtue of the fact that the indexation of tax exemptions is capped by the Government. Lower income people get a tax increase without a matching tax decrease.

I want to mention also that over a number of years the burden of taxation has fallen more specifically upon individuals than upon corporations. I have a couple of figures to illustrate this. In 1952, 53.7 per cent of tax revenues came from corporations and 46.3 per cent came from individuals. The latest statistics for 1980 show that 30.5 per cent of tax revenues came from corporations and 69.4 per cent came from individuals. In other words, as far back as 1952, corporations paid over 50 per cent of the tax revenues of Government, but today they are paying some 30 per cent. A major shift has occurred in the tax burden. It has shifted from corporations to individuals. This reflects an attitude prevalent in the United States. For example, President Reagan had the courage of his convictions when he said that he found it difficult to justify the existence of a corporate tax. As Canadians we understand that corporations are citizens. If they are going to be good citizens, they have to pay their way and pay a fair share of the cost of running this country.

What this Liberal Government across the way has done, as well as past Conservative Governments because the statistics I quote go back to 1952, is while talking a good line about justice and fairness and including those words in its budgets, not recognizing that its actions speak louder than its words. It has reduced the burden on corporations and increased it on individuals. While President Reagan has the courage of his convictions when he says he does not believe in corporate tax, the actions of this Government indicate that it no more believes in corporations paying their fair share than the American Government does. That is unfair and unjust.

Mr. Cosgrove: He withdrew that comment.

Mr. Keeper: He should have withdrawn that comment. This Government should withdraw the legislation before this House which is continuing the trend of leaving the burden of paying for Government in this country upon individuals while letting the corporate sector off with only a very light share of the cost of running this country.

Income Tax

• (1600)

Mr. Bill Kempling (Burlington): Mr. Speaker, I rise to say a few words about Bill C-139. Ten minutes is hardly enough time to discuss a Bill that has some 133 changes in it.

In the 1980-81 period, there were 350 changes made to the Income Tax Act. Those changes have not all been digested by the business people in Canada until now. We now have another 133 changes to add to those. The result is confusion or, as my colleague said when quoting Lyman MacInnis, "The Income Tax Act is an unmitigated mess".

I do not intend to talk at length about the corporate side since it has the ability to hire tax accountants, tax lawyers and experts to interpret the Act and have them plead their case to National Revenue and solve their problems in that manner. I am more concerned about the average citizen. In the eyes of most Canadians, National Revenue is a Government unto itself. I can tell you, Mr. Speaker, from listening to people who come to my office, that National Revenue is feared more than most police forces. I think it is deplorable to have that condition exist in this country. They have the power to put a small businessman into receivership at whim, and have done so on a number of occasions. They can put one's job in jeopardy by threatening to garnishee wages.

As we know, many payrolls today are computerized. A program does not exist to accommodate the garnisheeing of wages. Consequently, most employees who are faced with this problem find themselves in their employers' offices being told that if they do not settle the matter perhaps there will not be a job for them. The employer does not want to go through the reprogramming of the payroll and other procedures to accommodate the employee. In many cases, the taxpayer has a legitimate reason for not paying the taxes but has no real avenue of appeal.

National Revenue has the power to harass Canadians. It can harass a person into submission, and I suggest that this happens every day. A number of people have come to my office to tell me of harassment of one type or another by National Revenue. They will send a notice which says that if they do not hear from an individual in 30 days, they will take certain action. In many cases it involves obtaining records and information to satisfy National Revenue, which takes longer than 30 days. However, National Revenue says that if they do not hear a response within 30 days they will garnishee wages or seize assets and sell them. This is the type of harassment that occurs. The horror stories that are told to Members of Parliament about the harassment from National Revenue would fill many volumes.

I raised the question in the House of the centralization of the income tax records in several centres remote from large population areas with the Minister of National Revenue (Mr. Bussières). As a result of this centralization, many people have difficulty having records returned to their local taxation centre to be adjudicated locally.

A major difficulty is that one cannot simply read the Income Tax Act and understand it. It is incomprehensible. For instance, if National Revenue refers to a certain section of the Act, the average Canadian, who will go to the library to read that section, is unable to understand it. As a result, individuals feel absolutely frustrated.

I have had representations from many business people on the changes in the capital cost allowance. At a time when businesses are pressed for cash and their cash flows are in difficulty, at a time when the Government is urging them to invest capital, expand their plants and hire more people, they are hit with a capital cost allowance that is really unrealistic.

I am sure that every Member has had representations made to him by salesmen who drive company-owned vehicles. The treatment they are receiving leaves a lot to be desired. Many salesmen have told me that it is fair if National Revenue wants to make changes, but they should be given time to adapt. Many of these salesmen are working on term leases for their automobiles. They would like to have a year or two to effect this change. But this provision was just dropped on them, and many will suffer severe financial loss as a result.

I said that many people feared National Revenue more than the police. Is it any wonder? One simply has to look at Bill C-139 and read almost any page. For example, I will read some of Section 65, and you can tell me if you really understand this, Mr. Speaker. I think I know what the answer will be. Section 65 states:

> (1) All that portion of paragraph 110(1)(a) of the said Act preceding subparagraph (i) thereof is repealed and the following substituted therefor:
>
> '(a) the aggregate of gifts made by the taxpayer in the year (and in the five immediately preceding taxation years to the extent of the amount thereof that was not deductible in computing the taxable income of the taxpayer for any preceding taxation year) to'
>
> (2) Paragraphs 110(1)(b) and (b.1) of the said Act are repealed and the following substituted therefor:
>
> '(b) the aggregate of gifts made by the taxpayer in the year (and in the five immediately preceding taxation years, to the extent of the amount thereof that was not deductible in computing the taxable income of the taxpayer for any preceding taxation year) to Her Majesty in right of Canada and Her Majesty in right of the provinces, not exceeding the amount remaining, if any, when the amount deductible for the year under paragraph (a) is deducted from the income of the taxpayer for the year, if payment of the amounts given is proven by filing receipts with the Minister that contain prescribed information;
>
> (b.1) the aggregate of gifts of objects that the Canadian Cultural Property Export Review Board has determined meet all of the criteria set out in paragraphs 23(3)(b) and (c) of the Cultural Property Export and Import Act, which gifts were not deducted under paragraph (a) or (b) and were made by the taxpayer in the year (and in the five immediately preceding taxation years . . .

And on it goes. I defy anyone to interpret that. If one went to the best tax lawyer or chartered accountant in the country to ask them to interpret some of these sections, one would find that they do not know. All they can do is to take the case, put it to National Revenue, rely on their response and perhaps plead the case if they do not like the response. Business depends on knowing where it is going. It has to know what the tax laws are, what the market is and what price they can charge. They just cannot understand or comprehend what is in the Act.

I believe that it is time that we put a stop to the changes in the Income Tax Act and reassessed the situation. Having done that, perhaps we can have the entire Act revised.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Bow River (Mr. Taylor)—National Parks—Quality of Banff waters supply, b) Implementation of study's recommendations; the Hon. Member for St. John's West (Mr. Crosbie)—Disasters—Training of crews—regulatory changes b) Appearance of Ministers before committee; the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen)—Trade—Request for imposition of surtax on imported potatoes, b) Effect of imports on Fraser Valley farms.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute Law relating to Income Tax (No. 2) be read the second time and referred to a Committee of the Whole.

Mr. John Bosley (Don Valley West): Mr. Speaker, I wish to make a few remarks regarding Bill C-139 in an attempt to impress upon the Government, even at this late stage, the representations that I know every Member of the House is receiving from dozens of constituents and businesses. I am sure that Your Honour's mail, like mine, continues to contain complaints about the anti-investment attack, which is still continued in the Income Tax Act amendments originating in the November 1981 budget. It is, simply put, a tragedy. The Government of this country continues to press forward with an income tax proposal, the basic attempt, purpose and thrust of which is to squeeze every nickel and dime out of every Canadian taxpayer that it can find, at a time when what is needed in the Canadian economy is a recognition at long last that there is no recovery possible in the country from taking more from Canadians and spending it through Government.

• (1610)

Canadians witnessed the six and five program and are now witnessing an attempt, according to the Minister of Finance (Mr. Lalonde) to try to justify an ever greater deficit. Presumably, we will see income tax amendments following his next budget which will attempt to pay for those increased deficits or ameliorate those deficits in some way by squeezing more taxes out of an ever shrinking Canadian pie. This tragedy can perhaps be no better expressed, in my personal experience in my own riding, than by two cases with which I am currently dealing with regard to the Department of National Revenue, which will have the responsibility of implementing this Act.

A young man in my riding is struggling to work as a photographer. Despite perhaps wiser counsel, he set himself up in business last year. As most Canadians would know, that took incredible courage in these times. He discovered at the end of the year that the Department believed and claimed that he owed sales tax to the tune of approximately $3,000 for materials that he had used, money he did not have because his business had just barely started. In fact, he had no way to pay the money. When he went to discuss that matter with the Department of National Revenue in the beginning, it arranged to allow him to pay on a limited basis, perhaps $100 a month. Because he had no business—most Canadians are finding throughout the country today that there is very little business to do—he was in default for one month. The answer of the Department of National Revenue was to tell him where the bankruptcy branch was, upstairs. He called me, and it was only under threat of raising the issue in the House of Commons that the Department chose not to put another Canadian small-businessman into bankruptcy, another on top of the thousands of individual Canadians and small businesses that have gone bankrupt today as a result of the economic policies writ large in the Bill.

I might say that I guess it depends on the mind of the Department of Revenue how much money one owes. In another case in my riding, the Department has issued a third party notice to the tenants in a small building, instructing them, because of an arrears case involving the building's owner, that in the future the tenants are to pay their rent to the Department of National Revenue. Those are interesting notices, third party notices, because they set out the size of the indebtedness which the tenant or the Canadian taxpayer owes, so that the tenants, in this case, will know that they do not have to pay more than that particular gentleman owes. Interestingly enough, the amount that particular gentleman owes the Department of National Revenue is $4 million some odd dollars and 86 cents. It fascinates me that when someone owes $4 million, the Department recognizes that perhaps it is best to keep that person in business, but when someone owes $3,000, it does everything it can to put that person out of business. It is almost as though it were part of a concerted policy from Ottawa to drive everyone into being an employee or a liability of the Government of Canada.

Much has been made of the changes since the November budget, and there have been dozens of changes, many of them

forced by this Party. However, the Bill still does contain some of the worst anti-investment provisions the country has ever seen. For the ordinary Canadian, for example, a very sensible right which encouraged Canadians to borrow for their retirement years in order to invest their money in Registered Retirement Savings Plans, has been taken away. Why, is beyond me. Why a Canadian, one who is prepared to invest in his or her future, should be penalized by the Government, is totally beyond me.

Capital cost allowance remains, despite protestations to the contrary, restricted to 50 per cent of its previous value. That will have an incredibly damaging effect on any potential for coming out of the recession. In fact, in my own area of policy interest, which is cultural policy, we are confronted with a most interesting anomaly concerning this particular question. The Minister of Communications (Mr. Fox) travels the length and breadth of the country and says in every speech that the continuance of 100 per cent capital cost allowance is absolutely essential to the survival and development of the cultural industries of Canada while, the Government continues with its plan, contained in the Bill, to cut the capital cost allowance to 50 per cent. We therefore hear the Government saying to those who are trying to make jobs and protect our cultural integrity and development—

THE ROYAL ASSENT

[*Translation*]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Mr. Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the Chamber of the honourable the Senate.

Accordingly, Mr. Deputy Speaker with the House went up to the Senate Chamber.

• (1620)

And being returned:

[*English*]

Mr. Deputy Speaker: I have the honour to inform the House that when the House did attend His Honour the Deputy to His Excellency the Governor General in the Senate chamber, His Honour was pleased to give in Her Majesty's name the Royal Assent to the following Bills:

Bill C-672, an Act to change the name of the electoral district of Dauphin—Chapter 137.

Bill C-131, an Act to amend the Old Age Security Act (No. 2)—Chapter 138.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute Law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. John Bosley (Don Valley West): Mr. Speaker, I will continue for the few minutes that are left on Bill C-139. Before we adjourned, I was reminding the House that capital cost allowance provisions have been, in effect, publicly attacked by the Minister of Communications, and that I hope at some point that the Government, either that Minister or other Ministers affected, will indicate clearly to those in the cultural industries in Canada what the long-term plan for that provision is.

Let me say, for my part, that the protection and development of Canada's cultural industries, both for their job creating potential and for the development of our cultural integrity, is far too important to be arbitrarily and unilaterally cut in half by an income tax amendment. I might say that those involved in those industries have been pressing the Government since 1977 for the adoption of the recommendations of the Disney report, which would have had the effect of strengthening and encouraging the ability of individual Canadians to play an active role in the development of our culture. It fascinates me that income tax time after income tax time and budget after budget the Government has done nothing with those recommendations, and effectively this Government's single income tax measure with regard to cultural development in Canada in the last five years since the Disney report has been to adopt the capital cost allowance provisions and to attack those industries. That is clear to those industries, and it is tragic that it is not clear to the Government.

One other matter that deeply concerns me, in particular, is the continuation of the attack on small businesses, notably, such matters as the fact that the Government continues to stick with the small business dividend distribution tax. This is hardly a time to say to the small businesses which are in deep trouble that if they should be making any profits during this period of time and wished to distribute them to their investors—in many cases they are family-owned operations—there will be a new special tax placed on those distributions. That is very unfortunate. Right now, in my own community of Toronto, every week more small businesses collapse. At at time when we need to encourage people to invest and develop through the small business sector, we are debating an income tax Bill whose cumulative effect, because of that change, the decrease in the dividend tax credit, the changes in the automobile depreciation allowance and the effect that is going to have and so on, to make sure by tax policy that more small businesses will collapse and that it will be more difficult for people

to begin a small business. In fact, Mr. Speaker, the discouragement for people to invest anywhere in Canada grows.

Equally, for example, prior to the November 1981 budget, Canadians were beginning to discover the advantages to them, as employees, of taking loans from their employers to buy shares in their business, and that is something that some of us in the business sector use in order to encourage employees to do that. It is a shame that the Government chooses to destroy one of the few remaining sources of capital for small businesses.

Finally, let me deal with one large measure, if I may, that affects a great number of my constituents, and that is, the continued attack on the life insurance industry. Admittedly, there have been some changes and some of the worst parts of the measures have been withdrawn, but it is clear to those in the industry that a continuing and unfair tax on a preferred form of tax investment is being made in this Bill.

In conclusion let me remind those who watch this that today we heard one of the Ministers protesting that we are never going to see a future income tax amendment, based on their income, to tax those who live in apartments. That was in Question Period today. I wish to remind all those affected by this Bill that it was when it was first brought in we saw the first introduction of an intent by the Government, which I am sure will be in the next one, to put a tax on those who own homes.

• (1730)

Mr. Len Gustafson (Assiniboia): Mr. Speaker, as a farmer and a businessman I consider it a privilege to speak in this House on Bill C-139 on the general direction of the income tax Department. It has caused a great deal of problems in terms of people being able to project their business operations and look ahead into the future with some optimism because they do not know where they are headed.

The Bill before us today contains some 130 changes. It is a clear indication of the direction in which this Department is going. This is very frustrating for the taxpayers of Canada. If there is anything that should be straightened out in this country, it is that some clear-cut direction should be given to people so that they can understand what the taxman requires of them. All you have to do is to look at this Bill to see how complex it is. The average citizen does not understand it.

There is a major problem plaguing the farm circle and business circle. The Government is circulating volumes and volumes of paper. It takes a tax lawyer and an accountant to understand them. I suggest that many times they do not even understand. It will take two to three years to iron out the whole direction because of the changes brought in this past year by the former Minister of Finance.

The accountants in my riding are confused. They continually phone my office about the problem and ask whether there is any solution. We look forward to a budget in April that will be even more confusing to the taxpayer, more confusing than any in the history of this country.

This is a very serious situation. The Government set up a Royal Commission. I am sorry, Mr. Speaker, I was not aware there was to be a change in the Speaker's chair. I thought you were cautioning me.

The Government has set up a Royal commission to inquire into the economy. One of the greatest problems we face in terms of the economy is that business people and farmers do not know in what direction they are heading. They cannot plan their business affairs. If this Government is going to be put on a sound economic footing, it must begin by writing the rules in a clear and simple fashion which people can understand. I would like to single out some specific areas.

Since 1971 the Income Tax Act and the matter of addressing the capital cost allowance and capital gains tax for farmers and businessmen has been battered around. I do not remember an election in which the Liberal Government did not promise it would address the problem of capital gains on farms. I suggest the problem is just as severe for small-businessmen. On many farms the tax has been paid by three generations. Even though the tax has been paid by one generation and the next generation, when it is passed to the third generation, it must be paid again. We have a system in this country which is counter-productive. It has reached the point where the Government has almost taxed people out of business. The taxes now being brought in are so restrictive that they are counter-productive to the country's welfare. If there is to be an inquiry or Royal commission into an area of the economy, it should first study the Income Tax Act. If we are to have the type of incentive that is needed for production, we must address this very serious situation.

What about the incentives for the small-businessman? Once you tax to the point where you must pay out $1 for every dollar that goes into your pocket, you question whether it is worth-while. In all the years I have been in business, I have been hiring men for my farm operation and my business operation. There is very little incentive for a man to work overtime. Once he is earning a reasonable wage, if he wants to earn an extra dollar in overtime, the biggest part of it will go to the taxman. Why should he worry and bust his back working a few extra hours just to make an extra dollar?

The whole system is backwards. There might be a good argument made for a tax system that goes in some other direction. There should be an inquiry into the very serious problem that exists with regard to taxation.

I would like to deal now with the capital gains tax on the farmer and the misuse of that. In 1971, the average quarter section in my area was worth about $10,000 to $12,000. Today it is worth approximately $60,000 to $80,000 a quarter section. The farmer paid tax on every dollar that went into buying and then maintaining the farm throughout the years. Today when the land is being passed from one generation to the other, especially in cases where the farmer cannot afford to give it away and must sell it, the taxman wants 50 per cent of every dollar for taxes.

Let us take the example of someone with an annual income of $20,000. The tax on the quarter section of land on top of

that $60,000 means an additional $30,000 taxable. Therefore, tax must be paid on $50,000. The tax is very high. It is $25,000. What is happening is that the Government moves in and takes that person's quarter section of land. The farmer finds himself in a position where he cannot retire. What did the former Minister of Finance, the Member for Cape Breton Highlands-Canso (Mr. MacEachen) do for the farmer?

I receive call after call from farmers who have built up a small herd of cattle and want to roll over their land to the son. They want to sell the cattle and retire on the income they receive. That was the only retirement savings plan the farmer had.

I received a call from a farmer in a small town north of where I live. He said "Len, what do I do? I have hired the auctioneer. I have made arrangements over 20 years to build up a retirement plan and the Government is putting me right out of business. What should I do? Should I cancel the auctioneer? Should I send out notices saying that the sale is cancelled?" There must be some long-term planning if businessmen in this country are to be productive. I ask that the Government and the Department look into this very seriously and change some of these directions which have such a massive effect on our economy.

• (1640)

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, I would like to address the changes to the Income Tax Act brought in with Bill C-139. These changes have accumulated because of the several budgets and financial statements presented to this House since November, 1981. In effect, it is a catching up of old business which has been before this House for more than two years. I want to discuss a few of the things in this Bill which will affect taxpayers in my riding and, to quite an extent, taxpayers right across the country. Because my riding is generally a rural riding, I want to deal with a couple of items which affect farmers as well as a great many small-businessmen.

First of all, one of the major changes proposed in the November budget was the elimination of the income averaging annuity contract, to be replaced by a system of forward averaging. As a result of the initial budget there were a great many people across Canada, small-businessmen and farmers, caught in the unhappy position of being suddenly forced to pay tax on the total sale price of their farm or small business even though the purchase price was being paid over time. A great many of these people found themselves in the position of owing more money to the tax Department than they had received as a down payment for the farm or business. Some of those provisions were changed in subsequent announcements. I was pleased to see that, because I had risen in this House in December, 1980 to point out in some detail the kinds of problems being created for farmers in my part of the country, and in eastern Canada as well, by that particular change. I think the forward averaging proposal deals in part with the difficulty, but I have great difficulty in understanding why it has to be an "either or" kind of proposal. I do not see why people who already had an IAAC could not continue, or those considering selling out could not use that method if they were more comfortable with it instead of going into the forward averaging method proposed in this Bill.

Another item which people will become aware of, if they are not already, when they do their income tax is the change to the capital cost allowance. As anyone who has started to fill out his income tax for us already knows, any equipment, farm or otherwise, bought in 1982 is eligible for only a 15 per cent capital cost allowance, rather than 30 per cent. This has created a great many problems, not only for farmers in my area but for machinery dealers as well. Farm equipment is still being sold, farmers still have to buy, because equipment does wear out. However, the tax incentives have been considerably lessened with the halving of the capital cost allowance in the first year. Granted, new machinery is still eligible for the machinery tax credit, which has the same effect as pre-paying your income tax, so to speak. That in itself has got the attention of a great many people in rural Canada. Farm machinery dealers from across Canada were lobbying just two months ago in Ottawa, asking the Government to make that investment tax credit available on the difference between the value of the new machine and the value of the old machine, and have it apply to used machinery as well as to new machinery. They made a very persuasive argument, which I hope the Minister of Finance (Mr. Lalonde) will have noted. The proposal is more equitable and provides some assistance to people who are dealing in farm machinery. It will make it easier for them to sell the used equipment taken in trade.

The one major omission in this Bill has been alluded to several times today in the House, that is, the lack of any changes to the capital gains tax as it affects farmers and small-businessmen. In spite of the fact this Government was elected on a promise—one of the few made with regard to agriculture—to change the capital gains tax and move the valuation day from the end of 1971 to the end of 1974 and index it thereafter, we have not seen it in this budget. Perhaps the next budget this Government offers will deal effectively with the program as promised. However, we think that does not go far enough. We think there is a great deal to be said for an exemption for the first $100,000 of capital gains. As is done in the Province of Saskatchewan under the NDP, this would put farmers and small-businessmen on a comparable basis to home owners in large cities. They would have an equivalent amount of tax-free retirement income, so to speak, just as people in large cities who retire have the home they have paid for during their lifetime free of tax so they can sell it and move into an apartment in their retirement years. We think that should apply to farmers and small-businessmen as well.

Looking at the over-all proposal before us, we note, as will all taxpayers if they use their calculators when they receive their pre-printed tax forms, that the indexing of the spousal and child exemptions will be at 6 and 5 per cent instead of the real rate of inflation. They will also note when they start looking at the tax tables that for the bulk of people in my constituency, as is the case across Canada, who have taxable

incomes below $24,000 there is no tax saving. However, there are tax savings for the 25 per cent of the population who earn net taxable income in excess of $25,000.

So the tax cut which was touted by the Minister of Finance in November, 1981 is effectively a tax cut only for the top 25 per cent of the income earners in this country. I think that indicates the Government is continuing to pursue its policy of increasing taxes on middle and lower income people and lowering taxes for the upper income people and larger corporations. I think we only have to look back at the record to see that in 1960 income tax in Canada rose from 59 per cent to 69 per cent in 1980. The share of income tax that corporations paid fell in the same period from 42 per cent to 31 per cent. The force of the tax law is falling more heavily on the 75 per cent of our population that has a net taxable income of less than $24,000. I think we should all object to this in the hope that the Government will react in the next budget to provide a tax break for those people.

• (1650)

Hon. Don Mazankowski (Vegreville): Mr. Speaker, Bill C-139 represents the final misguided attempt to incorporate the provisions of the November, 1981 budget. Thrown in with them is a grab bag of provisions emanating from the June and October budgets as well. I do not think there is any question that the November, 1981 budget was the most anti-investment, anti-business, anti-growth, anti-farm, anti-individual and, indeed, anti-confidence budget that the country has seen in 50 years. It generated a tremendous amount of opposition. Something in the order of 45 changes have been adopted since it was brought in, and we see the remnants of that budget being incorporated now in Bill C-139. It makes one wonder why, in the face of widespread opposition from all sectors of Canadian society, the Government would embark upon the implementation of such an ill-conceived measure.

The November 1981 budget was a disaster, not only in terms of its contents but because of the fact that it broke the bond of co-operation by the governments' unilateral action, without the customary consultation. It was obviously written by bureaucrats who had not considered how its implementation would affect the average taxpayer and businessman. For one thing, it incorporated retroactivity. The immediate effect of the changes was a great deal of uncertainty, and they further contributed to destroying the climate of confidence in the country. I do not think any of us can recall a time when major tax reform was implemented in a similar manner.

The Minister of Finance (Mr. Lalonde) indicated that the changes are positive steps in the right direction and that it is only common sense to incorporate a better system. We welcome the changes that have been made but I wonder about my friends opposite who voted en masse for the 1981 budget. They should hang their heads in shame, Mr. Speaker. The former Minister of Finance has been totally repudiated by the present Minister, and he should have the decency and the integrity to resign. All Hon. Members opposite voted for the budget knowing very well of its negative implications for the Canadian economy. They should consider whether they put the interests of their country ahead of the interests of the political survival of the Minister or of the Government. They should hang their heads in shame about that too. It is nonsense for them to talk about a stable tax environment now when they have already contributed to the uncertainty and instability that face us.

I should like to read some very quotable quotes from remarks made earlier by the Minister of State for Economic Development (Mr. Johnston) when he held another portfolio. On November 16, 1981, as reported at p. 12787 in *Hansard,* he said:

> The budget that was tabled by my colleague the Minister of Finance on November 12, is a very important step in that process of tax reform, a step which I hope will be pursued in successive budgets.

He went on to say:

> —this budget—will contribute to productivity, economic growth, job creation and reduced inflation.

That is what he said the budget would do. The country, the business community, Members of this House, upon notice, realized that such was not the case, and the Minister had to withdraw the guts of his remarks. He went on to say, as reported at p. 12790 in *Hansard:*

> My colleagues and I congratulate the Minister of Finance for responding so directly to the plight of those Canadians who are suffering from high interest rates, for the thrust of restraint and deficit reduction and for the very creative steps toward long overdue tax reform.

On December 18, 1981, the then Minister of Finance, speaking of the budget, as reported as p. 14236 of *Hansard,* said the following:

> —is a strategy for creating permanent jobs and growth, not just for this month and next month, but for next year and the years after that. I am convinced that is the right strategy and the one we must continue to follow.

What a laugh, Mr. Speaker! What nonsense! What hypocrisy! My goodness gracious, imagine a Minister of the Crown making that kind of proclamation when today we are faced with an unemployment rate in excess of 13 per cent, which means probably 2 million people unemployed. That is the situation in the country—it is lacking in confidence, lacking in growth. There is sheer despair and anxiety out there.

Previous speakers spoke about the contents of Bill C-139, saying that it is one of the most complex Bills ever introduced in the House. That is so; it is probably the most complex since the reform measures that were introduced in 1971. Speaker after speaker alluded to the fact that what we need is not another 300-page tax Bill, but a simplication of the current tax system to make it more readily understood by the people who foot the bill.

There is universal condemnation in the House and throughout the country about the need for tax reform directed toward simplication, not the kind of document that is before us and which is going to add to the complexity of the Income Tax Act.

In its submission to the Standing Committee on December 14, 1982, the Canadian Chamber of Commerce stated as follows:

Income tax legislation, especially as it relates to Canadian-controlled private corporations, is becoming so complex that it is all but incomprehensible to the businessmen who are paying the taxes.

But what about the private taxpayer, the ordinary individual who may have some investment income? He cannot rely upon his own expertise to decipher this garbled document in the way that would assist him to file his tax return. Over the years we have accumulated a tax system that has hindered economic growth, hindered investment, hindered the average individual from participating in the productive growth and enterprise of the country. The Bill before us only adds to that complexity.

Some Members told us about their experiences with the Department of National Revenue and the difficulties they encountered trying to determine what legislation applied to certain cases. If we do not clean up our act, Mr. Speaker, what is at stake is the total integrity of the tax system. It must be understood and supported and have the confidence of the people, otherwise the whole system will break down.

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I am pleased to be able to participate in this debate on the revisions of the Income Tax Act, Bill C-139, as it gives me an opportunity to intervene on behalf of some of my constituents and some taxpayers of Canada. Under the present regime, two Departments of Government perform a giant pincer movement as the armies did during World War II. One army goes around in one direction and the other goes the other way in an effort to trap as many people in the centre as they can. On the one hand we have the Minister of Finance (Mr. Lalonde) doing his work as one arm of the pincer movement and on the other the Minister of National Revenue (Mr. Bussières) through the income tax Department moving in the other direction to cut off as many taxpayers as possible and to garner as much as they can into the coffers of Government.

• (1700)

What is remarkable about the debate is that the Liberals are not debating it. I have sat here for two hours this afternoon during the debating part of this session, and not one Liberal spoke. I sat here during this morning's session for an hour and a half, and not one Liberal spoke. When the Secretary of State for External Affairs (Mr. MacEachen) presented his budget as Minister of Finance, I remember there were Government backbenchers going around the country saying that it was a bad budget. I remember the Hon. Member for Kitchener (Mr. Lang) saying that the provisions regarding the tax structure for life insurance were bad, but he came back to the House and voted for the measures. We have that spectacle recurring time and time again with Government Members on the one hand privately opposing everything the Government does—philosophically they might be opposed to it—but on the other hand coming into the House and voting for Government measures. Somewhere along the line they know that in the future there will be parliamentary secretaryships available to them. When they leave the Chamber, there might be a commission, they might be appointed to a board, or perhaps they will be citizenship court judges, but some kind of favour will be bestowed on them if they stay in line as long as they are members of their caucus. Thus they vote; but today they are not speaking. The Government can willy-nilly do pretty well what it wants with measures like this.

I think we have before us a Bill which underscores the perspective of the Government that all money in the country belongs to the Government, except that which it allows taxpayers to have through its gratuities. This is underscored through the language of the former Minister of Finance when he first made some of the proposals on which we have now seen some backtracking.

During the fateful budget debate of November 1981, the House will recall that the Minister was then talking about loopholes. That concept indicates that everything current belongs to the Government but that some sneaky taxpayers have found ways around what really belongs to the Government, and that now we have to close off the loopholes. Those loopholes were called provisions by previous Ministers of Finance, or some other innocuous term. They were specifically designed to provide an incentive to the taxpayer so that he could keep as much money as possible and reinvest it in the economy, because that was the productive centre of Canada.

But the good Member from Cape Breton decided that the Government was more productive and needed the money more than the taxpayer, and suddenly they were loopholes. As the bottom of that lies the perspective that everything belongs to Government except that which, through the kindness of its heart, it allows taxpayers to have. Because of this concept, the Canadian taxpayer feels overtaxed. It has become an onerous burden to him. I believe that every taxpayer knows that the Government is entitled to a fair share of the income of Canada in order to run programs. There is a fair share, and somehow there is a kind of subconscious line for the taxpayer which he knows is legitimate for the Government to take, but he also has a kind of intangible sense of rightness and, when that is violated by the Government, the taxpayer becomes incensed and feels he has been wrong.

After that happens, the taxpayer can easily justify finding ways around it. He will look for ways to dodge the tax Department and the provisions within the Income Tax Act.

Mr. Thacker: The underground economy.

Mr. Friesen: As the Hon. Member for Lethbridge-Foothills (Mr. Thacker) says, we get an underground economy. We have the spectacle of the Government creating a nation of potential tax dodgers. With it comes a kind of subtle load of potential guilt for the taxpayer because he has broken the law. Historically the Canadian citizen does not want to be a lawbreaker. He wants to obey the law, but the onerous burden of tax creates potentially a nation of lawbreakers with the concomitant guilt.

Let me illustrate what the Government has done. I do not mind saying that I am not a total illiterate in language. I am a burnt-out English teacher, so I do not think I am totally illiterate. I want to read what the tax law says regarding reasonable standby charge for the minimum amount. The jargon reads:

—where the employer or the person related to the employer owned the automobile at any time in the year, an amount in respect of its cost to the employer equal to the percentage thereof obtained when 2 per cent is multiplied by the quotient obtained when such of the aggregate number days hereinbefore referred to as were days during which the employer or the person related to the employer owned the automobile is divided by 30 (except that if the quotient so obtained is not a full number and exceeds one it shall be taken to the nearest full number or, if there is no nearest full number, then to the full number next below it), or—

Then comes the next Clause. As I say, I am not a total illiterate in the English language, but I cannot understand that. It is supposed to be an attack on employee benefits so that an employee can no longer use this dodge or an employer cannot provide for an employee a dodge regarding the use of an automobile.

Mr. Thacker: That is called an incentive.

Mr. Friesen: Yes, that was the incentive. One thing is sure. Most taxpayers in Canada will not understand that if they read it. They do not know what are their rights. They do not know what are legitimate deductions for them. Thus they are confused and have to find accountants who in turn, find a whole barrage of accountants to help them interpret it, and all of them will disagree. The Government has created a whole new cottage industry for Canada; it is no longer a cottage industry, it is actually a major industry in Canada. This was all in the name of ensuring that the Government could get everything it could. It was written in that obscure language for fear that some guy would slip through the net.

The bottom line is that the tax law now indicates that the taxes on a car will be always adjudged to be new; it will never depreciate. If I could find a car made in North America which never depreciates, I would like to get one. I think I would pay above market value for it. The tax Department does not see the car as depreciating, so the person who gets that benefit or incentive from the employer is punished for taking it, because he will now be taxed for several years on a car which is old. Who would be crazy enough to do that? The whole thing is based on the fact that the taxpayer has no rights; it all belongs to the Government except—

Mr. Deputy Speaker: I regret to interrupt the Hon. Member but his allotted time has expired.

Mr. J. R. Ellis (Prince Edward-Hastings): Mr. Speaker, I congratulate the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen). I want to tell him that of course the Government never intended that he or anyone else should understand the language of this Bill. I am particularly pleased to follow the Hon. Member for Vegreville (Mr. Mazankowski) who dealt with some of the complexities of this piece of legislation. As a matter of fact, for a moment, since we had not discussed it, I thought he might have headed off in the direction which I intend to take with regard to Bill C-139.

The area with which I want to deal is a complex one, that is, the impact of this piece of legislation on the air transport industry. I would like to begin by saying very bluntly that the viability of the Canadian airline industry will be jeopardized by the imposition of further economic constraint as proposed by amendments in Bill C-139. Specifically, I want to point out that Clause 38, Sub-sections 2, 3 and 5 and Clauses 123 and 125 of the Bill, in conjunction with the National Energy Board Act and the Energy Administration Act, are of particular concern. The House will recall the ill considered provisions of the transportation fuel compensation recovery charge provision of the October, 1980 budget which applied during the period from May 1, 1981 to January 1, 1982. One stated reason for the imposition was to protect cheap domestic oil resources from being tankered by foreign carriers. That charge was rescinded in order to avoid arbitration under Canada's bilateral air agreements to establish that it was a breach of such treaty obligations. Money collected was repaid to foreign air carriers initially. Later, in recognition of the difficult financial situation of the Canadian air transport industry, that industry was also forgiven the levy.

• (1710)

I understand that this Bill will be referred to the Committee of the Whole. This will specifically exclude any representatives from the air transportation industry from having any input into the deliberations on the Bill. It is possible, because of the complex interrelationship with the National Energy Board Act, as I have pointed out, and the Energy Administration Act, that without a thorough examination of these amendments as they apply to the airline industry, the adverse effects may go unnoted during the debate.

The urgency for passage of the Bill for every tax paying Canadian is very clear. This, however, cannot contribute to derogation of the duty to protect the Canadian public from the significantly adverse effect of the proposed clauses about which I am talking. I am convinced that the public interest will be served only if the offending clauses, none of which directly affect the public, are referred to the Standing Committee on Finance, Trade and Economic Affairs where a thorough hearing can include the opportunity for spokesmen from the Canadian airline industry to document the detrimental effects of the legislation as proposed.

During the Committee of the Whole I will attempt to have those few clauses withdrawn and referred.

We now have the situation where the Government seeks to put in place a new system of tax, clearly identified as such by the remarks of the Minister of Finance (Mr. Lalonde) in this House on November 8, 1982, to continue the inequities of the compensation recovery charge, which I mentioned a moment ago. The Canadian air transport industry is in more difficult circumstances now than it was then. It is in no position to assume an additional financial burden. Newspapers are full of ads of airlines selling seats at discount rates in an attempt to keep some manner of business. We know that airlines have dropped certain cities from their itineraries. We know the pinch is being felt by all in the Canadian air transport industry. Furthermore, the need to protect Canadian resources no longer exists as world oil prices have not risen as anticipated, and indeed may fall still lower.

As was the case with the recovery charge, a new taxation system is clearly in breach of Canada's bilateral agreements. It invites a request for arbitration or price retaliation against Canadian airlines. The tax measure is seriously flawed in logic and in law. It has already been challenged, as the House may well know, in federal court. As yet there has not been a decision in that case. It will be challenged further, as a constitutional issue that is, as being interference by the federal Government in a marketplace under provincial jurisdiction.

The convoluted measures to extract a tax, so discriminatory against the air mode of transportation, are highly suspect as to their effectiveness. All depends on the assumption that oil suppliers will be in the 50 percent tax bracket in order that the Government may reap tax revenue. Such an assumption in these times is merely very poorly founded. What will be created is a windfall revenue for the oil companies and a further blow at the corporate health of all air carriers.

I intend to ask when we get to the Committee of the Whole portion of the discussion of this Bill that those clauses I have enumerated be referred to a separate committee to see if we can deal with them in some particular depth, and ask the Government to come to its senses and change them. The Government has been through this once before. Surely it is not new. The Government has had to retract before. The Government had to pay the refunds then, and surely logic would indicate that the Government will have to do it again.

This is a very short dissertation on one very important part of this Bill to a very important industry in Canada. I would like to take more time and attack some of the other clauses in the Bill, but I know my colleagues have done an extremely effective job on that, and I will conclude on this particular point by asking the Chair to give this every consideration.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, we have been waiting 15 months for Bill C-139, which contains amendments to the Income Tax Act. It is something that started one evening in November, 1981. I can remember that evening very clearly when the Hon. Member for Mississauga North (Mr. Fisher) defended that great budget of the then Minister of Finance. He and I were debating the budget on a local radio station in Brampton. He was extolling the virtues of that budget, a budget which has been changed some 45 times. If the then Minister of Finance had an ounce of honour in him at all and believed in the tradition of parliamentary democracy he would have been long gone from this Cabinet.

Mr. Mazankowski: And so would the Parliamentary Secretary.

Mr. McDermid: The debate that evening in November on Radio Station CKNW in Brampton proved one thing. It was clearly won by the Progressive Conservatives that night because most of the things defended by the Parliamentary Secretary to the Minister of Finance (Mr. Fisher)—how he ever got there, Heaven knows—

Mr. Crosby: That is why.

Mr. McDermid: Yes, that is why. He defended the indefensible. As I said, most of the things defended by the now Parliamentary Secretary have been taken out of the budget. It shows that there is no honour over there at all, not even in the Government's appointments. I cannot believe that he is there.

I have a couple of things I want to discuss here this evening. The first is the very excellent speech given recently in Ottawa by J. Lyman MacInnis, President of the Institute of Chartered Accountants of Ontario. This speech has been referred to earlier in the House. The contents of his speech pointed out very clearly the problem we have in the House of Commons in taking a look at a document which includes a number of amendments and is 300 pages long. We are asked to discuss this intelligently in the House of Commons and, in fact, pass the Bill rather quickly.

• (1720)

I watched the Minister of Finance (Mr. Lalonde) on "Canada AM" this morning with great interest. I watched and listened carefully to him yesterday and today in Question Period. The main theme of what he was saying is that the Opposition is delaying this Bill. I believe this is the fourth day of debate on this Bill, which was originally introduced on December 7 of last year. It represents a compilation of three budgets that this great country of Canada has had to suffer through. The Minister of Finance is now telling us that we are holding the Bill up and, as a result, holding up the business of the House because he cannot bring in another budget. It did not prevent the Government from bringing in budgets before. It brought them in so fast that Canadians did not know where they were.

I listen quite often to J. Lyman MacInnis on radio station CFRB in Toronto. He spends a great deal of time studying the tax laws, and he spoke about this Bill. I believe it is worthwhile giving one example of what we as Parliamentarians who are not trained in the law have to put up with. I will read from paragraph 56(1)(s) of the Act.

Mr. Cosgrove: That should take up four minutes.

Mr. McDermid: The Minister of whatever it is now—they keep moving him around—says that I am taking up four minutes. I think it is important to put this on the record. The Minister takes up far too much time in the House as it is. He has no right to criticize any other Member of Parliament in the House of Commons for taking up time.

Let me quote from Section 56. It reads:

Without restricting the generality of Section 3—

We have to go back to Section 3. It reads:

—there shall be included in computing the income of a taxpayer for a taxation year, the amount of any grant received in the year under a prescribed program of the Government of Canada relating to home insulation or energy conservation by the taxpayer, other than a married taxpayer who resided with his spouse at the time the grant was received and whose income for the year is less than his spouse's income for the year, or the spouse of the taxpayer with whom he resided at the time the grant was received, if the spouse's income for the year is less than the taxpayer's income for the year to the extent that the amount is not required

by paragraph 12(1)(u) to be included in computing his or his spouse's income for the year or a subsequent year.

I see one of the Hon. Members from Montreal looking puzzled, asking what I am saying.

Mr. Tousignant: I am listening.

Mr. McDermid: What did it say? That was Mr. MacInnis' and our point exactly. I will give him the translation, for his benefit as well as mine. It means that if you receive a home insulation or energy conservation grant you have to include it in income. Unless your spouse has higher income, then he or she has to report it. That is all that it says.

Would it not be so much simpler for the poor taxpayer and the poor Member of Parliament who has to try to wade through this monster if it were put into that kind of language? When the Government begins to play with the tax law, I challenge it to take the tax law that it has now and put it into some semblance of order so that the individual at home who has to fill out the tax form can understand what he or she is doing. It is becoming increasingly complicated for Canadians to pay tax.

While we are discussing the tax Bill, I would also like to comment on the Department of Revenue. I have with me a file from a case that involves a reassessment of an individual who started a full time horse-breeding operation. The Ministry of Revenue forced him into bankruptcy, and I mean forced into bankruptcy. They have probably the most effective collection agency in the world.

I am not sure of the experience of other Hon. Members, but for some reason there has been an inordinate amount of bullying by the Ministry of Revenue in the last year. There has also been an inordinate number of rebates for which my office has taken considerable time in attempting to locate. Most of them, quite coincidentally, are over $1,000. It makes one wonder if they are not holding back those funds as long as possible because the Government is shy of cash over there. Obviously, it is shy of cash because we will be debating shortly its request to borrow $5 billion. It has already borrowed approximately $31 billion in the last 20 months. And we will be debating about another $5 billion.

I want to conclude my brief remarks by saying that there are about 12 sections in Bill C-139 that we feel are wrong and on which I will be concentrating once the Bill goes through committee. Those sections need correction before the Bill is passed.

The Government has caused uncertainty about the economy of this country to every Canadian, including airline employees and even those with life insurance policies. The three budgets have affected absolutely everyone in the country in a negative way. They have caused a great deal of uncertainty. Once the Bill goes to committee, there are a number of items which we think should be withdrawn, and we ask the Government to give careful consideration to those changes.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, anyone who has been listening to this debate on income tax amendments will have detected a theme which is quite significant. The Hon. Member for Edmonton West (Mr. Lambert), who was the first speaker on this side of the House on the amendment, pointed out that the cause of all the trouble was that the philosophy of those who enforce the Income Tax Act was wrong. That philosophy is that the money belongs to the tax collector and not to the individual who earned it. This philosophy, that the individual has to prove his right to his own money, is the cause of the problem. This is true whether it applies to businessmen, farmers or other individuals.

We heard the same theme from the Hon. Member for Moose Jaw (Mr. Neil). Hardworking people simply do not understand that philosophy.

After the Benson reforms came in nearly a decade ago, schools were opened for accountants all across the country to study them. Every accountant who attended those schools has confessed to me that he is still unable to understand the system even after attending such a school. Yet they are the people from whom we have to seek help to fill out a simple income tax statement. The point originally made by the Hon. Member for Edmonton West is still true.

Years ago, newspapermen used to sit in the gallery and listen to the debates. One journalist in particular made a living as a humourist as a sideline. His humour took the form of reading the instructions in the telephone book on how to operate the telephone. It was the most humorous dialogue on a serious matter that one would want to hear. Eventually, Bell Telephone amended the directions to make them more understandable.

That is the advice that we are giving the Government. This has gone beyond a joke. We have heard two examples in the House today from Members who read sections of the Income Tax Act. The humour is there. Even a self-confessed schoolteacher cannot understand it. Even the son of a Minister cannot understand it.

My point is obvious. The remarks that were made by the accountant, as mentioned by the Hon. Member for Brampton-Georgetown (Mr. McDermid), were that no more changes should be made. His conclusion on the whole matter was, "Please do not make any more changes or amendments until we learn to understand what has already been done". However, his second proposal, which was not referred to by the Hon. Member for Brampton-Georgetown, is that what we must do during the next two years is to have someone rewrite the Income Tax Act in English.

• (1730)

Some Hon. Members: Right on.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Bell Telephone manages to do it, the insurance companies now produce policies in English, and rather than being a subject of humour, let the matter be handled on the assumption that the ordinary person should be able to understand what he is being asked to fill out.

This subject is as old as our history. Ever since the Normans came into England and took around the Doomsday Book and recorded every little thing in one's house or cottage which was then taxed, people have been fighting tax collectors. I have seen a nation ruined trying to fight tax collectors. We are not far behind in Canada. The Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen) intimated what the danger was. France is a nation on its knees, economically, because it has developed as a nation which has been able to beat the tax laws, and we are very rapidly moving into that position in Canada. In order that we survive that ruin must be dissolved in the long run.

I want to make a positive suggestion which applies not only to the Bill but also to what I hope comes forth in the next month or two in the new budget. I think that every Party in the House would like to see the nation move more and more toward the most reliable form of energy that we have, namely, renewable energy. As I consider the budgets and programs of the Government over the last number of years in trying to carry this philosophy out, supported by all Parties, it has been ruined in every case by the language when it is put into law, ruined by the regulations which come out to administer the law, and then triply ruined by the forms one must fill in to gain use of these particular programs.

My suggestion is very simple. Let us write our regulations in the budget paper on renewable energy very simply. Let us simply say in the budget issued in the spring that we have been trying for years to use renewable energy in preference to non-renewable energy for the safety of the nation and also because in many cases it is cheaper, cleaner, and in our interest to do it. There should simply be a resolution which says, in English, that all the tax laws applying to renewable energy companies and individuals who utilize renewable energy are the same for the people who use the energy as for the mining industry and for the oil and gas industry. That simple clause should be written in clear, Anglo-Saxon English, and then it should be ensured that the regulations speak just as frankly. We should get this renewable energy industry going. Since the Government is—

Mr. Deans: I rise on a point of order. Briefly, I just wonder if the Hon. Member might indicate whether he would also include it in French.

Mr. Stewart: Yes, and in Portuguese too?

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, the Hon. Member displays an unhappy characteristic. He is a barrack room lawyer, and if he does not understand what that means, he should join the Army.

Some Hon. Members: Hear, hear!

Mr. Deans: I know exactly what it means. I am just tired of the lecture.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, the people of Canada, for their economic and security interests, want to shift from one form of energy to another. It is cheaper, cleaner and safer. The Government wants it. The Opposition wants it. We have had task forces and reports, yet because of the very nature of the language in which we draft our laws, most of the Income Tax Act, the regulations and then the forms one must fill out, the program flows to a dead halt. All the Government can do is to offer grants, and if the grants are unobtainable because of the complexity of the forms, the program stops there, too.

I make that suggestion seriously because I see hundreds of individuals across this country and smaller companies going out to do their level best to translate the research of scientists into a provable operation of manufacturing in Canada. Developments in the field of renewable energy are of use to us and I see the tremendous potential. One can understand the feelings that I have when I speak on this subject.

The Minister knows that I have been speaking in this manner ever since I came here. One of my opening remarks as a new Member 26 years ago was that there is more money in trees than in grass, and I am not referring to marijuana. I am referring to grass used to produce grains or anything else. Everyone laughed at that time. It was great for the cartoonists across the country, showing me as Johnny Appleseed. I did not have the figures then which I have compiled in the last 20 years.

At this very time I am holding in my hand the most recent report of the University of Saskatchewan, which has done something which we have known about for 25 years. It has taken the ordinary aspen poplar tree and, on a continuous basis, is harvesting 42 pounds of oil from every 100 pounds of sawdust from the aspen tree.

The people of Ontario are on their posteriors economically, and the people of Quebec are sitting in the same spot. People are unemployed all over the place, in the Maritimes, all through the northern Prairies and all through British Columbia. Here a group of university people have demonstrated what the scientists said years ago was possible, that one could take 42 pounds of oil from a common poplar tree. We know from the American work that we can take 90 pounds of oil from 100 pounds of pine tree. I am simply asking, what stops us from moving in and using it? It is the way in which the tax laws are framed and the regulations come out. Instead of the so-called marginal farmers of Ontario trying to get along on an income of $30 or $50 per acre of production, that same acre, growing trees, could serve a useful purpose and provide 500 gallons of oil every year. This would be sulphur-free, cleaner, safer and, of course, much cheaper.

Mr. Deputy Speaker: I hesitate to interrupt the Hon. Member but the time allotted to him has expired.

Mr. Pinard: Mr. Speaker, I rise on a point of order. If Hon. Members of the Official Opposition are interested in debating the second reading stage of the Bill even longer, I would confirm that we on this side are willing to give the unanimous consent required to sit beyond normal hours. I would like to believe that the Opposition is not intending to filibuster, and I therefore seek unanimous consent to sit beyond six o'clock

tonight in order to complete the second reading stage of the Bill.

Some Hon. Members: Agreed.

Some Hon. Members: No.

Some Hon. Members: Filibuster.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, we have heard comments by the Hon. Member for Qu'Appelle-Moose Mountain (Mr. Hamilton), and I would like to comment, before I go any further, on one of the very striking points he made. He said, "Please put our legislation in a language that the layman can understand". I have heard this plea ever since I have been a Member of this House. It seems to me that when the Government drafts a Bill, the more it can confuse the people of the land, the happier it is. The Government does not want the people to know what is in the Bill or to understand it. Nobody can argue that. Consider the metric system. There was no better way to inflate prices and confuse people than through the implementation of the metric system.

• (1740)

When Bill C-139 first came before the House I contacted a group of chartered accountants in my constituency, well before Christmas. I asked them what their opinion of this Bill was. They said it was very confusing and was discrimination against the small businessman and the small farmer because it forced them to hire chartered accountants that specialized in their field to make out their forms. They no longer could cope with this at home around the kitchen table. This does not just apply to the small businessman and to the farmer; this applies to the rank and file.

The new rules, they said, would require them to re-evaluate the structure of their business and probably re-organize, and that such a re-organization would be too costly for the small income businesses which would have to absorb any additional costs of the new set-up. They said that intermediate and larger companies would be forced to evaluate the cost value of re-organization before the end of the year, and the question was whether or not the cost of a re-organization would be offset by the benefits reaped by adjusting to the new laws. They said that big businesses that could readily absorb accountants' charges for finding loopholes in the new legislation are the only ones which easily benefit from this Bill and, again, this Government has discriminated against the farmer, the small businessman, and the labourers in our society.

On a point by point basis, these are some of the comments that this firm of chartered accountants made to me. On the use of employer's automobile and imputed interest benefits, they said:

> Computation of these benefits will be more time consuming and therefore compliance becomes more expensive from an information return preparer's point of view.

Shortly after Christmas, I received a letter from a constituent who had been forced to close his business for the reasons that:

> A small business or farmer who is paying 14 to 16 per cent interest for inventory or equipment capital cannot be competitive with larger organizations.

He said that a small business or farmer does not have the high volume turnover to enable him to pay for these costs, coupled with the high interest rates of 14 to 16 per cent, which he is paying.

He also said that:

> A small business or farmer is a self-employed individual and cannot support through his own labour a 14 to 16 per cent interst rate.

He cannot support this interest rate, plus the cost of the bookkeeping involved.

Concerning the reason why Government laws and policies cause small businesses to fail or close their doors, the reason given was:

> A small business does not have the resources to comply with every Government law and/or policy which can amount to as many as 20 separate agencies or departments.
>
> A small business or farmer does not have the time or capabilities to keep abreast of new, changed or violations of all Government laws and/or policies.
>
> A small business or farmer does not have the impact to alter or formulate Government laws and/or policies that may upset or jeopardize their future.

As to the reason why the economic and competitive forces have reduced the ability of the small business or farmer to survive, he said:

> Big business and big Government limits the choice of self direction.
>
> Big business and big Government thwarts the small business and farmer from maintaining a competitive pricing policy.
>
> Big business and big Government create laws and policies that control the initiative and ingenuity of small businesses and farmers.
>
> Big business and big Government tax the small business and farmer beyond their will to survive.

In conclusion, he recommended:

> I have devoted a lot of time to putting these thoughts on paper. They reflect not just our situation but many others across the length and breadth of this country. Any advice or help that you can give to assist us in our financial hardship would be most appreciated.

I ask the Minister of Finance (Mr. Lalonde), what can I tell that gentleman? Telling him that he is but one of many in the same situation will not solve his problem. How can I say that it is not the Government's intention to regulate or to tax the small-businessmen out of business when Bill C-139, which increases the regulations and the taxes imposed is being discussed? How can I tell a farmer that Bill C-139 will not hurt him when the Bill limits the payment period of capital gains tax to five years if the property is sold outside the family, and ten years if it is sold or transferred to the children? He will have to pay taxes on money not yet received.

The point made by this constituent's letter is quite clear. Recovery in this country will not take place until this Government realizes that it must get off the backs of the small businesses, farmers and the private sector in general. The Canadian Federation of Independent Businessmen has been co-operating constructively with the Minister of Finance in an attempt to make him realize this. This Bill is a backward step in this process. I urge the Government to reconsider.

Another thing I want to draw to the attention of the House is this. Last year they moved, for a portion of my constituency, the postal address and postal station for income tax. It was taken to Sudbury. I think we have a very effective Minister in Sudbury and probably 500 employees look very nice in his community, but my people, which number many thousands, were always used to sending their income tax returns to Belleville. Why was this done? Was this a cost sharing program by the Government or was it some more of this rank patronage that exists within the ranks of this Government here today? This is just another case where dollars and cents could have been saved and a small portion would have been withdrawn from the backs of the taxpayers, the small-businessmen, the labour community and the farmers within our country. But this goes on. How can we have any sympathy for a Government which carries on practices like this? It is time that the people of Canada woke up and said, "We have had enough of this."

I hope that the Minister will pay some attention to these remarks coming from this side of the House. I notice that it is the Members of the Conservative Party who are standing up here and preaching for the people in need today. We do not hear too much from the other Parties, only the odd interjection. This is what is taking time and costing the Government money. Let us get on with the business of the country and bring out sane and sound legislation.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, just now, I made an offer to the Opposition parties to find out whether they were acting in good faith and whether they were really interested in working productively in Parliament, and also whether they were prepared to give unanimous consent for the House to work a little harder than usual by sitting after six o'clock—under the New Standing Orders, we are not obliged to sit evenings—because the Bill now before the House is particularly important and urgent. A number of Progressive Conservative Members have already spoken, in turn, to the Bill, and if they were really anxious to have this legislation passed, they would agree to sit a little later than six o'clock to have the second reading stage concurred in. In the circumstances, Mr. Speaker, if Hon. Members are prepared to listen to my offer to the Progressive Conservative Party, and if they are really anxious to see Parliament function ... Mr. Speaker, I think I should be given an opportunity to speak. The Opposition Whip is baying like a bloodhound to stop me from having my say.

• (1750)

[*English*]

I may, if the Hon. Member wants to hear me, express myself in his language.

[*Translation*]

Here is my proposal to the Opposition, Mr. Speaker. I do not intend to present a motion. I do not intend to oblige Hon. Members to muster twenty-five votes against a motion I could present under the new Standing Orders. I am asking them to show the Canadian people whether they really want tax refunds to be made as soon as possible, and they can speed up the process by accepting—

Mr. Deputy Speaker: Does the Hon. President of the Privy Council intend to present a motion? What does he intend to do right now?

Mr. Pinard: An interesting question, Mr. Speaker, and I am going to answer it right away. I intend to repeat what I have just said. Before you asked the question, I had just finished explaining that I did not intend to present a motion.

Mr. Deputy Speaker: I shall repeat the question. Is the Hon. Minister raising a point of order?

Mr. Pinard: Mr. Speaker, I wish to take part in the debate. I believe I am entitled to ten minutes, and if I am not allowed to speak, I shall sit down.

Mr. Deputy Speaker: In that case, the Hon. Minister has the floor.

Mr. Pinard: First of all, on a point of order, Mr. Speaker. I would like to ask the unanimous consent of the House to sit after six o'clock, in order to give Progressive Conservative Members an opportunity to continue debate on second reading and subsequently refer the Bill to a Committee of the Whole House.

I am therefore asking formally, on a point of order, for the unanimous consent of the House to sit after the usual time of adjournment and complete second reading of the Bill this evening, so that Canadians can receive their tax refunds as soon as possible.

Mr. Deputy Speaker: The President of the Privy Council has asked for the unanimous consent of the House to sit after six o'clock this evening.

Is there unanimous consent, yes or no?

[*English*]

Mr. Lewis: Mr. Speaker, I rise on a point of order in reply to a suggestion of the President of the Privy Council (Mr. Pinard). I would point out that we have organized our debate to have speakers here today. We have other Members who may wish to speak on the next occasion the President of the Privy Council deems to call this Bill, which he claims we are stalling. We have the speakers. Those opposite do not seem prepared to support the Bill at this stage. I am afraid we cannot give unanimous consent.

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, there are one or two points that I want to deal with during the course of the debate. One has to do with the lack of provision—

Some Hon. Members: Oh, oh!

Mr. Kristiansen: Mr. Speaker, could you call for order. One point I want to make in a very short submission has to do with the lack of provision in this Bill to allow for tax incentives for the renovation of heritage properties in Canada. While we had a great many reservations about the November 1981 budget, many of us were pleased to see a provision which got rid of one of the incentives for destroying heritage property in this country. For the sake of those Members and for Canadians who were concerned about the preservation of our long-standing structures and the labour of love over the past century which has gone into the creation and then the maintenance of these, we were pleased to see that provision in November 1981.

The community of the Hon. Member for Kingston and the Islands (Miss MacDonald) and my own of Nelson, B.C. have a great deal at stake in the maintenance of the programs of the Heritage Canada Foundation. I live in what is probably one of the oldest communities in western Canada. It is not just a few people on a committee but a host of citizens across this country who feel very strongly about our heritage and about these buildings, which have been part of the history not only of our own families but of those we have worked with and known over the years.

We do not want a series of strip cities across Canada. We do not want to see repeated in this country Chicken-Little joints stretching for miles on end, where one end of the country begins to look exactly like the other. We all have our own individual history. This makes us unique and special.

Surely it is not too much to ask that the Government give special consideration to the representations it has received from myself, other Members, communities and cities across the country asking it to go the second step. In November 1981 it dealt with the former incentive to the destruction of heritage buildings. It could now decide in a general or in a specific way to deal with heritage sites in terms of certain dates of construction and give special tax incentives. This would help save what is left of the cores and the history of various communities.

When our heritage buildings are destroyed, a little of each of us and a little of this country dies. I ask, on behalf of thousands of Canadians and hundreds of communities vitally concerned, that at the appropriate time the Government give consideration to putting in place such measures.

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, if only I could give to the House Leader quick and easy passage of a Bill that he says is somehow for the benefit of Canadians. I wonder how this Doomsday Book, which is in fact the Income Tax Act, will benefit Canadians by its passage. It will not benefit them. It will hurt the very productive generator that could give us recovery. Instead of its being packed with possibilities of creating recovery for this economy—

Mr. Pinard: Mr. Speaker, I rise on a point of order. I want to welcome back the Hon. Member. However, I wish he would speak to the Bill. We would be glad to listen to his speech for once.

Mr. Wenman: I wish it were not drawing so close to six o'clock. I could give a bit of information about the damage this income tax Bill is doing and the damage this Government is doing to the small business community in my riding. When I get a small-businessman that has been taken down one, two, three, four, the whole community starts collapsing as a result of a repressive Government which demands too much of the productivity of this nation. I want to talk about this, not for one minute or half a minute, but for ten minutes today and ten minutes the day after and every other chance I get. The economy of this nation is in trouble right now.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

NATIONAL PARKS—QUALITY OF BANFF WATER SUPPLY. (B) IMPLEMENTATION OF STUDY'S RECOMMENDATIONS

Mr. Gordon Taylor (Bow River): Mr. Speaker, for over a year now, the people of Banff and the tourists who visit Banff have been plagued with a disease called "Giardia". A Public Health Notice is placed in most hotels and restaurants and other public places which reads:

> Due to the presence of Giardia in the Banff water supply, until further notice, all residents and visitors are advised to boil water (for five minutes) prior to drinking, and use boiled water for cleaning teeth, washing of fresh vegetables, food and other non-cooked food.
>
> Signed
> Parks Canada, March 29th, 1982

Giardia is an organism which exists in two forms: first, as a free-living trophocyte—the reproductive stage; second, as an encapsulated cyst which is the most commonly found form outside the host organism. Only the cystic form is infectious to man. The trophocyte is destroyed during passage through the early stages of the digestive process while the cyst survives the initial stages of digestion until it reaches the small intestine where environmental conditions support the emergence of the trophocyte form.

The effect of Giardia on people includes diarrhea, abdominal cramps and weight loss, with recovery in two to six weeks; a small percentage of those suffering from Giardiasis may have severe disease.

Authorities who have had experience with the Giardia cyst, advise that there are two methods to eliminate Giardia cysts from water. One consists of removal by filtration and the other entails the use of chemical treatment such as chlorine or iodine. One authority states that 99 per cent of all cysts introduced into a water treatment plant can be removed by the

processes of coagulation, flocculation, sedimentation, and dual-media filtration.

From what I have already said everyone can understand the concern of the people of Banff, those who have already contracted the disease and those who must live with the possibility of doing so. If the water is not treated within a reasonable time, it will mean a reduced number of tourists for Banff and tourism is the life blood of Banff. The Banff water system now has no facilities except chlorination to control the Giardia lamblia cysts, and chlorination becomes less effective at temperatures below 5 degrees Centigrade. It is therefore evident that the only way to really purify the Banff water supply is through a filtration water system.

Parks Canada engaged a well-known engineering firm in Calgary to study the situation and a report was issued in July, 1982. The firm of engineers state:

> Current knowledge of treatment processes used to control these cysts indicates that only a relatively sophisticated treatment plant would provide removal with an acceptable level of risk. At the same time such a plant would produce water meeting the drinking water standards all year round. This system, generally known as a 'conventional water treatment plant', would use coagulation, sedimentation, filtration, and disinfection processes.

The engineers recommended six alternatives, the preferred one involving the Bow River gravels aquifer only. The initial cost of Phase I of this would be $10.2 million. This involves the development of the gravels in the Bow River including collector wells and a pump station, construction of a direct filtration water treatment plant on Tunnel Mountain, relocation of the existing heating plant to Tunnel Mountain, construction of raw water transmission main connecting the water intake of the water treatment plant and construction of a treated water storage reservoir relocating the present system to standby.

From the above it should be noted that the cost will be substantial, but the Department has been taking more than $6 million out of Banff each year and the water supply is a basic requirement. Every possible step should be taken to eliminate this parasite from the water of Banff at the earliest possible time.

Mr. Denis Ethier (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, it is certainly nice to see at least one Tory who wants to sit beyond six o'clock.

Mr. Mitges: How many have you got?

Mr. Ethier: Mr. Speaker, the Hon. Member has shown continuing interest in the problem of Giardia Lamblia which has been causing discomfort to the residents of Banff. He has asked when the Minister of the Environment (Mr. Roberts) will authorize a water filtration plant in Banff to eliminate the possibility of the water supply being a source of the parasite.

[*Translation*]

As the Minister explained to the Hon. Member in the House on February 8 of this year, Environment Canada asked a firm of consulting engineers, Stanley Associated Limited, to prepare a study to determine how the problem could be corrected.

• (1805)

[*English*]

The Department is now following the recommendations of that study, recommendations which will lead Banff to a parasite-free water supply.

Of all the options presented in the engineering study, each included the construction of a storage reservoir for the water. A contract for the construction of this reservoir has been prepared, and it is expected that the reservoir will be ready for use by the fall of 1983.

The Hon. Member knows that because of the efforts of Parks Canada staff in drilling wells and bringing water into the system the incidence of Giardia has already been much reduced. The consultants recommended wells as the best source of Giardia-free water. This is why Parks Canada proceeded with the drilling of the wells immediately. Only in the event that volume from the wells was not sufficient would treatment of surface water by filtration become necessary. If these measures are proved to be ineffective, then installing the most expensive option, that of a water filtration plant, would be the next consideration.

I am happy, however, to report that the results of very recent test drilling have indicated that more than sufficient volume of well water is available to meet the requirements of the town.

The Minister understands the Member's sense of urgency in having this problem dealt with as speedily as possible. Once the new source is brought on stream with the existing wells this year, and after the reservoir has been constructed, the possibility of the town water being a source of Giardia lamblia infection should be eliminated.

DISASTERS—TRAINING OF CREWS—REGULATORY CHANGES. (B) APPEARANCE OF MINISTERS BEFORE COMMITTEE

Hon. John C. Crosbie (St. John's West): Mr. Speaker, a year ago today one of the worst marine tragedies in the history of Canada occurred on the east coast when the *Ocean Ranger*, an oil drilling rig, foundered and capsized in a bad storm with the loss of 84 lives. Many of those people had lived in my district of St. John's West.

A week ago we questioned the Minister of Transport (Mr. Pepin) in the House, in light of the report that had been made in the United States by a national board of that Government. It found that the tragedy was due to the failure of the management of the oil drilling rig to properly train the crew. It found that the crew was not properly trained in the operation of the ballast system of the rig. It found that they were not properly trained how to manually operate the ballast control system if anything happened to the electrical system. It found that there was no proper safety equipment and the like available.

There have been no findings by any Government agency in Canada. The Government of Canada has never come before this House or before a committee of this House to tell us what,

in its view, happened, or to tell us what it is doing to see that this does not happen again.

Last week the Minister was asked if he could assure the House that the deficiencies the board in the United States found to be the cause of the tragedy had been corrected. He was asked if he could assure the House that proper safety procedures are being followed and that proper equipment for the men on the oil rigs is available? His astounding answer is recorded at p. 22649 of *Hansard* as follows:

Madam Speaker, I cannot, and I am sorry about that.

Hundreds of thousands of people are sorry about that, Mr. Speaker. How could a Minister stand in this House a year after the tragedy and not be able to assure the people of Canada that proper safety procedures are now being followed, that proper equipment is now being used on the oil rigs and that the deficiencies have been corrected?

Today when I had a chance to question the Minister again, he frankly admitted that he knew nothing about it and asked me to direct my question to the Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Dingwall). He knew nothing about it. When given an opportunity to say that steps have been taken by the Government, the parliamentary secretary said nothing, he knew nothing, he acted like a know-nothing and, in fact, he said that I had never raised the issue before. If he goes into the files in his Department he will see the letters that I wrote to the Minister of the day, that fugitive from energy who is now in finance. I wrote on May 4 last year, on June 3 last year, on July 28 last year, asking him to refer these matters to the proper parliamentary committee so that he could bring the public and Parliament up to date on what steps the Government had taken to change the regulations and the inspection procedures: has he appointed more inspectors; are they now ensuring that ballast training is being given? The Minister wrote me on September 9 and coolly refused to do that. He said it might invite partisan wrangling in the House. He said a Royal Commission had been appointed to look into the matters. We are not interested in waiting another two or three years for a Royal Commission report while everybody has gone to sleep, with perhaps another tragedy occurring, Mr. Speaker.

• (1810)

We want to know from the Government now what regulations it has changed and how. Is COGLA negligent or not negligent? What inspection procedures has it changed or how? What training courses is the Government now insisting on? I am told that there is still no course required for ballast control operators—there is still no course required by the Government. They are supposed to take a two-week stability course, but there are no written guidelines for such a course. The officials cannot say whether rig personnel might have to undergo a certification program similar to the requirements of the Department of Transport. They require ship officers to have at least a two-year program in ballast control when they go on ships. What kind of administration is this? It is criminal negligence.

The people who have brothers and fathers working on oil rigs are entitled to know from the Government what steps it has taken in the last year to change the situation. The Government claimed to have jurisdiction. The Minister of Transport, who deals with maritime matters, the sea and marine matters, rose in the House last week pretending he knew everything, but giving us no assurances; and this week he rose to say that it is not his jurisdiction, that it is the jurisdiction of the Department of Energy, Mines and Resources. What do they know in the Department of Energy about marine stability and ballast controls? Surely that is the province of the Ministry of Transport.

When the Parliamentary Secretary answers me today, I implore him to tell the House that the answer of the Minister of Transport of last Wednesday was incorrect, that the Government can and will give assurances that proper safety procedures are now being followed, and give assurance on behalf of the Government that proper equipment is now available on oil rigs and that the deficiencies of the National Transportation Board have now been corrected. That is his duty. If he cannot do that, then he and the Minister of Transport should resign because they should not have the effrontery or the gall to stand in the House one year later and not be able to give those assurances when there are hundreds of men out on the rigs today.

We had a storm just two days ago in Newfoundland. It was not as bad as the one last year. We will have more storms this year. This Government which claims jurisdiction cannot give Canadian people the assurance that it has made changes.

We are in the shameful situation where the United States, a foreign Government agency, gives a report and we get nothing; when the Members of the sovereign House cannot get Ministers to come before committees to answer. The Minister has said that he will come before the Committee. He cannot do that too soon. He must do so next week.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the Hon. Member has asked what changes in procedures have been implemented to prevent a recurrence of what we all know as the *Ocean Ranger* tragedy. I am pleased to advise the Hon. Member on this matter and to reassure workers who are employed in offshore operations of the safety measures which are in force.

All workers on offshore drillships and related equipment have been provided with survival suits. Rescue boat equipment has been upgraded. Marine emergency training has been accelerated. These types of measures will ensure survival in the unlikely event of an accident.

The qualifications of all supervisory personnel employed in offshore operations have been reviewed and assessed. This is an ongoing procedure to ensure that all persons in control of an operation are thoroughly trained in all of its phases.

Operators of offshore drilling rigs are required to ensure the safety of their equipment through thorough inspections and a certification process. The inspections are carried out by

certification societies and by the Canada Oil and Gas Lands Administration. The inspection societies include: the American Bureau of Shipping, Lloyds of London Register of Shipping, and the Norwegian shipping authority.

The responsibility of these agencies is to certify that a drilling vessel which is about to be moved to a drilling location is safe and fully operational, and to perform follow-up inspections to maintain the high operational standards required for ocean drilling. In other words, the operator must keep its certification valid.

The Canada Oil and Gas Lands Administration makes its own inspections in addition to those carried out by international shipping authorities.

After the loss of the *Ocean Ranger*, all drilling vessels were immediately checked for recertification. The Canada Oil and Gas Lands Administration in particular has required that oil companies ensure that ballast control systems can be operated by emergency power and that instructions are clearly understood by every crew member.

The co-operation of industry is indicated by the fact that a joint task force of the East Coast Petroleum Operators Association and the Arctic Petroleum Operators Association is conducting a study of operational standards and will be reporting to the Government soon. This recommendation will further assist in the certification process.

• (1815)

The actions which I have briefly reviewed provide assurance that safety of operation is a matter of most importance in the development of Canada's oil and gas resources in offshore areas. As this development proceeds, with its great potential for regional and national benefits, safety will remain the first requirement.

TRADE—REQUEST FOR IMPOSITION OF SURTAX ON IMPORTED POTATOES. (B) EFFECT OF IMPORTS ON FRASER VALLEY FARMS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, at a time when the small business community has been beaten to its knees and is fighting for its life, the Department of National Revenue has displayed a new level of aggressiveness, a new zeal for efficiency in collecting past taxes. That is why I rose in the House two weeks ago to ask the Minister of National Revenue (Mr. Bussières) about this new brand of zealousness which displays itself in National Revenue garnishee 100 per cent of the income of small businesses on accounts outstanding. This matter came to my attention some weeks ago. Since that time, and since I raised it in the House, I have realized to my shock that this seems to be a kind of epidemic across Canada in which all National Revenue offices seem to be engaged.

I want to put on the record some of the things that have been going on in the name of National Revenue. One taxpayer told me that officials send notice by registered mail to the clients of a company whose accounts are outstanding, but the company is notified by regular mail. Company officials face the embarrassment of having someone with an account receivable phone up and ask, "Is your company still solvent? Is it in trouble with the Government?" This procedure has been confirmed by officials from National Revenue.

The company in question asked the tax people, "What happens if you take all of my income, because I will not be able to pay my employees?" Revenue officials replied "That's your trouble. You can go to the Labour Relations Board", a hearing of which would be six months down the road. When asked, "When will I be notified?" National Revenue replied, "You will get that notice in a day or three". That was a nice flippant response. When the owner of the company indicated that payment was coming, the official—and I have this confirmed in a letter from National Revenue—not only wanted to know when the money was coming but from where the taxpayer was going to get it; as though it was any business of National Revenue where the money was coming from.

Those are just some of the things that are going on.

I want to read into the record a letter from National Revenue to this person.

In reference to the Revenue Official, the letter reads in part:

—agrees that he inquired about the source of the funds, but advises that his interest related to the facts that there would be additional monies due for the month of November 1982 remittance and on your personal tax account.

That does not matter, Mr. Speaker; it is none of the Department's business.

I have a letter here from Revenue Canada Taxation to an accounting firm. I want you to notice, Mr. Speaker, the kind of language that is being used. This letter reads in part:

—I do not expect my collection staff to be satisfied with partial payments or tentative arrangements. Had details of accounts receivable not been given by telephone, it would have been—duty to attend the company's offices and obtain this information from the books and records for the purpose of issuing demands on third parties.

I further fully support the refusal to withdraw such demands until payment has been received. This follows the department's policy set out in paragraph 11 of Information Circular 75-16R—

I wish National Revenue was that careful following regulations outlined in some of its other pamphlets.

Another notice came to me just today. A constituent spoke to officials regarding a return going back to 1977-1978. He thought he had worked out the problem by agreeing to have correct RHOP receipts issued by the bank to the Department, as well as providing receipts for expenses incurred against commission. The Department claims he owes them $9,506.

• (1820)

What did Revenue do? It got in touch with the bank in question, through a third party notice. As a result, the Registered Home Ownership Plan has been terminated. The $9,506.99 has gone to the Receiver General and the balance has been given to the taxpayer. This is all taxable income for 1983, which raises his income level. Therefore, he will be taxed at a higher rate. In addition, he will never be able to open another RHOP, since only one can be issued to an individual in his lifetime. That was the conduct of National Revenue.

Finally, I have a letter from a distraught mother of a young businessman. She says:

> My son is in business for himself, until this recession making a decent, honest living for himself, his wife and three small children, as a fireplace builder and bricklayer.
>
> Several times in the past year he has done jobs for people, who have been unable to pay him, either the work he has done or the materials he has used, thus making him unable to meet some of his debts.
>
> Last October the income tax people got on to him for what he owed them. They wanted to know what he was doing about it. He told what and where he was working, and that he hoped to be able to pay his taxes from his earnings for that job. They instantly, the same day, garnisheed his payments from the firm he was working for, so that he had to scrimp to pay for the materials used.
>
> This past week, the income tax people have phoned again, to say that the aforementioned firm had gone bankrupt, so that they—the income tax—had not been able to get the garnisheed money from them. So, back to my son again, $6,000 plus the interest which has accumulated since October. I think that this is monstrous! My son might as well be on welfare, has worked himself to death for people who will not or cannot pay, and the Government.

This is the kind of attitude the Government displays when businessmen are on their knees.

[*Translation*]

Mr. Marcel Dionne (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I wonder whether my answer is altogether relevant to the Hon. Member's question. I am a little embarrassed, but nevertheless, I shall give the House the details I have here.

The Hon. Member is probably aware that as a result of favourable growing and harvesting conditions in 1982, the potato harvest in Canada and the United States was very abundant. Prices paid to producers throughout Canada, and not only in British Columbia, are low. However, because of increased imports of potatoes in Western Canada, the Minister of Agriculture (Mr. Whelan) asked last November that a surcharge be placed on all eating potatoes imported in the Thunder Bay and Western customs regions.

After examining this request, the Minister of Finance (Mr. Lalonde) concluded that a surcharge was not the best way to deal with the situation. The reasons for his decision were forwarded to associations representing the interests of British Columbia's potato producers.

The Hon. Member is probably aware that the authority to impose a surcharge lies with the Minister of Finance, pursuant to Section 8(2) of the Customs Tariff. Consequently, the Minister of Agriculture has no authority to impose the surcharge. It should also be pointed out that potatoes coming from the U.S. are not dumped on the Vancouver market, as might be implied by the Hon. Member's question. By definition, dumping is a practice that consists in selling goods on foreign markets at prices that are lower than those set for the domestic market. Since the price in the United States is the same, there is no question of dumping in the strictly legal sense of the term.

[*English*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 6.25 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, February 16, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

INDUSTRY

PETITION RESPECTING FUTURE OF PETROCHEMICAL INDUSTRY

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I rise to remind the House of the fact that I recently tabled in the House of Commons a petition containing 11,000 names, which petition is an indication of the concern of people for the future of the petrochemical industry.

True to the generosity of spirit of the people who signed such petition, they were not seeking short and long-term assistance for the oil based petrochemical industry alone, but for the petrochemical industry as a whole. These people are also realistic enough to appreciate that a Government decision based on the task force report will take some time because there is not unanimity of approach, and any such decision must take into account the views expressed by the oil based and gas based petrochemical industries, plus the concerns of Quebec, Ontario, and Alberta, and the fact that inappropriate action could lead to countervailing measures from the United States.

The people concerned and the people employed in this industry, however, have a right to expect an early decision, and hopefully one that provides for short-term and long-term assistance.

* * *

BALTIC EVENING

CALL FOR RECOGNITION OF HONORARY CONSULS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, prior to the changing of the Standing Orders there was a Motion under Standing Order 43 last year which was joined in by the Member for London West (Mr. Burghardt), and the Hon. Member for Dauphin (Mr. Lewycky), which read in these terms:

> That this House, in recognition of the contribution to Canada of Canadians of Latvian, Lithuanian and Estonian descent, welcome their honorary consul and representatives of the respective communities to the Tenth Annual Baltic Evening on Parliament Hill.

That motion was accepted unanimously at that time by the House. It is no longer possible for us to move such a Motion, but it is appropriate that, on the occasion of the Eleventh Annual Baltic Evening on Parliament Hill, all Members of Parliament commemorate the contribution to Canada of Canadians of Latvian, Lithuanian, and Estonian descent, and on their behalf I make this request.

For many years it has been the wish of countless Canadians that the Honorary Consuls of Estonia and Latvia join the Honorary Consul of Lithuania and be recognized in the diplomatic corps publications of the Government of Canada. I know that this request is supported by Members of all Parties in this House as a simple yet profound method of honouring those Canadians who walk among us as living reminders of the importance of our rights and freedoms as Canadians.

* * *

AGRICULTURE

SUPPORT FOR CANAGREX LEGISLATION

Mr. Maurice Bossy (Parliamentary Secretary to Secretary of State): Madam Speaker, the farmers of my constituency of Kent, joining their brothers and sisters across the country, wish to express their support once again for Bill C-85, an Act to create Canagrex, and to urge the Government to put this Crown export agency in place as soon as possible.

Since this piece of legislation was introduced into the House over a year ago, the support for Canagrex has become more and more evident. Recently, in convention, the 200,000 strong membership of the Canadian Federation of Agriculture once again expressed their support for an agricultural products export agency and its immediate need. The farmers of this country feel, as I do, that agriculture is the industry which can help put our economy back on its feet. The time has come to give the people of Canada an export mechanism to do just that and give this nation an opportunity to expand its agri-food international trade market.

This piece of legislation has been before the House for almost 14 months now. It has spent four months before the Standing Committee on Agriculture where it received 14 amendments. Bill C-85 has been talked about enough; it is now time to act. The farmers of the country look forward to its immediate passage.

S.O. 21

POLITICAL PARTIES

PHILOSOPHY OF LIBERAL PARTY

Mr. Ron Stewart (Simcoe South): Madam Speaker, yesterday the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) belittled remarks by the Hon. Member for Capilano (Mr. Huntington) which accurately outlined the consequences of the Government's embrace of socialism. He said:

> We on this side of the House believe in social justice within a free enterprise system.

What a joke! He had not been paying attention to the philosophy of the Prime Minister (Mr. Trudeau), who stated:

> We have not been able to make it work, the free enterprise system ... that means the Government is going to take a larger role in running institutions.

And it has been. When asked by a group of students what type of society he would choose—socialist or capitalist, this was the Prime Minister's reply:

> Labour Party socialism, or Cuban socialism, or Chinese socialism—

Socialism is nothing more than state control, something abhorrent to Canadians, and we are getting it in spades—state withholding of property rights; state control of communications; state control of energy; state control of culture, state control of agriculture, with closure on the Canagrex Bill, and state destruction of transport and the Armed Forces.

We of the Progressive Conservative Party are the only opposition to this type of control by the state.

The Parliamentary Secretary to the President of the Privy Council may naively believe that all this, coupled with repressive taxation, the proliferation of non-audited Crown Corporations, arbitrary metric and bilingualism, equates with his espousal yesterday of "social justice within a free enterprise system". It is not ours. Loss of economic freedom means loss of individual freedom. His constituents and other Canadians recognize the Government's slippery slide to socialism. He obviously does not.

Madam Speaker: Order, please. The Hon. Member for Dauphin (Mr. Lewycky).

* * *

MULTICULTURALISM

SUGGESTED REVISION OF OFFICIAL LANGUAGES ACT

Mr. Laverne Lewycky (Dauphin): Madam Speaker, this day is of special significance to the Canadian Lithuanian Community as they are remembering the founding of Lithuania on February 16, 1918. The first recorded Lithuanian immigrants to Canada arrived at the beginning of the nineteenth century. Lithuanians will be pleased to see that the second edition of the Languages of the World map has been revised to include language groups such as the Lithuanians. This is to the credit of several multicultural groups who drew this matter to the attention of the Commissioner of Official Languages.

With the official recognition of Canada's multicultural heritage in Section 27 of the Charter of Rights and Freedoms, it is now time to revise Section 38 of the Official Languages Act. This Section, which refers to language groups other than English or French in a negative fashion, should be rewritten in the positive style found in Section 27 of the Charter.

The role of the Commissioner of Official Languages should be expanded to include the area of multiculturalism, with the Commissioner becoming the Commissioner of Official Languages and Multiculturalism. Furthermore, a conference on bilingualism and multiculturalism should be convened in the near future to re-examine these areas of national significance, and I know that Dauphin would be delighted to host such a conference.

* * *

• (1410)

BALTIC EVENING

CONTRIBUTION OF BALTIC PEOPLES TO CANADA

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I would like to add my remarks to those made by the Hon. Member for Nepean-Carleton (Mr. Baker) on the subject of Canadians of Baltic heritage.

Madam Speaker: Order, please. I must remind all Hon. Members that this opportunity cannot be taken to congratulate groups or offer wishes on the occasion of a national celebration.

We will keep strictly to the purpose of these statements. I listened very carefully to the Hon. Member for Nepean-Carleton. I think he barely smuggled in somethinng that was acceptable under the Standing Order. That is where we have to draw the line. I am just reminding Hon. Members.

Mr. Flis: Thank you for the reminder, Madam Speaker. As you know, I always obey the Standing Orders of the House.

To the Government of Canada, multiculturalism is the expression of differing views, traditions and backgrounds of Canadians. It is important to recognize the great contribution that various ethnocultural groups have made to Canada. Many of these people, while able to express their views and traditions freely in this country, are unable to do so in their own homelands. I am speaking today specifically with regard to the Baltic nations, and the Estonians, Latvians, and Lithuanians, a group who have attempted to preserve their culture and heritage in Canada while unable to do so in their countries of origin.

Canada does not recognize de jure the forcible occupation of the Baltic states. It is fitting on the day of the Baltic Evening, and on the day of the sixty-fifth anniversary of the Declaration of the Independence of Lithuania, to remember the contribution that these people have made to Canada.

[*Translation*]

CONFLICT OF INTEREST

FIRING OF ASSISTANT DEPUTY MINISTER OF LABOUR

Hon. Roch La Salle (Joliette): Madam Speaker, I am not going to congratulate anyone. This is going to be strictly according to the rules. Last week, a Montreal newspaper reported a million-dollar mistake for which the Minister of Labour (Mr. Caccia) must take the responsibility. It all started when Assistant Deputy Minister André Déom, who was hired by the Department of Labour in January 1981, was fired in May 1982. After a dispute with the Deputy Minister, the Government made a private arrangement with Mr. Déom, who since the first of October last year has been receiving $6,700 per month tax free, and will do so for a period of two years, which adds up to a grand total of $160,800 or $280,000 before taxes. Since the Minister of Labour has indicated that it was not his responsibility, that he would have nothing to do with it and that his deputy minister was responsible for managing the Department, and considering the Minister's irresponsibility or incompetence, today I wish to ask the Right Hon. Prime Minister of Canada (Mr. Trudeau), to preserve the credibility of his own government and to immediately remove this Minister who is refusing to discharge his responsibilities.

* * *

[*English*]

MEDICAL CARE

STATUS OF PROPOSED CANADA HEALTH ACT

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, recently there has been much confusion about the status of the proposed Canada Health Act and the negotiations between the federal Government and the Provinces, and about the nature of this new Act which the Minister of National Health and Welfare (Miss Bégin) indicated last year she would like to see enacted.

On previous occasions in the House I have asked the Minister whether she would be prepared to table any drafts of the Act which might be in existence. Failing this, it seems to me that she should be prepared to table any subsequent drafts that are developed as improvements to the draft that the Canadian Medical Association is circulating at this point in time. She should also be prepared to refer the whole matter to the Health and Welfare Committee. Canadians who are concerned about the Canada Health Act and want to have an opinion on it before it actually comes to the House could then have a chance to express their views and, no doubt, lend support to any intention of the Government to eliminate extra billing and other ways in which user pay mechanisms are eating away at the principles of medicare.

But, the Minister must do one more thing. She should put some money back on the table, if she wants to recover the moral edge in the medicare debate and have leverage over Progressive Conservative provincial Governments that are hostile to the principles of medicare. She must reverse the cutbacks in federal transfer payments and then seek the support of the Canadian people for a Canada Health Act that will firmly re-establish the five founding principles of medicare.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

SIGNING OF CAPE BRETON COAL AGREEMENT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have a question for the Minister of Finance, the answer to which might well affect his capacity to continue to act as a Minister of the Crown. When he was Minister of Energy, Mines and Resources did he, on June 30, 1981, sign an agreement between Alastair Gillespie Associates, the federal Government of Canada, and the Government of Nova Scotia, concerning a plan to turn Cape Breton coal into liquid fuel on a commercial basis for use in transportation?

• (1415)

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I do not know whether, under the rules, this question should not be addressed to the current Minister of Energy, Mines and Resources, rather than to myself.

An Hon. Member: He is back from Florida.

Mr. Lalonde: I think the questions concerning responsibilities in the administration of different Departments are answered by the Ministers currently in charge.

Mr. Crosbie: Answer the question, Marc.

REASON FOR QUESTIONING MINISTER

Hon. Erik Nielsen (Leader of the Opposition): One of the reasons for which I carefully prefaced my question—

An Hon. Member: Liberal patronage.

Mr. Nielsen: —is explanation enough for directing it to the Minister. I said that the answers to my questions might well affect his capacity to continue to act as a Minister of the Crown.

Did the Minister sign, on June 30, 1981, an agreement between the Government of Canada, the Government of Nova Scotia, and Alastair Gillespie Associates, with respect to a plan to turn Cape Breton coal into liquid fuel on a commercial basis for use in transportation?

Hon. Marc Lalonde (Minister of Finance): Again, Madam Speaker, I think the Minister responsible for the Department is in a position to answer that.

Mr. Crosbie: Come on! Stop stalling!

Mr. La Salle: Do you remember?

Mr. Lalonde: Yes, I have the answer to this, and I can immediately tell the Hon. Member that if it were a question of my capacity to fulfil my functions, he does not have to worry. I am able to reach these decisions quite well, and the Prime Minister, also. But as far as the answer to the question is concerned, the question should be addressed to the Minister responsible for the Department.

Some Hon. Members: Hear, hear!

Mr. Crosbie: Very weak applause.

Mr. Nielsen: It is precisely—

Mr. Crosbie: What are you hiding?

Mr. Nielsen: It is precisely, Madam Speaker, the Minister's exercise of judgment that may affect his capacity to continue. However, since, he refuses to answer the question, may I direct the question to the—

Mr. Trudeau: Not since he refused.

Mr. Nielsen: I am sorry, I did not hear the Prime Minister's interjection.

Mr. Trudeau: I said, not since he refused. It is because you misdirected it.

Madam Speaker: Order, please. No debate across the floor, please.

Some Hon. Members: Go get him.

Mr. Trudeau: Right.

Some Hon. Members: We want Joe.

Mr. Nielsen: If the Prime Minister is patient, I will have a question to ask him, to wind up.

Mr. Trudeau: Thank you.

SIGNATORY TO AGREEMENT

Hon. Erik Nielsen (Leader of the Opposition): May I direct this question to the present Minister of Energy, Mines and Resources? Did his predecessor, on behalf of the Government of Canada, on June 30, 1981, sign an agreement between the Government of Canada, the Government of Nova Scotia, and Alastair Gillespie Associates, for the purpose of implementing a plan to turn Cape Breton Coal into liquid fuel on a commercial basis for use in transportation?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I am aware of this project. I think it is a project that is a very valid one.

Some Hon. Members: Answer the question.

Mr. Chrétien: It involves the development in Cape Breton of some economic activities which are very much needed, and of course I know that Mr. Gillespie is involved. He has been out of the Cabinet for a long time. He is an expert in the field.

Mr. Crosbie: Not long enough.

Mr. Chrétien: I am sure people involved in that project are happy to have an expert working with them.

Some Hon. Members: Hear, hear!

Mr. Nielsen: A translation, Madam Speaker, of that rather weasely answer—

Some Hon. Members: Oh, oh!

Mr. Nielsen: —is an admission that that agreement described by me was in fact signed by his predecessor on behalf of the Government of Canada, involving, as it did, funds ranging from seed money of some $900,000 by three Crown corporations, and a joint investment of $1 million between the federal Government and the Nova Scotia Government—

Some Hon. Members: Question.

Mr. Nielsen: —to capital put up by Mr. Gillespie and Associates of $25,000.

• (1420)

I want to draw the attention of the Prime Minister to the guidelines that he issued on April 28—

Some Hon. Members: Order, order!

Madam Speaker: Order. I think the Hon. Member could now ask a question about the guidelines, but I feel it would further prolong the question, which was already long, if he quoted from the guidelines. He may ask a question about them, of course.

MINISTERIAL CONDUCT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, on April 28, 1980, the Prime Minister issued guidelines to his Ministers. Mr. Gillespie ceased being a Minister on June 4, 1979. One of those guidelines stipulates, and I read from Appendix 2, paragraph 2 as follows:

In any official dealings with former office holders—

That is Mr. Gillespie.

—Ministers—

That is the Minister of Finance.

—must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

Has the Prime Minister examined the conduct of his previous Minister of Energy, now the Minister of Finance, in order to determine whether there has been compliance with that guideline?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would not think that the guidelines in this instance would refer to the present Minister of Finance; it would refer to the conduct of former Ministers who have—

Some Hon. Members: No, no!

Mr. Trudeau: If Hon. Members of the Opposition will let me finish—

Mr. Forrestall: You are finished!

An Hon. Member: Dream on.

Some Hon. Members: Oh, oh!

Mr. Trudeau: I know I will never finish dealing with this bunch of fools over here.

Some Hon. Members: Oh, oh!

Mr. Trudeau: Madam Speaker, I take it that calling them a bunch of fools is not unparliamentary. I hear no points of order.

Mr. Crosbie: It is just not true.

An Hon. Member: It is sick.

Madam Speaker: I think we have to make a distinction here. When it is applied to one person in particular it has a different interpretation. I would just remind Hon. Members that this day starts with a "W".

APPLICATION OF GUIDELINES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I wonder if the Prime Minister is going to answer that question. Before he does, I would point out that the guidelines I quoted are guidelines for sitting Ministers—Ministers now, Ministers in 1981, and Ministers in 1980.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it seems to me that the point is whether the transaction was justified and whether it was honourable. If it was, I take it that the Hon. Member has nothing against the Government of Nova Scotia signing this. I take it he has nothing against the former Minister, Mr. Gillespie, signing this, because he is not asking about him.

Mr. Nielsen: Yes I do. There is a guideline covering that, too.

Mr. Trudeau: Therefore, if the people who signed this agreement are honourable, why would the former Minister be dishonourable because he signed an honourable deal?

REQUEST FOR ENFORCEMENT OF GUIDELINES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have read to the Prime Minister his own guidelines, verbatim, which in effect prohibit a sitting Minister, as he then was—the Minister of Finance as Minister of Energy—from having any dealings with former office holders which provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

The kind of treatment accorded to Mr. Gillespie, where he puts up $25,000 and gets in exchange almost $1.9 million, seems to me to fall within the definition of a form of preferential treatment. Is the Prime Minister going to enforce his own guidelines and call for the resignation of the Minister?

• (1425)

Some Hon. Members: Hear, hear!

Madam Speaker: Order. Is the Leader of the Opposition seeking the floor for another question?

Mr. Nielsen: Same question.

Madam Speaker: No Minister or the Prime Minister is obligated to answer a question. There is nothing the Chair can do about that.

Mr. Nielsen: Madam Speaker, I am sure the Prime Minister does not need anyone to run interference for him. Will he answer the question and enforce his own guidelines with respect to the action of his Minister of Finance, which has obviously been improper?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I just want to point out that the reason I did not answer the question was that, in the first phrasing of it, there was no question. It was when the Hon. Member stood again and asked his question. That is why I did not rise, not because I did not want to answer a non-question. The Hon. Member quoted from the guidelines "provide grounds of suspicion or of favour", whatever the words are.

Mr. Nielsen: Preferential treatment.

Mr. Trudeau: That is the issue. Did the conduct of the Minister provide grounds, or was there any grounds in this particular case or particular reason to feel it was dishonourable? That is the question I raise. If there is no allegation that the Government of Nova Scotia or Mr. Gillespie acted improperly, why would the Minister who signed with him act improperly?

Mr. Nielsen: He acted improperly.

Mr. Trudeau: I should like to know the reason there, Madam Speaker. If we talk about providing grounds of improper conduct, surely we must see what those grounds are and how we test them. It is not in the mind of the Hon. Member or in my mind. It is an objective test whether they are doing something wrong or not. If they are doing something which, as the present Minister of Energy says, even in the opinion of the Conservative Government of Nova Scotia

provides jobs and is a useful expenditure of public funds, why would the Government Minister be acting dishonourably in a deal which is judged honourable?

Madam Speaker: The Hon. Member for Oshawa (Mr. Broadbent).

* * *

CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

TELEPHONE CONVERSATION WITH MINISTER IN SRI LANKA

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister that also concerns ministerial behaviour. Just an hour ago I talked to the Minister of Justice in Sri Lanka concerning claims made by the Prime Minister in recent days in the House that, when that Minister was Secretary of State for External Affairs, he had made a statement in the House on April 29. The question I put to the Minister of Justice was as follows: does he agree with the Prime Minister that he inadvertently misled the House on April 29? The Minister of Justice refused to answer that question. What he did say was the following, which is interesting, and I quote: "The Prime Minister is the person who determines Government policy."

How does the Prime Minister interpret the refusal by his Minister of Justice to confirm the assertion that he misled the House last April?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can certainly understand the Minister of Justice, being in Sri Lanka on Government business, if he gets a phone call from the Leader of the New Democratic Party concerning some discussion in the House of Commons. I would suspect there would be some trap there and I would not want to answer that kind of question. I would say, "Ed, wait until I come back. I will look at the record and discuss it with you, but what are you phoning me here for?" He is not in a parliamentary forum over there.

REQUEST FOR STATEMENT BY PRIME MINISTER

Hon. Edward Broadbent (Oshawa): Madam Speaker, what the Prime Minister had to say, if it pertained to all the facts, would be entirely reasonable. However, the Minister of Justice made it clear to me that he had been briefed on the exchange that had taken place in the House in the past couple of days. He knew in short what the facts of the past two days were all about. I would like to ask the Prime Minister this. Is it not a little unusual that a Minister who is responsible to him, when confronted with the claim made by his Prime Minister that he had inadvertently misled the House last April, refuses to confirm that? Then he goes on to add that it is the Prime Minister who determines policy. The implication of that would seem to me to be that he, Mr. MacGuigan, stands by what he said, and is implying that the Prime Minister is doing some swift changing of history in terms of what transpired between last April and the present. Would the Prime Minister comment on that?

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, to be perfectly blunt, if I received a phone call like that from the Hon. Leader of the New Democratic Party, when I was half way around the world, about something which is going on in Parliament and apparently showed a contradiction between Ministers, I would tell him to "drop dead". I would tell him that I would be back in a few days and would be able to deal with the question then. If the Leader of the New Democratic Party is asking for my comment, that is it. But if he really wants to get to the substance of the issue, as his seatmate did yesterday, I would give the same answers, Madam Speaker.

I would concede from the outset that the Government had been contemplating the possibility of testing the Cruise. We knew that this was at the back of the mind of the American administration when it was asking for a weapons-testing system. In that sense whether the former Secretary of State for External Affairs used exactly the right words or not, I am not prepared to say. I am anxious to hear his own explanation.

As to the intent of the former Secretary of State for External Affairs, Madam Speaker, I have no quarrel with it. We all know that the Cruise is at the end of the road. That is what is worrying so many Members of the New Democratic Party. That will be the big test. It will not be firing some 303 rifle. It will be whether we allow the Cruise testing or not. That was in Cabinet's mind when we discussed this whole subject.

What I say, what I will repeat, and what I have even said in a letter to the Hon. Member's seatmate sometime last March, is that in fact Cabinet has made no decision on the Cruise. It has made a decision on weapons-testing systems, an umbrella agreement.

Some Hon. Members: Oh, oh!

Mr. Trudeau: The Cruise, we know—well—

An Hon. Member: Malarkey.

GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Prime Minister does not seem to recognize that the point at issue here, among others, is that the former Secretary of State for External Affairs has said, not once, but if I remember correctly, three times, that the Government had made a decision in principle to test the Cruise. And it is the Prime Minister in this House who stood up on Monday and said that is not the case. If the Prime Minister stands by that, if the Prime Minister is saying that since last April the Government has not been committed in principle to testing the Cruise, I ask him how in God's name could a Government let ten months go

by without correcting the record? Surely, the people of Canada have the right to know clearly what the policy is. Surely, the Government has an obligation to correct some misinformation which the Secretary of State for External Affairs left on the books some ten months ago?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member is making an argument, I believe, on phraseology, not on substance. As to the substance, I have conceded that the Cruise is what is at the back of this matter. When the Hon. Members opposite want to argue and ask questions about whether we should eventually test the Cruise, I am prepared to engage in debate on that subject. Whether the debate should have started sooner, for instance, when the Minister said this, I am prepared to say that maybe it should have, but maybe it was the NDP who were not attentive enough to what the Minister said then.

Some Hon. Members: Oh, oh!

Mr. Trudeau: Well, if they were, Madam Speaker—

Madam Speaker: Order. Order. We are really entering into debate, and we can do that another time.

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THE ADMINISTRATION

APPLICATION OF MINISTERIAL CONDUCT GUIDELINES

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is directed to the Prime Minister, a supplementary to those asked by the Leader of the Opposition. The Prime Minister indicated in answer to the Leader of the Opposition that the behaviour of Mr. Gillespie was honourable. I would like to read to the Prime Minister very briefly from his guidelines of April 28, 1980, which apply to former Ministers. Within a period of two years after leaving office Ministers should not, "lobby for or on behalf of any person or commercial corporation before any Department or agency for which they were responsible on an on-going basis during the last two years of their participation in the Ministry."

Given that Mr. Gillespie clearly was in violation of these guidelines, does the Prime Minister want to reconsider his answer to the Leader of the Opposition respecting the propriety of the current Minister of Finance when, in his role as Minister of Energy, he violated the guidelines for on-going Ministers in signing this deal with a former Minister who, himself, was not behaving according to the guidelines set down as minimal acceptable behaviour for former Ministers of the Crown? Would the Prime Minister care to answer that question?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, with respect, to the current Leader of the Opposition, I suggest that that is a more relevant question. Let us see when the contract was signed and when the Minister resigned. If it was a period of more than two years—

Mr. Nielsen: June 30, 1980.

Mr. Trudeau: June 30th?

Mr. Nielsen: 1980.

Mr. Trudeau: 1980?

Madam Speaker: Order. Order, please. Hon. Members today on both sides of the House are speaking to each other. This is not what is to take place in the course of the Question Period—questions, brief; and answers, brief. The Hon. Member for Calgary Centre.

QUERY RESPECTING RATIONALE FOR SIGNING CAPE BRETON COAL AGREEMENT

Mr. Harvie Andre (Calgary Centre): I will accept the Prime Minister's indication that he intends to examine this transaction in view of this obvious violation of the guidelines.

Madam Speaker, my supplementary is directed to the Minister of Energy, Mines and Resources. The Minister is aware that this agreement provides for Alastair Gillespie and Associates to make a profit of $750,000, three-quarters of a million dollars, on a $25,000 investment. He is also aware that his own officials in the Department advised against this deal on a technical basis as a waste of money. Forgetting about the conflict of interest guidelines in dealing with a Minister who should not have been out there lobbying on his own behalf, and signing deals with that particular individual, in view of that advice from his officials, and in view of this extraordinary profit for a lobbying effort, influence peddling, almost—perhaps it is—could the Minister indicate what rationale other than being kind to your friends led to the Government signing this agreement?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in the preamble to his question the Hon. Member said I undertook to examine this. I believe we should get the answer on the record right now. The Hon. Member quoted a guideline which indicates a two-year period during which Ministers would not deal with matters of their former portfolios. Was it two years or not? If I am reminded correctly with the figures given by the Leader of the Opposition, the deal was signed June 30, not 1980 as he just said, but 1981. The Minister stopped being a Minister at the beginning of June, 1979. Therefore, it is more than two years, Madam Speaker.

An Hon. Member: Two years and a couple of days.

Some Hon. Members: Oh, oh!

Mr. Trudeau: I can see them all laughing, Madam Speaker. So what are they going to do, take the guidelines and say they were followed, "but we in the Opposition do not like the way

the calendar works against us"? It is two years or it ain't two years. And in this case it was two years.

Some Hon. Members: Hear, hear!

POSITION OF PRESENT MINISTERS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the guidelines which have been recited by my Leader and by the Hon. Member for Calgary Centre indicate the whole process of lobbying for a contract is part of the prohibition in the guidelines. That contract may have been signed a few days after the two years, but certainly there had to be a preliminary amount of lobbying on the part of Mr. Gillespie. We have had Mr. Donald Macdonald, we have had Mr. Judd Buchanan, and now we have Mr. Alastair Gillespie, former Cabinet colleagues, all involved in special preferential deals. What I would like to know on the question of the morality of the Government, is whether or not it is going to take any action against present Members of its Cabinet who have violated those particular guidelines?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, we now have the Hon. Member for Saskatoon West allegating that there was a violation—allegating there was a violation of guidelines, when I have just demonstrated that there was no violation of the guidelines. So what is he talking about?

REQUEST THAT PRIME MINISTER TAKE ACTION

Hon. Ray Hnatyshyn (Saskatoon West): I will tell the Prime Minister what I am talking about, Madam Speaker. I am talking about a memorandum of understanding which was signed in October, 1980. Is that good enough for the Prime Minister? I will tell the Prime Minister that the question the people of Canada are asking is, is there any morality left in this Cabinet? Is the Prime Minister going to take any action against the Minister of Finance for violating conflict of interest guidelines?

Some Hon. Members: Hear, hear!

• (1440)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, while the people of Canada are asking that question, they should also ask themselves if there is any morality left in the Opposition benches where, so long as I have been around here, they have been making allegations that they have never been able to substantiate. Now, if this is a serious allegation, if there is a memorandum of understanding, I would like to know about it.

Mr. Nielsen: Table it.

Mr. Trudeau: But I have—table it? I did not even know it exists, Madam Speaker.

Some Hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): Well, you know now.

Mr. Trudeau: Great laughs over there. It is obviously something which the Member from Saskatoon West knows something about. Why doesn't he make his case, then I will be able to judge? But I cannot know everything which has happened with former Ministers over the years. If he has an allegation to make, let him make it. Then the people will see our answer, they will know what the allegations are, and we will know if the people over there are just making mischief or whether they are serious about governing the country.

Mr. Hnatyshyn: Madam Speaker, the Prime Minister cannot flim flam this House.

Some Hon. Members: Oh, oh!

Mr. Hnatyshyn: He knows that the guidelines are clear. In each instance where we bring up a question of conflict of interest by former Cabinet Ministers, nothing happens.

REQUEST FOR COMMITTEE INVESTIGATION

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, in the spirit of the new rules I want to know whether the Prime Minister has the courage to have this matter investigated by a parliamentary Committee so that the facts can come out in an orderly manner rather than the stonewalling we get from the Prime Minister every time we raise one of these questions?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, surely I am not stonewalling this. I am inviting the Hon. Member to state the facts.

Mr. Nielsen: Table the agreement.

Mr. Trudeau: Why wait for a committee which might take some time to set up? Why don't we hear the facts? The Member talks about a memorandum of understanding dated some unspecified date. Let us hear about it.

Some Hon. Members: October, 1980.

Mr. Trudeau: Well, let us see it and hear about it. Why wait for a committee, Madam Speaker?

Some Hon. Members: Table it.

Mr. Trudeau: Who is doing the stonewalling?

Mr. Nielsen: It is your agreement.

Mr. Trudeau: They are playing some hiding game over there and I do not know what it is, but I wish they would be frank and stop covering up their own tracks.

Madam Speaker: The Hon. Member for Regina East (Mr. de Jong).

INDUSTRY

BIDDING ON STEEL FOR MANUFACTURE OF HOPPER CARS

Mr. Simon de Jong (Regina East): Madam Speaker, I wonder if someone—

An Hon. Member: Let them off the hook.

Mr. de Jong: —from the Government benches could bring in the Minister of Industry, Trade and Commerce.

Mr. Nystrom: There he is.

Mr. Crosbie: Come on, Lumley; take your lumps.

Mr. de Jong: Madam Speaker, in the past Interprovincial Steel and Pipe Corporation has never been given the opportunity to bid on the steel being used in the construction of hopper cars. Can the Minister give us an assurance today that the manufacturer of the 1,280 hopper cars ordered by the Government will allow all steel mills, including Ipsco, to bid on the steel necessary to build these cars?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we will do everything we can to encourage the ultimate manufacturer of those hopper cars, which has not been decided yet, to buy Canadian steel. My colleague, the Minister of Supply and Services, yesterday, for example, was speaking to the Canadian Shipbuilding and Ship Repairing Association where he put a real pitch in for them to buy Canadian steel for all ships they build. So obviously, Madam Speaker, this would be a priority for us.

Madam Speaker: Before I recognize another Member I would just like to say to the House that I very much resent the remark that I heard that I got someone off the hook. At twenty to three every day of Question Period it is time to go to the NDP. The Hon. Member for Beaches (Mr. Young).

* * *

ENVIRONMENTAL AFFAIRS

WATER POLLUTION CAUSED BY U.S. LOVE CANAL DUMP SITE

Mr. Neil Young (Beaches): Madam Speaker, my question is for the Minister of the Environment. As he knows, yesterday a Canada-U.S. task force issued a report on toxic pollution in the Niagara River. The report said that international water quality standards are being violated. It also said that some of the chemicals in drinking water can cause cancer, birth defects, mutations and nerve damage, to name only a few areas of concern. Certainly Members of this Party have told the Minister over the last year about the dangers to the Niagara River.

Tomorrow, Madam Speaker, a joint committee of the New York State Assembly is holding public hearings on what to do about the Love Canal dump site. Could the Minister tell us whether the Government of Canada intends to appear before that committee and make representations on behalf of Canadian interests, particularly when it is well known that the Love Canal is about the most dangerous site on the U.S. border?

Hon. John Roberts (Minister of the Environment): Madam Speaker, I have explained frequently, most recently in the Opposition day debate on environmental matters a few days ago, what the position of the Canadian Government is on making appearances before American courts. We have examined that question and came to the conclusion that, while indeed it might be welcome and we would endorse and support other levels of Government or public interest groups in appearing before American courts, it would be counterproductive for the Canadian Government to do so. The reason for that is that in opting to appear before the American court system we would likely foreclose other means of redress we would otherwise have.

In other words, if we decide to commit ourselves to the court process, there is a real danger that American governmental authorities would say, in effect, "You have chosen to go that route, you must live with the consequences. Therefore, we will not respond to you until the court process has dealt with the representations you have made." Since that could be a very lengthy process we are unwilling to cut ourselves off from other options of redress, which access to the court process on behalf of the federal Government might imply.

* * *

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—MEMORANDUM OF UNDERSTANDING

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is for the Prime Minister. I draw the Prime Minister's attention to the dispatch in the Canadian Press today which reads as follows:

> A memorandum of understanding between Gillespie and his partners—Petro-Canada, Nova, an Alberta Corporation, Nova Scotia Resources Ltd. and Gulf Canada Products Co.—was signed in October, 1980.

Will the Prime Minister undertake to table in the House of Commons today a copy of that October, 1980, memorandum of understanding, and also the June, 1981, agreement?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have just been talking to the Minister of Energy and he has said that he will investigate this matter, find out if there was a memorandum of understanding, find out the date, find out whether the guidelines were violated, and we will report to the House. We are learning by bits and drabs some suspicions over there. If they want to know about them, we will inquire, Madam Speaker. That is the position I have taken all afternoon. I did not happen to read the Canadian Press dispatch from which the Hon. Member is quoting.

REQUEST THAT DOCUMENTS BE TABLED

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, it is not good enough to have an in-house investigation by Members of the Cabinet. What this side wants to know is whether or not the Prime Minister will himself, on his own authority, undertake to table in this House of Commons any agreement and memorandum of understanding that he finds?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if I understood the Hon. Member correctly in his reading of the press report, I did not understand it was a memorandum of understanding concluded with the Government of Canada.

Mr. Beatty: It is so.

Mr. Trudeau: Maybe we do not have that memorandum. It is? Well, I understood it was signed between some private parties, not the Government of Canada.

Mr. Baker (Nepean-Carleton): And the Government.

Mr. Trudeau: If it is in the Government of Canada's possession, we will be able to find it very quickly.

ROLE OF PETRO-CANADA

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, Petro-Canada is a Crown corporation, an agent of Her Majesty, and its powers can be exercised only as an agent of Her Majesty. The agreement was signed with Petro-Canada, among others.

Will the Prime Minister now give the undertaking that that memorandum of understanding, if it is in Petro-Canada's possession, will be tabled in the House of Commons at the earliest opportunity?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, for all I know the memorandum of understanding may, if it exists, contain a lot of things which are not pertinent to this question.

Some Hon. Members: Oh, oh!

Mr. Trudeau: I will see. What the Hon. Members are allegating is a conflict of interest. If we find some, we will report on it, Madam Speaker. When we see the dates.

Mr. Stewart: Limber up the shredders.

* * *

INDUSTRIAL SAFETY AND HEALTH

DUST HAZARD IN GRAIN ELEVATORS

Miss Aideen Nicholson (Trinity): Madam Speaker, my question is for the Minister of Labour. In view of the fact that grain dust has long been considered a cause of serious lung disease, and that efforts over the past ten years to persuade grain elevator operators to indroduce adequate controls have failed, will the Minister tell us what action he is planning to protect the health and safety of Canadian workers in this industry?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, we are very concerned with the situation in this particular industry because it has been deteriorating over the years. While compliance with our regulations in 1980 was some 40 per cent, it fell to 25 per cent in 1981 and to less than 20 per cent last year. Therefore we have informed the industry in Winnipeg that we intend to inquire of each employer as to the situation at the present time to show cause why they have not implemented the safety regulations as they should have done. We will, of course, use every reasonable means at our disposal to look after and protect the health of the workers involved. This applies not only to dust inhalation but also to fire and explosive hazards.

* * *

• (1450)

BANKS AND BANKING

RESCHEDULING OF LOANS TO SMALL BUSINESSES AND FARMERS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Minister of Finance. I would like to direct a question his way to allow him to get on the good side of the Prime Minister once again. It concerns Canada's chartered banks that have been enthusiastic in their efforts to reschedule Dome's outstanding debts. They have certainly not demonstrated the same willingness to reschedule loans to farmers and small businesses. We learned today that Canada's largest bank, the Royal Bank of Canada, is suing a farmer who at present is unable to meet his financial obligations to the bank and, I am sure by no coincidence, who happens to be the spokesman for a farm advocacy group opposing the bank's jackboot tactics by forcing premature foreclosure and property sales.

Is the Minister of Finance prepared to sit down and meet with the presidents of the major chartered banks of Canada to ask them if they would not provide the same service and the same enthusiasm for rescheduling loans for small-businessmen and the farmers of Canada as they are showing in their willingness to assist Dome Petroleum?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I must say first of all that I have already sat down with the presidents of Canadian banks about this very subject. I have raised it with the banks individually and I have raised it with the Canadian Bankers' Association in the course of my pre-budget consultations. I drew to their attention a number of representations I have received in that regard, and I received a commitment on their part that they would investigate any allegation of inappropriate or unfair behaviour. Since then,

every time I have received specific representations I have drawn them to the attention of the Inspector General of Banks who then raises them with the banks concerned.

If the Hon. Member has a specific case, and if he wishes to make the details available to me, I will make sure that it is picked up with the proper bank. However, I might take this opportunity to point out to the Hon. Member that I know of thousands of cases where banks have agreed to reschedule the debts of small businesses and farmers. I do not think the Hon. Member is representing the situation quite accurately.

In addition, I think he should welcome the reduction of the prime rate by the Royal Bank to 11.5 per cent on Friday. I hope the other banks will follow suit and that we will continue to see a reduction of interest rates.

* * *

AVIATION INDUSTRY

ANNOUNCED CLOSURE OF CAE AIRCRAFT LIMITED IN WINNIPEG

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is directed to the Minister of Employment and Immigration. Today in Winnipeg CAE Aircraft Limited announced it is closing, with a loss of 80 jobs in that city. In 1969 when the Government of Canada moved repair work out of Winnipeg, it guaranteed alternative employment, including 700 jobs. In 1974 the Prime Minister promised aircraft repair work for Winnipeg, in that year's election campaign.

The aerospace industry in Winnipeg, the Manitoba Government and the people of Manitoba want to know whether the Minister is prepared to enforce the agreement to provide aircraft work in Manitoba, particularly in light of this closing today?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think, if the Hon. Member would like to look at the record over the years since 1969, he would realize that the Government has directed a large number of job opportunities toward the aerospace industry in Manitoba, that Companies have been able to tender on a number of contracts that were available, and that there has been a number of expansions of programs in companies and firms in the City of Winnipeg.

As far as CAE is concerned, over the past year and a half my own Department has worked very closely with them on the development of a work-sharing program and other support. Finally it came to a point in time when they were unable to secure work comparable with the kind of equipment facilities they could offer. As I have said before, we cannot replace those kinds of judgments for the marketplace, although we have done our utmost in trying to support CAE in the work they have done and in trying to keep their workforce together. My Department will continue to work to make sure that the workers displaced under that lay-off or closing will find alternative employment.

[*Translation*]

PETRO-CANADA

ALLEGED EXISTENCE OF CONFLICT OF INTEREST

Hon. Roch La Salle (Joliette): Madam Speaker, I would like to get back to the first question put to the Right Hon. Prime Minister of Canada. At first, the Prime Minister was hesitant about giving the House the information requested by Hon. Members on the possibility of a conflict of interest, not the evidence thereof. In the circumstances, could the Prime Minister now inform the House, in the light of the questions that have been asked, whether he is willing to table in the House all information available, that is, all documentation of initial negotiations that took place between the Federal Government and Petro-Canada—documentation that is as wide-ranging as possible, and that has not been screened by the Prime Minister—to find out whether there was a conflict of interest.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I just answered this question, and I said that I was not aware that such documents existed. I did not know what the Hon. Member was talking about. I first would have to check whether there are such documents and whether their contents were relevant, and I would then report to the House as soon as I have this information. Meanwhile, if Opposition Members have any relevant facts, it is their duty and certainly their privilege to do so. However, I have heard only insinuations and questions and suggestions that conflict of interest guidelines have been violated, although the dates mentioned by the Opposition show that there was no such violation. Therefore, until I receive evidence to the contrary, all I can say now is that I shall look into the matter, Madam Speaker.

Mr. La Salle: I have a supplementary, Madam Speaker. If I understand correctly, the Prime Minister is now asking us to prove there was a conflict of interest. I think that in view of the fact that the person concerned, namely Mr. Gillespie, is a former Minister, the Prime Minister should be prepared to table all documents pertinent to this matter, starting with the initial discussions between the Crown corporation, the Government, Mr. Gillespie and others. That is all we are asking in order to provide some clarification to the public on this important transaction. Furthermore, if there was no conflict of interest, the Prime Minister should be more than willing to table the documents. Why the hesitation? That is the question. Why is the Prime Minister taking this attitude today? Why is he so hesitant about publishing documents which are a public matter?

Mr. Trudeau: Madam Speaker, the Hon. Member is asking me why I am hesitant. The explanation is simple. It is because of the questions put by his leader and by the energy critic, alleging that there was a conflict of interest because the former Minister had acted within a two-year period. The fact is that if

we check the dates mentioned by the Minister and by the Leader of the Opposition, it seems that the transaction took place more than two years later. I am therefore hesitant to accept allegations of dishonest or dubious behaviour. Apparently, when we look at the dates mentioned by the Opposition, there does not seem to have been any violation of the conflict of interest guidelines. Therefore, the Opposition should get organized and at least ask questions that clearly demonstrate that conflict of interest guidelines have been violated. These guidelines are public documents, read to us by the Leader of the Opposition, which prescribe that a former Minister is prohibited from doing such and such a thing within a two-year period, and it seems that according to the Opposition's figures, the transaction took place more than two years later.

Mr. La Salle: When did he start negotiating?

An Hon. Member: Why do you not listen, La Salle!

Mr. Trudeau: Well, Madam Speaker, I can hear other dates being quoted on the opposite side, and I wish they would table them. This is the first time I have heard about it. Why does the Hon. Member not get up and ask supplementary questions instead of staying in his seat and smirking and shouting?

DATE OF NEGOTIATIONS BEGUN BY ALASTAIR GILLESPIE

Hon. Roch La Salle (Joliette): Madam Speaker, I have a supplementary. The Right Hon. Prime Minister is trying to prove that the signing of this agreement does not violate criteria which he himself established. In that case, I wish to ask the Right Hon. Prime Minister to make enquiries and let us know when Mr. Gillespie started lobbying and negotiating with the Government or Petro-Canada. The public might be interested.

Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member did not have to go to all that trouble, because I just informed his colleague that we are going to make those enquiries.

An Hon. Member: He does not understand English.

Mr. Trudeau: Madam Speaker, that is not his problem. His problem is that he does not pay attention to what Members on his side are saying. If he did, he would know that I said quite clearly that the Minister of Energy, Mines and Resources, who has just gone to make those enquiries—

Mr. La Salle: If you think there is a conflict of interest—

Mr. Trudeau: Well, there—

Madam Speaker: Order. I am going to end the question period. It is three o'clock, in any case, but I also want to remind Hon. Members that they should not talk across the House.

The Hon. Member for Rosemont, on a point of order.

* * *

• (1500)

POINT OF ORDER

MR. LACHANCE—ALLEGED MISAPPLICATION OF S.O. 21

Mr. Claude-André Lachance (Rosemont): Madam Speaker, I would like to draw your attention to the wording of Standing Order 21, and my point of order arises from the statement under the provisions of S.O. 21 made by the Member for Joliette (Mr. La Salle) this afternoon.

Standing Order 21 prescribes that the Speaker may order a Member to resume his or her seat if, in the opinion of the Speaker, improper use is made of this Standing Order.

Madam Speaker, today, you called to order an Hon. Member who was extending a message of congratulations. As a Member of the Committee on Standing Orders and Procedures, and therefore as one who participated in the drafting of Standing Order 21, I would like to draw your attention to page 7:19 of the proceedings of the Committee on Standing Orders and Procedure. There we find that the Chair would have the discretion to call to order any Member who sought to use this opportunity to convey congratulatory messages or for frivolous purposes.

Madam Speaker, I read the blues showing the statement made by the Member for Joliette, and I shall quote from them.

. . . considering the Minister's irresponsibility or incompetence,

He is referring to the Minister of Labour (Mr. Caccia),

. . . I wish to ask the Right Hon. Prime Minister of Canada to immediately remove this Minister who is refusing to discharge his responsibilities.

Madam Speaker, my point of order is strictly concerned with the form of this statement. I think that if congratulatory messages are taboo, this should certainly apply to personal attacks under this Standing Order, which is being tried on an experimental basis. I would therefore suggest that perhaps the Chair might wish to look into this matter.

Madam Speaker: No, I do not think so. As I understand the manner in which statements made by Members may be interpreted, I thought the statement by the Hon. Member for Joliette met the conditions of the Standing Order. I think it is quite acceptable for Members on all sides of the House to launch verbal attacks at each other, and I do not think the statement by the Member for Joliette in any way breached the conditions set in the Standing Order.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. SKELLY—OFFSHORE DRILLING ACTIVITIES

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I have the honour to present a petition in light of the tragic events surrounding the sinking of the *Ocean Ranger*. Basically, the petition asks that a committee of the House of Commons be struck to monitor and provide appropriate information to legislators and to the public on activities relating to the exploration and development of offshore drilling that will take place over the next two decades in Canada.

* * *

POINT OF ORDER

MR. BAKER (NEPEAN-CARLETON)—TABLING OF EXCHANGE OF NOTES BETWEEN CANADA AND UNITED STATES—RULING OF MADAM SPEAKER

Madam Speaker: I see the Hon. Member for Nepean-Carleton (Mr. Baker) is still in his seat and I am now in a position to rule on the point of order he raised last Friday concerning the fact that a document tabled the Thursday, February 10, 1983 by the Deputy Prime Minister and Secretary of State for External Affairs (Mr. MacEachen) was not deemed referred to a Committee of the House.

Standing Order 46(1) stipulates that returns, reports or other papers can be laid before the House in accordance with an Act of Parliament or in pursuance of any resolution or Standing Order of this House.

In addition, Standing Order 46(2) provides that a Minister may table any report or other paper dealing with a matter coming within the administrative responsibilities of the Government. As stated in Citation 379(2) of Beauchesne, these papers may be laid before the House voluntarily.

Let me now quote Standing Order 46(4) as follows:

> Reports, returns or other papers laid before the House in accordance with an Act of Parliament shall thereupon be deemed to have been permanently referred to the Committee designated by the Member tabling the report, return or paper.

During the debate on this point of order I indicated how I would read that paragraph but I decided to read it again privately and meditate on it. The key words are "in accordance with an Act of Parliament".

In the case before us, the tabling of the document was not required by an Act of Parliament, but it was tabled on the initiative of the Minister as provided in Standing Order 46(2). I must rule that the document in question does not come under the purview of Standing Order 46(4) and, therefore, there is no point of order.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, thank you for clarifying the matter. I see that the Deputy Prime Minister (Mr. MacEachen) is still in the House. He will recall he indicated that, notwithstanding whatever ruling was made by the Chair, the Chair having reserved, he was going to speak with the Government House Leader to see whether or not, as a matter of policy, those documents would be referred. Has the Deputy Prime Minister done that, and can he report to the House now?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): No, Madam Speaker, I regret I have not had an opportunity to have the kind of discussion I would like to have with the Government House Leader, but I will do so very soon.

* * *

[*Translation*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

Hon. Marc Lalonde (Minister of Finance) moved that Bill C-143, to provide supplementary borrowing authority, be read the first time.

Madam Speaker: Is it the pleasure of the House to adopt this motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Madam Speaker: All those in favour, please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed, please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion, the yeas have it.

And more than five Members having risen:

Madam Speaker: Call in the Members.

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

(*Division No. 296*)

YEAS

Messrs.

Appolloni (Mrs.)	Bossy	Comtois
Axworthy	Breau	Corbin
Bachand	Burghardt	Cosgrove
Baker (Gander-Twillingate)	Bussières	Côté (Mrs.)
Bégin (Miss)	Caccia	Cousineau
Berger	Campbell (Cardigan)	Cullen
Blaker	Chénier	Cyr
Bloomfield	Chrétien	Daudlin
Bockstael	Collenette	Dawson
		De Bané

Messrs.

de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Ethier
Evans
Ferguson
Fisher
Flis
Foster
Fox
Garant
Gauthier
Gendron
Gimaiel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan—122.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Beatty
Benjamin
Blaikie
Blenkarn
Cardiff
Carney (Miss)
Clarke
(Vancouver Quadra)
Cooper
Cossitt (Mrs.)
Crombie
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Dantzer
Deans
de Jong
Dick
Epp
Fennell
Forrestall
Fraser
Fretz
Friesen
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hamilton
(Swift Current-Maple
Creek)
Hargrave
Hawkes
Heap
Hees
Hnatyshyn
Howie
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
MacDougall
Malone
Mazankowski
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitges
Munro
(Esquimalt-Saanich)
Neil
Nickerson
Nielsen
Nowlan
Ogle
Parker
Reid
(St. Catharines)
Riis
Robinson
(Burnaby)
Sargeant
Scott
(Hamilton-Wentworth)
Shields
Siddon
Stewart
Taylor
Thacker
Thomson
Towers
Wise
Wright
Young—91.

● (1540)

[*Translation*]

Madam Speaker: The motion is carried.

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

[*English*]

Mr. Deans: Madam Speaker, I rise on a point of order. It is simply this. On Monday last leave to introduce this particular Bill was sought and given. Why, then, did we need to have leave to introduce the Bill sought and given the second time?

Madam Speaker: The division was on first reading. There are two motions when a Bill is brought into the House, one for leave to introduce it, and one for first reading. That is the reason for the two votes.

Mr. Trudeau: Why didn't you find out before voting?

* * *

[*Translation*]

MISCELLANEOUS PRIVATE BILLS AND STANDING ORDERS

REFERENCE OF PETITION OF POLYVENTREPRISE LTÉE TO STANDING COMMITTEE

Mr. Dennis Dawson (Louis-Hébert): Madam Speaker, after negotiations with the Official Opposition and the New Democratic Party and with the unanimous consent of the House, I move, seconded by the Hon. Member for Lotbinière (Mr. Dubois):

That pursuant to the provisions of Standing Order 106, the petition to revive Polyventreprise Ltée and to provide for its continuance, which was presented after the period specified in Standing Order 97, and the three hundred and ninetieth Report of the Clerk of Petitions laid upon the table on Monday, February 14, 1983, be referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders, to enable the Committee to make recommendations as appropriate.

Motion agreed to.

* * *

BUSINESS OF THE HOUSE

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I would like to designate this coming Friday as an Opposition day.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,554 and 4,654.

[*Text*]

RECRUITMENT FOR CANADIAN ARMED FORCES

Question No. 4,554—**Mr. Stewart:**

1. What yearly quota was set in the Rimouski district office for the recruitment of (a) English language (b) French language applicants for service in the Canadian Armed Forces?

2. Between January and September, 1982, how many (a) English language (b) French language applicants were admitted into the Forces at the office?

3. In the past 12 months, have any English language applicants from the Gaspé Peninsula applied for admittance through the office at Bathurst, New Brunswick and, if so, how many have (a) applied (b) been admitted?

4. At the Rimouski district office, are the English language applications held in abeyance until a certain number of others have been received before initial processing begins and, if so, what number has been set?

5. What are the recruitment quotas for (a) English language (b) French language applicants at each of the recruitment centres across Canada?

Hon. J. Gilles Lamontagne (Minister of National Defence): 1. The quota system applicable to all regions and districts is as follows: Officer classifications and skilled other ranks are held at National Defence Headquarters. Unskilled other ranks are distributed on a regional basis and a selection board determines which are the most highly qualified applicants. These applicants are given the first opportunity to fill vacancies for which they qualify. The remaining vacancies are then distributed to the recruiting centres to be filled on a competitive basis.

The quota for the Rimouski district for 1982 was: (a) two; (b) 97.

Note: A five-year statistical moving average is used to ensure that changing demographic circumstances are reflected in the allocation of quotas. During the past five years, 1977/78 to 1981/82, 4.69 per cent of the unskilled other ranks Anglophone enrolments were in Quebec. This percentage varied from a high of 5.5 per cent in fiscal year 1977/78 to a low of 3.7 per cent in fiscal year 1981/82. It is projected that 4.5 per cent to 5 per cent of the unskilled other ranks Anglophone quota will be allocated to the Quebec recruiting zone during the current fiscal year.

2. Unskilled other ranks enrolment at Rimouski for the period January to September, 1982 was: (a) one; (b) 96.

3. Yes. (a) ten; (b) zero (four are on a waiting list, one is temporarily medically unfit, five have withdrawn their applications).

4. No.

5. Recruiting quotas for unskilled other ranks January to October (incl.), 1982 are as follows:

Unit	Anglo	Franco
St. John's	134	0
Corner Brook	94	0
Halifax	162	0
Sydney	106	0
Charlottetown	88	0
Saint John	135	0
Bathurst	77	36
Moncton	71	19
Quebec City	3	190
Trois-Rivières	0	94
Chicoutimi	0	119
Rimouski	1	84
Sept-Îles	2	49
Montreal	63	418
Sherbrooke	0	132
St-Jérôme	1	128
Rouyn	0	80
Ottawa/Hull	162	87
Kingston	85	1
Toronto	213	0
Peterborough	110	0
Hamilton	152	0
St. Catharines	97	0
London	130	0
Kitchener	100	0
Windsor	86	0
Sudbury	114	22
North Bay	98	19
Winnipeg	136	1
Saskatoon	75	0
Regina	95	0
Calgary	91	1
Edmonton	101	0
Vancouver	147	0
Victoria	73	0
Kamloops	66	0

EXPULSION OF SOVIET NATIONALS FROM UNITED KINGDOM

Question No. 4,654—**Mr. MacKay:**

1. Were 105 Soviet intelligence agents expelled from the United Kingdom in 1971 and, if so, subsequent to the expulsion, were Canadian authorities notified by British authorities of the identities of those KGB agents?

2. Were any of the individuals, since their expulsion from the United Kingdom, accepted by the Canadian Government as accredited diplomats of the Soviet Union and, if so, in each case (a) what was his/her name and official function (b) what period of time was covered by his/her posting in Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): 1. In 1971 the British Government announced that 105 nationals of the U.S.S.R. were *persona non grata* in Britain. The identities of the 105 persons were communicated to the Canadian authorities.

2. None of these were subsequently posted in Canada.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

[*English*]

MOTIONS FOR PAPERS

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

[*Translation*]

Madam Speaker: Shall the notices of motion be allowed to stand?

Some Hon. Members: Agreed.

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*Translation*]

Madam Speaker: Shall all orders listed under Private Members' Public Bills preceding No. 383 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

[*English*]

CANADA ELECTIONS ACT

AMENDMENT TO PROVIDE INCREASE IN CANDIDATES' DEPOSIT

Mr. Don Blenkarn (Mississauga South) moved that Bill C-583, an Act to amend the Canada Elections Act (deposit), be read the second time and referred to the Standing Committee on Privileges and Elections.

He said: Madam Speaker, Bill C-583 has been in my mind and in the minds of a number of people who have assisted me in elections for some considerable period of time. The Bill involves the matter of the deposit that a candidate in an election must place with the returning officer in the riding in order to be a candidate.

The deposit under Section 23(2)(j) of the Canada Elections Act has been the princely sum of $200 since 1882. The purpose of my Bill is to increase that figure of 1882 to a more realistic figure in light of today's economic conditions namely to the sum of $2,000.

Over a hundred years ago a deposit of $200 was a great deal of money. Indeed, a lot of people who worked a whole year did not earn $200. It was a very significant sum. It was real honest money that people put up in order to be a candidate in an election. Until very recently, unless a candidate got half the winner's vote he lost or forfeited his deposit. The concept of the deposit was to ensure that those who honestly wanted to run for the House of Commons were prepared to put up some earnest money and to compensate the Crown for the cost of the election. If they did not get a realistic number of votes, they would lose that money.

The sum of $200 has now become a pretty nominal sum. The average industrial wage today is in the area of $385 per week. Therefore, $200 represents just slightly more than half a week's wages for the average industrial wager earner. It is not really earnest deposit money; it is nothing but a shell in the total organization of an election.

For very little money, someone can be a candidate in a federal election. Some do this for personal reasons, wanting to have their name before the public, advertising their name, if you like. For $200 you can have your name spread before the City of Mississauga for 60 days or more. The Government will print your name on ballots for some 80,000 electors. You will be publicized in the newspapers. This is all at the expense of the Government of Canada. What a wonderful way to get your name across to the public if you have some kook idea!

You can force your way into every all-candidates meeting in the constituency. I have had that experience. People run honest, all-candidates meetings in my constituency. They try to ensure that the point of view of those seriously running for election is made known to those constituents who are interested. Time and again we have candidates who really have no interest and no possibility of winning. They make no personal effort to win other than to appear at the meeting to make a speech, using up the time of the meeting. Because of this the rest of the community cannot get at the issues they want to discuss.

The $200 deposit has made it possible for people to make a joke of our election system. For a very nominal sum, you are entitled to expenses that, according to the Chief Electoral Officer, cost the Government of Canada an additional $1,000 for every candidate beyond three who runs for election. In other words, if a ballot contains three names, it would cost on average $1,000 to put on an additional name. For $200 a person puts the Government to the expense of $1,000. For that $200 the candidate is entitled to ten copies of the voters' list to do with as he or she wants. You receive the names and addresses, the detail of where every single person who has the right to vote in the federal election lives within a constituency. Not only that, you are entitled to demand from the returning officer an election key and election map. What a wonderful amount of material! The material itself, on a straight paper basis, is worth more than $200.

● (1550)

It really is not a question of being unfair when I ask to raise the deposit level. It is really a question of saying to those who honestly want to run in an election: "Pay your own costs". Is it going to deprive anyone who has a chance of winning? I say it is not.

Under the present Canada Elections Act, if a person receives 15 per cent of the vote or better, that $200 is now returned. Indeed, not only is the $200 returned, but, as we know, under the Elections Expenses Act, virtually all the

expenses of the candidate are paid for by the Crown. Therefore, if you are a serious candidate and can get 15 per cent of the votes cast, there is enough money there not only to run your election campaign and get your deposit back, but everything is the way it should be.

To allow people, however, to enter a federal election who have really no intention of winning or have really no intention of properly presenting issues to the people of Canada which should be presented, and which should be presented in the riding, thus taking advantage of the system, is wrong. It is an abrogation of democracy and of our electoral system. It hurts the communication of those ideas which are properly before the public.

I say to you, sir, that the way to handle this is to do what we originally did in our Canada Elections Act back in 1882. We increased the deposit from $50 then to $200. Today is the day, Mr. Speaker, when we should put the deposit to $2,000 and get it back to where it was intended to be, a realistic contribution by someone who wants to run for office, so that if they did not win or if they did not get 15 per cent of the vote, they would at least compensate the Crown for the costs to which they put the Crown for running the election in the first place.

Hon. John M. Reid (Kenora-Rainy River): Mr. Speaker, I listened with a great deal of interest to the speech of the Hon. Member for Mississauga South (Mr. Blenkarn). Election law is one of my hobbies and I have spent the last ten years serving on the Chief Electoral Officer's ad hoc committee on election law, particularly focusing on the elections expenses legislation as well as the Canada Elections Act itself. We have tried to deal with part of the dilemma which the Hon. Member for Mississauga South has put forward. That is, how can we provide through the taxpayer a significant amount of money and resources to candidates in an election campaign, and make sure the taxpayer receives a proper and just return on the expenditures he makes on behalf of the election campaign itself? We have been dealing, not on the basis of the $200 deposit, but rather looking at it from the point of view of the resources which are turned over to candidates who may or may not be legitimately in front of the Canadian electorate.

Our dilemma is that it is very difficult to tell who is a legitimate candidate before the electorate at a given point in time. Although you and I may have our opinion, Mr. Speaker, I believe we have to recognize that the Social Credit Party, which was represented in this House for a significant number of years, the New Democratic Party, the progressive party which preceded it, the election from time to time of Independents, are all people who have come here legitimately through the electoral system. Any kind of a system which we put in place, it seems to me, should not be designed to cut off legitimate dissent from a Party which may at the particular time hold a majority of the seats in the House of Commons. Rather, the system should be designed to make sure that the people's representatives get elected to the House of Commons no matter what Party they may belong to and no matter whether they choose to run within the political Party system or outside of it. The dilemma which we have is to try to balance off the requirements for an open electoral system against the kind of thing which the Hon. Member for Mississauga South quite properly pointed out, particularly in the urban areas, of having maybe ten or 11 candidates running, when the general public may be really interested in only three, four or five.

How do we separate, if you will, the sheep from the goats? How do we make sure the electorate is able to have the choice it wishes? It is true, as the Hon. Member pointed out, that the $200 fee has become an anachronism. It no longer has the effect it was designed to have. It was originally designed to have the effect of weeding out on a financial basis the sheep from the goats. In terms of those of us who are here, by and large that sum, whether it be $200 or $2,000, could be met by our constituency organizations, but it might be a barrier to people having a legitimate point of view to get across.

An election is not only about electing individuals to the House of Commons, or selecting Parties to govern; it is also about issues, ideas, and about the debate of those issues and ideas. We would, I believe, be hard put to disentangle from the complexity and carnival atmosphere, in an election campaign, just where personality, party, issues and local ideas are intermixed, Mr. Speaker, and how the individual elector makes his determination as to whom he will vote for on the basis of that. There is no question, however, that the ability in the olden days to put a financial barrier up to prevent people from running was an important one at a time when political Parties were far less organized than they are now.

As Sir John A. Macdonald used to put it, there was an enormous number of loose fish out there to be netted in order for him to be able to carry on his Government. In those days, the Party system was not as rigid as it is today. It was a much looser form of shifting coalitions. Members had far more independence. They represented regional interests in a much more precise and direct way than they do today. Our system has a different kind of structure. We have Parties now which are much more imbedded in the fabric of our society. We have people who belong to those Parties and are prepared to come into the House of Commons, to accept the Party Whip, more or less, of the Party whose banner they ran under. There is a fair amount of freedom in our system still because Parties run for office without a very clear manifesto or a very clear idea of what it is they want to do, as contrasted, for example, with Great Britain, where there is a very precise manifesto. Therefore, the electoral system we deal with is quite different from the system which developed the $50 and then the $200 limit.

I approach the problem from a different perspective than the Hon. Member for Mississauga South. I tend to look at it from the point of view of protecting the interests of the Canadian taxpayer and the Canadian electorate. Obviously, there has to be at some point a balance between having everyone and his uncle running as candidates and providing a selection of candidates which is wide enough to give the electorate an appropriate choice; and, as well, to make sure that appropriate views on policy options and opinions are properly heard so the electorate can vote effectively. In order

to do that it needs to have a selection of Parties, individuals, ideas and ideologies.

When a person is nominated as a candidate from a recognized political Party, which may be a Party which is represented in the House of Commons and it may well be one that is not, that person receives a number of benefits which the taxpayer gives to him. He has a certain status in law. In addition, the taxpayers say they will pay the cost of one mailing to all of his constituents. That is a substantial amount of money. It is also a substantial amount of power.

In addition to that, and perhaps more impressive, all candidates receive tax credit forms. We all know the system. If someone gives to my campaign $100, I give him a tax receipt for $75. There are restrictions on how these may be used but they are difficult to enforce. So there is no question that is a very powerful economic tool in the hands of a candidate.

• (1600)

Secondly, there is the problem of what happens to surplus funds. A fringe candidate may be able to collect more money than he cares to spend. What do you do with the surplus funds? That is also an important question because those are basically taxpayers' funds. They do not belong to the candidate; they are given by the taxpayers of Canada to allow him to run an appropriate electoral campaign.

Let us look at the situation of new Parties. The tax credit is made available on a year-round basis to political Parties that meet certain qualifications. That again is an important political tool. There is status in law which also provides certain privileges. What we are dealing with is a very complex series of rules laid down in the Canada Elections Act, which also includes what we used to call the Canada Election Expenses Act. There are penalties and obligations which have to be lived up to.

The question we have been trying to wrestle with in the ad hoc committee is, what is the judicious balance between allowing anyone who chooses to stand as a candidate and being able to provide the necessary protection for the taxpayer? The question raised by my hon. friend from Mississauga is, how do we deal with a number of parties and candidates so that the elector can make sense of what is going on?

I confess that the committee has spent a great deal of time trying to determine some specific guidelines, and we have come to some general conclusions. These conclusions have been forwarded to the Government, which we hope will bring them down as a legislative package. But the problem is that we were unable to come up with any hard and fast rules.

All of us agree that there could not be a rule which could be interpreted so as to prohibit or inhibit the information of additional political Parties. We could not say that you can only have so many candidates running at a given point in a given riding, because out of the candidates running there may emerge another political Party; an Independent may well be more representative of his constituents than the candidate put forward by the various political Parties. So we did not want to restrict the ability of a constituency to choose whom they wanted to be their representative. Therefore, we have come to a very delicate situation.

We looked a little bit at raising the $200 limit but came to the conclusion that with the financial advantages that are there, an effective increase would not really be acceptable to Canadians. Even $2,000 in today's economy is not what $200 was in 1882; it is far less in relative value. So it does not make much sense to go about limiting the number of people who can run by raising the $200 fee. By and large, our conclusion was that the $200 was a very modest obstacle. It was an appropriate token to show that one at least was semi-serious and therefore we should not really look any further at it. Instead, what we have done is try to look at other ways of dealing with this phenomenon.

For example, we have tried to make the petition signed by the constituents a much more important part of the process. Right now, as you know, we have to forward a petition signed by 25 people along with the $200. We looked at increasing that number to perhaps 100, 150 or 200. We thought that for serious candidates that would not be a problem. We then came across the problem the Table has had in the last session: how do you justify the petition? How can you tell whether the names on the petition are valid names, particularly in an urban constituency where you may have 200 names from the city but you may have a number of ridings? How do you prove that the 200 names, for example, are actually from the constituency the Member seeks to run in?

We looked at the problem of trying to find another way of proving one's bona fides. We looked at the cost, the petition, we looked at being able to demonstrate that a person was a serious candidate by actually taking the money he is entitled to and spending it. In other words, if one comes into the system and is eligible to have one piece of literature mailed to every household in the projected constituency, then the money is not given to that candidate unless it is actually spent. In other words, they have to come in with the receipt. Right now it is not clear. You have to prove you spent the money, but the process is somewhat open-ended. We have been struggling to close that gap with some administrative rules to make sure that there was proof the money was spent. We did not want people to come in and present ideas and use the money made available through the generosity of the taxpayer in trying to communicate with the taxpayer. I believe we have been able to deal with that particular problem in a relatively acceptable way.

While I have no precise solutions to offer to the problem which I think was legitimately raised by the Hon. Member for Mississauga South, the fact that we are getting a large number of spurious candidates, who are recognized as such by the electorate, means that there has to be some way of being able to winnow the candidates down to the serious ones, not the ones who are there for a good time. We have to be able to do that with some delicacy because we do not want accidentally to stomp out a legitimate public movement or those who are running legitimately as Independents to push a particular idea.

We want to make sure the electoral system is available and easy to understand.

It seems to me the way we should approach this problem of electoral reform is to have one principle paramount in our minds. What we are trying to do is not make life better for ourselves; we are trying to make sure that the system reinforces the elector's right to choose whomever he or she wants to represent them. We should not be looking at it as an inconvenience to ourselves to have these people around; we should be looking at it from the point of view of the elector who should have available to him the broadest choice of tools he wants to govern his country.

Mr. Laverne Lewycky (Dauphin): Mr. Speaker, it gives me great pleasure to be able to speak on Bill C-583, which seeks to increase the amount of the deposit which a candidate has to pay to contest an election from $200 to $2,000. I would like to say at the outset that I think it is important for us to realize that under the Canada Elections Act not only is a deposit of $200 required when you run federally, but also there is to be a nomination paper signed by at least 25 electors in the particular district.

Now, to address ourselves to what the Hon. Member for Mississauga South (Mr. Blenkarn) indicates is the problem, I really question whether it is as great a problem as the Hon. Member seems to think. I know in his particular constituency in the last election there were some seven candidates. I know there were a couple of independents running and I could see where that could present a little bit of a problem. But on the humorous side, I wonder whether he should really squawk too loudly, because the plurality he had in the 1980 election was only about 403 votes and one of the so-called fringe candidates had 405 votes. So I am just wondering whether he should be complaining too loudly about that.

In more serious vein, I would just like to say that there are several issues at stake here. I think some of them really revolve around the whole question of democracy. What are we really doing if we eliminate the opportunity for anyone who wants to run, regardless of political Party?

• (1610)

Every region of the country is not as well loaded, might I say, as the constituency of Mississauga or perhaps some of the central Canada constituencies where $2,000 may not seem to be that much. In rural ridings, some of the western and northern ridings, $2,000 is actually a considerable amount. It could present a bit of a problem to any person who wants to run because not all Parties are funded by various private corporations.

An Hon. Member: Get it from the union.

Mr. Lewycky: I hear an Hon. Member interjecting "Get it from the union". All we have to do is take a look at some of the returns given to the Chief Electoral Officer in the thirty-second general election, and we will find tons of constituencies in which there were no contributions from unions or others.

Let us take a look at the return for the thirty-second election. Referring to a couple of constituencies, such as the one of the Hon. Member who presented the Bill, it is very interesting that there were some 46 private corporations which contributed $14,683 toward his election campaign. The Liberals had some 13 private corporations that contributed $2,750 to their campaign; the New Democratic Party did not have any.

Turning to the constituency of Dauphin, my home riding, I notice that the Progressive Conservative Party had 36 private corporations that contributed some $3,930, which obviously was not as substantial as the sum of $14,000 contributed in the Hon. Member's riding.

I raise this issue for Hon. Members of the House because the return of the Chief Electoral Officer is a very thick book and they may not have had occasion to look at it. I think it is worth while because the Hon. Member would not want to discriminate in various parts of Canada. I appreciate the problem in certain parts of urban Canada. But when I look at the whole question of democracy, one of my favourite authors, a past President of the United States, Abraham Lincoln, spoke of democracy as being "the Government of the people, by the people, for the people". Whether it be the Inuit, other aboriginal people or poor people in various parts of the country who make only subsistence livings, I do not feel they should be restricted from running simply because they cannot think of putting down the $2,000 deposit.

It is important to think of the whole question of what we really mean by democracy. Are we trying to bring about disincentives when they are really not necessary? It is really important to think along these lines. Some people may ask whether we have solutions or what exactly we would suggest as an alternative to disincentives. The only oasis of a truly democratic Government is in the Province of Manitoba. Manitoba has had to come to grips with the problem. I refer Hon. Members to the Manitoba Election Act from which the requirement for a deposit has been removed altogether. That is the way it should be.

In fact, I would have been very happy to support the Hon. Member for Mississauga South if he would have decided to remove the deposit altogether. That would have been more in keeping with the whole area of democratic opportunity for any person to run. In Manitoba there is a simple requirement for the nomination papers that 100 or more eligible voters in an electoral division nominate the candidate. That is the way we in Manitoba have dealt with this problem. Therefore, there is opportunity for anyone who is a serious candidate to run. If such a suggestion were made, I am sure some of the problems in Mississauga or other constituencies where there is such a plurality of candidates as seven would be eliminated.

I return to the whole question of a perceived problem in setting up financial barriers for people who may have limited resources. It is important to emphasize this because there is regional disparity in various parts of the country. If one happens to come from a certain area of the country with incomes that range from very modest to some of the highest,

then naturally one's perception of the economic means and abilities of those who will be running as candidates will be drastically different from one who comes from a different region of the country. The setting up of two categories of people—those who would be able to run and those who would not be able to run as candidates—is something we would not want to see in the Parliament of Canada.

At one time Abraham Lincoln said:

As I would not be a slave, so I would not be a master. This expresses my idea of democracy.

To paraphrase what Abraham Lincoln was saying in different words, the minute we set up masters and slaves categories we take away the whole notion of democracy in Canada. Even if a person does not have the ability to set aside $2,000 from his ordinary livelihood which is used to provide food, clothing and shelter to run in an election, we feel that he or she may have something to offer the country.

I am reminded of what Harry Emerson Fosdick said when he talked about democracy:

Democracy is based upon the conviction that there are extraordinary possibilities in ordinary people.

I think this is our conviction, that there are extraordinary possibilities in ordinary people, people who come from various working classes or various ethnic groups in society. We must realize that that type of mix is important in the House of Commons and that we should not have any kind of disincentive to prohibit such people from running for the highest office in the land.

Also it is important to stress what we in the New Democratic Party feel. There should be opportunity for true equality, which implies true equality in terms of the opportunity to run for elected office. Thomas Jefferson said:

The mass of mankind has not been born with saddles on their backs, nor a favoured few booted and spurred, ready to ride them legitimately, by the grace of God.

We do not feel that there should be inequality or that there should be this barrier of $2,000 established so that people who legitimately feel they could run or want to run are not able to do so.

If there is a contest even for nomination, the people who run for it have to expend money for the nomination convention. Such things are not covered. There is an investment of time and other investments which have to be made. I think we would want to uphold this.

This Bill runs counter to the United Nations' Declaration of Human Rights, Article 1, which says the following:

All human beings are born free and equal in dignity and rights.

We ought to maintain that right in Canada so that anyone who wants to and is prepared to run for elected office is supported. In this country we ought to maintain the right that anyone who wants to run for elected office who is prepared to and who is supported by other people should have that right. I think there are enough disincentives. The rebate was mentioned. A person must obtain 15 per cent of the votes. If we wanted to eliminate some of the less serious candidates, or those we perceive to be less serious, then there are opportunities to increase the number of voters who would be placed on a nomination list. That would be one way to deal with that.

• (1620)

We know that in this country there is enough financial inequality. All one has to do is take a look at the way political wheels are greased to see where and to which party the big bucks go.

I think it is important that we do not accept the suggestion made but, rather, that we defeat this Bill and follow the example in Manitoba. In other words, increase the number of eligible nominators. By doing that we would deal with the problem fairly and in a way that does not deprive us of our democracy, yet at the same time dealing with it in a way that addresses the question of equality and fairness.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, Clause 3 of the Canadian Charter of Rights reads:

Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

In the explanatory notes in the little red book the Government has published along with the Charter, I find this:

The tradition of democratic rights in Canada is specifically guaranteed by the Charter. Citizens will have a constitutionally enshrined right to vote in elections for Members of the House of Commons or a legislative assembly and to seek election to either of those houses.

There is the standard. Whenever we see a Bill of this sort we must measure the Bill against that standard. We must ask ourselves whether the Bill directly or indirectly hinders the spirit of that Clause. I contend that this Bill very directly takes a run at the right of some citizens to seek public office. As such this Bill should be rejected.

I agree with the Hon. Member for Dauphin (Mr. Lewycky) who has quoted from a variety of sources to back up that sentiment. I congratulate him for doing so.

I think this Bill reacts to a perceived inconvenience. Its intent is to erect a barrier to prevent people who somebody somewhere thinks are not serious from running for office. I do not believe that we have the right to decide whether one candidate is a serious candidate and another is not. I believe we should be removing these barriers to people's participation in elections. I do not think we should be raising new ones.

I can sympathize with the Hon. Member for Mississauga South (Mr. Blenkarn). I was at an all-candidates meeting in his riding in 1980. About eight or ten of us were there. There were many people who worked for various parties. After the election I took a look at the results both in the Hon. Member's riding and in my riding. We went through this inconvenience of many candidates on the ballot, but after the election the people said it differently than we did. People did not think it was an inconvenience to have numerous candidates.

In the riding of the Hon. Member for Mississauga South 624 people voted for those who could otherwise be designated

as not serious. In my riding another 380 people voted for these independent candidates. In our city that meant 1,000 people voted for non-traditional candidates. Who are these non-traditional candidates? There were two Marxist-Leninists, two Libertarians and two Independents. Each one of those candidates had something to say to people in each of our ridings. They had good messages. I did not agree with them, but they had a message they wanted to communicate to the residents of Mississauga, and I think they should be entitled to do that.

Some of those people would see a $2,000 deposit as a genuine barrier against their participation in an election. I do not think we should be putting up that kind of a barrier, certainly not when 1,000 people in my city vote for these candidates.

Even if only one person in my city wanted to vote for one of these candidates, I would still say they are entitled to do that.

Running as a candidate in an election campaign is a viable platform for an ordinary citizen. It is not one that we should be whittling down to a few elite members of the New Democratic Party, the Conservative Party and the Liberal Party. We should be opening up this platform and letting in some of those other ideas.

Anyone who wants to be impressed by this process can take a look American presidential elections. They are perhaps the perfect example. We always look at the two major candidates in American elections, one Democrat and one Republican, but we fail to realize that there are scores of other candidates. We do not hear Americans telling us that these other candidates are an inconvenience or are not serious. But in many respects the Americans are more limited than we are and these people have more rights than our candidates. They have access to TV time, time in public meetings, space in newspapers and so on. The Americans permit this and encourage it. Theirs is a good model for us to follow. These people bring in new ideas and a new perspective into campaigns.

I listened to the concerns of the Hon. Member for Kenora-Rainy River (Mr. Reid). It seems to me that that Member was bringing us practical concerns and mixing up the principle of democratically operated elections with administrative concerns on such matters as excess funds, excess donations and tax credits. Those things are currently handled in law. If the law is inadequate, let us change the law so that the administration of these practical matters is more carefully handled.

We do not need to keep people out of an election campaign just because they give out tax credits or because they collect donations from other Canadians. We govern these concerns now. If the governing of them is inadequate, let us tighten up the administration. As I said, we should not be mixing up the principle of a democratic society and a democratic election with administrative concerns on matters of this nature.

The Hon. Member for Kenora-Rainy River also said that candidates have to prove one's bona fides. I do not know what that means, but that sentiment also ran through the discussion of the Hon. Member for Mississauga South. Somehow there are candidates who have bona fides and candidates who do not have bona fides, or there are candidates who are serious and others who are not serious. I do not know how you distinguish that. One of my colleagues suggests that citizenship should be the standard. I agree with him. That is the only standard applied in the Charter of Rights and that should be the only standard that we apply. We should not be putting up a barrier in the form of extra deposits or longer lists of nominators or any other administrative device.

We should see that anybody who is serious is taken seriously by the voters. Anybody who is not serious will not be taken seriously by the voters. But let the voters decide. Do not put up a barrier that prevents a candidate's name from going on to the ballot, itself. When the candidate's name is on the ballot, then the true test comes of proving to your fellow citizens that you are serious. Who is going to decide that somebody is a nuisance or is serious? That is where we get into difficulties. We should be looking at the relative advantages and disadvantages that already exist in our system.

• (1630)

The big three Parties begin election campaigns with enormous advantages. They get all the media attention, nationally, locally and regionally. A local candidate can be confident in the knowledge that he has scores and perhaps hundreds of volunteers helping to distribute pamphlets, erect signs, make phone calls and write letters and engage in all those traditional electioneering tactics. Candidates for the big three Parties have all those advantages for making their views known. The small independent candidate who decides to run on his own because he is concerned about something, cannot call upon the national press or hundreds of local volunteers.

There is one exception that I think is a constant reminder to all of us. That exception involves the independent candidate who recently ran in Broadview-Greenwood. I believe he originally ran for the Tory nomination but was then walloped by the Tory establishment and kicked out of the Tory Party. He decided not to stand for that Party and ran as an Independent candidate. He was able to attract national media attention and collect scores of volunteers and approximately twice as many votes as the official Tory candidate in that byelection.

Who would have originally decided whether he was serious or had bona fides? If we had taken the attitude of the Tory Party, that candidate, Mr. Worthington, would have been thrown out and not treated seriously as someone with bona fides.

Mr. Kempling: Tell the truth now.

Mr. Fisher: In fact, their behaviour toward him subsequently has indicated that they see him not as a man who should be taken seriously but as one who should be kept out.

I do not believe that politics like that should decide whether an individual should put his name on a ballot. I do not think that we have any business making that kind of decision. If someone wants to follow the model of Mr. Worthington in Broadview-Greenwood, they should be encouraged.

Mr. Kempling: If you want him, you can have him.

Mr. Fisher: The Hon. Member says if we want him, we can have him. The Liberal Party is a democratic institution and we would be more than happy to listen to more voices than just those officially sanctioned. We would be quite happy to have him. If he wants to join us, he has to pay his membership fees and prove that he is a member in good standing. That is all he has to do, because we are more than happy to open our doors to the world to attract people, rather than shutting them.

We are not afraid of a man who may have a divergent point of view. We welcome that because we find that it refreshes the Government and our Party. Mr. Worthington can come and talk to us. We were impressed by his character and perseverance. I must say that we were impressed by the fact that he is ready to carry his case right to the people and be so persuasive.

I would not want to discourage any such person who might be interested in joining us. I believe Mr. Worthington said the other day that he would consider becoming a Liberal. If John Turner ever came back to the Liberal Party, then Mr. Worthington would become a Liberal. That is fine; we are anxious to broaden our Party.

Mr. Blaikie: I would not be that anxious, if I were you.

Mr. Fisher: I have diverged from my theme which concerns the point raised by both the Hon. Member for Mississauga South (Mr. Blenkarn) and the Hon. Member for Kenora-Rainy River (Mr. Reid). Their point was that a candidate must somehow prove that he or she is serious and has bona fides. I do not believe that that is an appropriate prerequisite. I believe that a candidate must simply put his or her name forward and then let his her fellow citizens decide whether he or she should be a Member of Parliament. That should be the only test. It is not at all appropriate for us to invent new ways to slow those types of candidates down.

In whose view are these people not serious or a nuisance? Who decides this issue? I realize that some can cause problems for those who organize the all-candidate meetings. I know that they can be a nuisance to other local candidates who must wait their turn to answer a question during a meeting since there are so many candidates. I am aware that election organizers find some of these people to be a nuisance. So what?

Mr. Smith: That is democracy.

Mr. Fisher: That is right. That is democracy. The Hon. Member for Don Valley East (Mr. Smith), a democrat of the first order, recognizes that principle. He has just articulated it very well.

I must say that it disturbs me when Members start deciding these questions in the House of Commons. It smacks of a great deal of self interest. We should be careful that we are not perceived to be putting up barriers in order to protect our own positions and privileges. We should ensure that these laws welcome newcomers rather than eliminating opportunities for them. I certainly do not believe that we want to be in a position where Canadians feel that we have either protected ourselves or somehow lined our pockets and added to our privileges. Instead, we should proceed in a way that encourages trust in this institution and in our electoral system. I do not believe a $2,000 nomination barrier will pass the test of trustworthiness.

The Hon. Member for Dauphin (Mr. Lewicky) indicated what the impact of such a barrier would have in lower income areas. Beyond that, even in affluent areas such as the one in which the Hon. Member for Mississauga South lives, it would be seen as an attempt to protect the establishment and keep out newcomers. We cannot afford to give that perception of ourselves. We should be building up confidence that this is a vigorous system that welcomes everyone, including Independent Member like the Hon. Member for Edmonton East (Mr. Yurko) or the candidate who ran in Broadview-Greenwood. We should not put up barriers to their involvement. Nor should we block the public's perception of our openness.

I understand the Hon. Member for Mississauga South. I know why he has raised this question. I was with him in that crowded and excited church gymnasium when Marxist Leninists were saying, "Make the rich pay" and Libertarians were telling everyone to get off the ordinary citizen's back, and when two Independent candidates had ideas that no one could understand. Perhaps they were a nuisance that night. I know that the Member for Mississauga South had a message that he wanted to convey because I did as well. But we had to share our time with these other people. We had to compete for the audience's attention. But we were the better for it. He won his election and I won mine. Obviously, the Independents did not prove their case well enough or we would not be here.

I can understand that he was annoyed by the inconvenience he faced on his path to victory. But those others are entitled to be in his way and propose alternatives in an attempt to trip him up to see if he is good enough to be a Member of Parliament. They have the right to challenge him for that job.

I began by referring to the Charter of Rights. All of us in the House discussed and debated the Charter of Rights. We put into Clause 3 the statement that every citizen of Canada has the right to qualify for membership in the House of Commons. That is in our Charter of Rights, and I do not believe that we want to put forward ideas, seriously or flippantly, that will impede the spirit of that legislation and that great Charter.

Mr. David Smith (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, I had not really anticipated speaking in this debate but the words of the previous speaker so inspired and excited me and raised my interest in this subject that I feel obliged to make a few comments.

On numerous occasions I have been tempted to have a similar opinion as that of the Hon. Member for Mississauga South (Mr. Blenkarn) that it might be advantageous if we did not have a system that lent itself to the existence of frivolous candidates. The first time I ever ran for office during an election was in 1972, and I managed to win that municipal election. However, there were 12 other candidates. I happened

to be running against a fellow who was a Nazi leader, and there were a few other very unusual candidates, to say the least. It was very frustrating to attend an all-candidates meeting, having to share time equally with 12 candidates, three-quarters of whom were not in fact what I would consider to be serious candidates.

• (1640)

The temptation is always there to put in place a system which would discourage people from coming forward and running, taking their chances at being elected. The problem, as has already been pointed out by several Hon. Members here today, is that in the final analysis, a truly democratic system is one which somehow strikes a balance between leaving the door open to frivolity and at the same time not making the requirements so stringent that the average Canadian, the ordinary citizen, is unable to run because he simply does not have the money to do it.

As we know, it costs money to run an election these days. We now have in place a system which provides subsidies to candidates who are able to obtain a certain percentage of the vote. However, many candidates are not in fact able to obtain a certain percentage of the vote, and therefore they do not find themselves receiving any public moneys which would be applied toward their campaign. Because of that, they are hard pressed for funds. If, in addition to the demands of their campaign costs, they must also put up a very expensive deposit along the lines which this Private Members' Bill suggests, and I believe it is $2,000, that would indeed work a hardship upon them. I think we would find that many people who would otherwise run, who might otherwise be prepared to participate in the democratic process and take their chances, would in fact be inhibited from taking their chances and putting their names and ideas before the public so that the public can make its judgment. It is a very basic reason as to why I find the Bill, although it is tempting, would not, in the final analysis, be particularly democratic.

What are some of the other considerations which would discourage non-serious candidates from running? I happen to live in an urban area which one can travel around fairly easily because of the short distances involved. However, some ridings in this country are spread out over a very large geographical territory. There are a couple of ridings in the far North, in particular, and one can travel for about 1,500 milles or 2,000 miles and still be in the same riding. We all know how expensive air travel is these days. If a candidate wants to travel around to various parts of the riding and meet all of his would-be constituents, if he has to cover the sort of expenses which would be forced upon him by virtue of the far-flung geography of such very large ridings, and if he must also come up with $2,000 in addition, this would be a very inhibiting factor. It would simply make it impossible for many average Canadians to participate in the democratic process as candidates.

Many ridings have many different towns, and each one of these towns has a newspaper. A candidate might feel obliged to place an ad in each one of these newspapers. That can be a very expensive endeavour. Just start adding up the costs. I remember that several months after an election in which I ran, I received a bill for $5,000. An enthusiastic supporter of mine had placed many ads in ethnic newspapers on my behalf, but he had not quite bothered to tell me that he had done this, and he had also not paid for them. Suddenly, I received a bill for $5,000 which I was not expecting. My wife was not too happy when I told her about it. We managed to sort it out, but it is the sort of expense which can be a tremendous financial burden to a candidate.

The Acting Speaker (Mr. Corbin): Order.

Mr. Smith: I have many more points to make, Mr. Speaker, but I see that my allotted time has expired.

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings. Shall all orders listed under Private Members' Public Bills preceeding Item No. 271 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

INTEREST ACT

AMENDMENT RESPECTING REDEMPTION OF MORTGAGE

Mr. Hal Herbert (Vaudreuil) moved that Bill C-471, to amend the Interest Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, this Bill was introduced by me for first reading on May 2, 1980, almost three years ago. I want to say right at the outset that I would probably not introduce a Bill in precisely the same wording at the present time. First, let me put on the record what I was attempting to achieve back in May of 1980. If I could simply read from the Bill, which is contained in just one paragraph, it asks that the Interest Act be amended after Section 10 by adding the words, "Notwithstanding anything contained in this Act or any other Act, a mortgagor may, during the term of the mortgage, redeem the mortgage for the amount of principal and interest then due, plus three months further interest".

I will explain the slight difference because of what has happened in the intervening three years, but the objective then, which is similar to my interest today, was to ensure that a person, for reasons not anticipated when the mortgage was signed, would be able, with a suitable penalty, to pay off the mortgage and either refinance the house or move to another house or another type of accommodation. People would have that amount of freedom.

The circumstances today are not essentially changed. Persons sign for five years and sometimes—and my office is concerned with such a case at the present time—there is what is called a three-month cancellation clause in the agreement.

However, in the fine print, in the case in question, it states that the three-month cancellation clause cannot come into effect during the first three years of the life of the mortgage. Thus, for good reasons, the occupant of the house is unable to refinance because, obviously, the penalty is the interest for the remaining period.

At that time it seemed to me to be unfair. Sometimes we are accused of trying to protect the consumer too much, but it must be recognized that when a person signs a legal document, there are often many pages of small print, and we cannot expect all persons to be fully aware of all the implications. I therefore thought it would be worth-while to have it written into law so that it would be possible when the circumstances required it, no matter what was written in the contract document, for a person, with a reasonable penalty, to either pay off the mortgage or refinance in many cases, and perhaps even possibly to increase the mortgage.

At that time I had a few pieces of information at my disposal which I want to place on the record. I noted, for example, in answers which I received to questions placed on the Order Paper, that the percentage of residential mortgage loans approved by our chartered banks had been increasing steadily through the early seventies. I do not know what the current figure is today, but it is certainly in excess of 30 per cent. I also noticed that amongst persons who owned single, detached dwellings, some 45 per cent had mortgages. I will correct that, Mr. Speaker. Some 53 per cent had a mortgage, of which 7.7 per cent had more than one mortgage. In other words, 47 per cent of single detached dwelling home owners had no mortgage.

• (1650)

Another interesting fact comes from Canada Mortgage and Housing Corporation, and I find it rather astonishing. I put the following question:

> What is the average delay period per housing unit between the initial default of the owner and the final acquisition by the Canada Mortgage and Housing Corporation of properties that have insured mortgages financed by the chartered banks?

I find the answer, with respect to the last 12 month period, for which it had information, rather surprising. It was as follows:

> With respect to claims paid to chartered banks . . . the average time lag from the date a borrower defaults on payment until title is conveyed to CMHC under the terms of the mortgage loan insurance policies, is 414 calendar days.

That is approximately 15 months. I find that information rather incredible. Of course, in the meantime the bank is fully protected. It knows that the mortgage is insured and that it is going to be fully paid. In my opinion, the bank, then has no real interest in cleaning up this matter because eventually the amount is going to be paid to it by, of all people, Canada Mortgage and Housing Corporation.

What annoys me about this is that while Canada Mortgage and Housing Corporation may be a Crown corporation, public funds are involved. I feel we should have some means by which these things could be wound up more quickly. Obviously, if a person who wants to walk away from a difficult financial situation is unable, because of an agreement, to either refinance or pay off a mortgage through refinancing, then in the final analysis they have little choice but to walk away. It is the taxpayer, the person who put money in Canada Mortgage and Housing Corporation, who has to pick up the tab.

I feel that every mortgage that is insured by CMHC should have clearly spelled out options in it. I realize—and I know that this is going to be the defence—that only when moneys are lent for a long period at certain fixed interest rates, can the banks also pay high interest rates to those who are willing to lend their money and lock it in for a long period of time.

As a case in point, I happened to note this—quite unconsciously on my part—when I re-arranged my Registered Retirement Savings Plan some five years ago this month. At the time, I thought the best thing to do was to put the money into something at fixed interest rates, and I did so. Of course, within a couple of years the rates started to go up. I inquired then about a penalty in order to put the moneys into some other plan, only to find out, to my chagrin, that the money was locked in. As a matter of fact, those moneys only became free this month, five years after the date I put them into the plan and, of course, the rates have come down again.

The other side of the coin is that last summer when I had some cash available to me I was able to go to the bank when rates were very high and place those moneys at very high interest rates and lock them in for a year. That is a very nice situation and, of course, the banks were only able to give me high interest rates for five years because, in return, they were able to lend the moneys out at a fixed rate over that period of five years to someone else who was perhaps a house owner.

Despite the fact that I have both suffered and benefited from this locked-in feature, in any agreement, whether it be a RRSP or a mortgage, there should be alternatives which allow a person to assess the best way to proceed. Certainly, I feel that it is very unfair in the housing market that any home owner should be locked in for a period of five years with no alternative but to pay the full penalty, in other words, to have to pay the interest for the five year period in order to get out of the mortgage. I feel that is quite unfair. It is something that is often forced upon the poor home owner because he is not able to shop around in the ordinary sense. Very few people go from bank to bank inquiring about rates. They are very much the same no matter which bank you deal with. A lot of this is done on good faith, and when the deal is finally signed with the notary, the people are often not made aware of the full implications.

I have chosen to deal with single, detached dwellings because they serve the argument, and the figures for multi-dwellings and so on are not substantially different and would only complicate the issue. An answer to a question that I put to the Canada Mortgage and Housing Corporation showed that for single detached dwellings, 38 per cent of mortgages are for $10,000 or less; 37 per cent of mortgages are for mortgages

between $10,000 and $20,000; and 17 per cent are for mortgages between $20,000 and $30,000. Those figures are quite interesting, because they indicate that a lot of home owners have mortgages—some 75 per cent—of $20,000 or less. With the present value of housing it is quite apparent that many of those home owners could refinance.

Because of the situation we have found ourselves in within the last year, I would consider it highly desirable, in some circumstances, that the homeowner should be able to refinance without substantial penalty. Take, for example, someone who has become unemployed, and that has happened to too many people in the last short while. If he had, say, a $20,000 mortgage on a house valued between $50,000 and $70,000, and was able to go to the bank and refinance, the extra money might carry him through this difficult period. There are many other reasons why a person might want to refinance a mortgage but if the penalty is the balance of the five years at whatever interest rate he is paying, then obviously he has no choice. Under those circumstances he has to find his moneys from some other source. As everyone is aware, if he goes to a bank he is likely to pay 3 or 4 or 5 points above prime rate, and so will pay a very high interest rate indeed. As well, he has a much shorter repayment term. In other words, in difficult times such as we had last year, I would consider it highly desirable that home owners have easy access to the equity in their homes. If they have built that equity up over the years, they should have access to it through taking out another mortgage. I do not mean a second mortgage because the interest rates on them are too high. I mean access by refinancing.

Earlier I spoke of a case with a three month cancellation clause. I estimated that the penalty would amount to a certain sum and that by adding this penalty to the amount of the principal outstanding and then adding the amount of the moneys necessary for the refinancing of other debts, the total package at current interest rates would result in a monthly payment which was hardly different from the amount presently being paid, but with all the problems of financing for different reasons put into one package. In other words, it would be a lot more convenient.

• (1700)

Because the arrangement to speak on this Bill today was discussed last week, I have not had time to draft the kind of Bill I would like to submit in the new session. It would be worded somewhat differently. I recognize that if interest rates for a period of five years are going to be paid to persons who have cash available, obviously those moneys will have to be lent at secured rates for long periods.

Nevertheless, I do not think that we here should be worried about trying to solve the problems of our chartered banks. Let them adjust to the circumstances and let them not do it at the expense of the home owner. While in detail there may be some omissions in this Bill because it is now some three years since I first submitted it, I submit that the intent is clear. I somehow doubt whether this Bill will go into committee for study, but if it should, any difficulties that one might have because of the changed situation today could be looked after by amendments. The principle remains the same. There should be an option in all mortgages insured by CMHC allowing a home owner to refinance with a reasonable penalty. My suggestion is that that should be three months' interest.

Mr. Gordon Taylor (Bow River): Mr. Speaker, my contribution will not be long. However, there are two or three matters I want to deal with in connection with this Bill. First, all mortgages, certainly those that are insured by Crown corporations, should have an escape clause whereby a person can pay off the mortgage at any time without penalty. I do not understand why a person who has the money should be penalized. If he borrowed $100,000 one or two years earlier and he has paid the interest during that time; if he suddenly has enough money to pay off the mortgage, why should there be a penalty? He is giving back the whole principal plus the interest, which he has already paid. I cannot follow this penalty business. Every mortgage should have an escape clause so that it can be paid off without a penalty.

Second, this Bill may help some people. The Hon. Member mentioned one case. However, it will be used rarely. I have no objection to the Bill, but I wish it had tackled some of the real problems of interest today, those that worry the home owners, farmers and businessmen. There is no end to what could have been put into the Bill.

We recently had a visit from Ontario farmers belonging to the Canadian Farm Survival Group. A farmer and his wife visited my office. They told me the bank had taken over their farm. In fact, the bank was considering whether to allow them to continue living there. Although the bank had sold some of their chattels, it would not give a report on how much it made. It was complete arrogance. When a bank exercises its rights under a chattel mortgage or similar instrument, it should be required by law to show that that money has been applied to the principal and how much.

I was delighted to read of a number of farmers in Ontario who are fed up with the high-handedness of some banks. One man's chattels were being sold. I do not know whether they included cattle, but they did include his machinery, whatever he needed to make a living. The other farmers bid ridiculously low prices, such as $2 or $3 for a tractor, combine or seeder, and then turned it back to the farmer. That is being real neighbourly. I do not see anything wrong with it. They were endeavouring to give that man back the instruments he required.

If the bank takes away the farmer's means of livelihood, how can he possibly pay off his mortgage? The banks are simply confiscating these farms. After a lot of hard work and worry, this man is losing his equity. That is not fair to the farmer.

When I was a teacher in a rural district during the early thirties, I recall an insurance company taking over a farm. One day the youngsters came to school crying because they had been ordered to get out of the house. The insurance company did not care where they went. They simply told them to get out and leave everything the way it was.

I looked into that case. In the latter part of the war, the farmer had borrowed money. His wife had tuberculosis. In those days free treatment was not available. Money was not as important as saving his wife's life. Therefore, he borrowed money to take her to doctors for treatment. She could not be cured; she died.

At the time the farmer borrowed the money he thought he would be able to repay it bushel for bushel. When he was kicked off the farm, he had already repaid the debt three times, but still owed as much as he had originally borrowed. Can anyone tell me that is fair? That is completely unfair.

At that time there was a Social Credit Government—I was not a member—headed by the late Premier Eberhart. He established a moratorium so that people would have time to pay their debts. As well, he established the debt adjustment board. In about 1934, federal legislation was introduced by the Bennett Government whereby an independent referee could review loans and payments. If the referee determined that there was good faith on the part of the farmer, the farm was not to be taken away. In fact, under the Alberta legislation, the Creditors' Arrangements Act, it could reduce the sum. Unfortunately, that was a year or two too late for the farmer I have been talking about. After having repaid the debt two and one-half or three times over he was kicked off the farm.

What did the farmer do? He took a granary on skids and moved it to another farmer's property. He could not take any of his equipment. After a lifetime of work, everything was taken from him. He was ruthlessly kicked off his farm. The insurance company had the gall to threaten him with a lawsuit if he did not take the granary back. They were vicious about it. Thank goodness legislation was introduced after that which saved others from a similar situation. Scores of farmers with viable farm operations in Alberta would have lost their farms had the legislation not been introduced at that time. The Farmers' Creditors' Arrangement Act and the debt adjustment legislation in the Province of Alberta and the moratorium saved their farms and they were able to get a proper settlement. In some cases it was reduced, and there were some cases where the farmer had not played the game, and the Debt Adjustment Board knew what to do with these farmers also. But most of them had played the game in economic conditions over which they had no control. When you have a system which is going to make you pay your debt two and three times over and still owe as much as you borrow, how can any ordinary person overcome that?

• (1710)

I would like to say to the Hon. Member that I wish something like that had been put in the Bankruptcy Act which we have before us. It is useless to anyone who is in difficulty today. We need the Farmers' Creditors' Arrangement Bill, or something to that effect, attached to it so that it would have some teeth in it, some way of settling these matters in a fair and equitable way. These are the things which are worrying me. Farmers are being kicked off their farms and losing their entire equity.

We may think it is a joke and say that the farmers brought it on themselves. Well, the farmers in many, many cases did not bring it on themselves. It was brought about by economic conditions over which they have no control. For instance, the sudden rise of interest rates a short time ago completely changed the picture. People who had bought homes and had to renew the mortgage at a rate which was way beyond their wages, the farmer whose farm cost him far beyond the produce which he could sell, the picture was changed for them. The banks did not play very fair, either. A farmer from Ontario, well educated in agriculture, expanded his operations just before the interest rates started to climb. He wanted to have something for his family, and he bought an old farm. And then the interest rates went up. The banker had said to him when he mortgaged the property. "Don't worry, we'll see you through on this. We'll give you time if there is a rise in interest rates. We'll play fair with you." The bank manager was then moved away and the new bank manager had no heart at all, no interest except in getting that land or getting that money, without any fairness at all attached to it.

I wish, Mr. Speaker, we had some legislation to protect these people. They need protection. That is what we should be doing in this country, protecting our farmers who have equity in the land who are playing the game. We need to have our homes protected so we are not kicked out on the street so that the money lenders can receive their full supply of money. Certainly, we want to be fair to those who are caught in the trap. Let us not give all our sympathies to the people who have all the money and forget about those having tough times because of conditions which they had no part in bringing about.

I wish, Mr. Speaker, we could have some changes like that, then I could get enthusiastic about this Bill. I cannot now get enthusiastic about it. I suppose the Government will talk it out anyway innocuous as it is. However, I am not going to worry about that on this Bill. I will worry about it with some other Bills. But if this Bill had some teeth in it to help those having a tough time meeting their payments, then I would be very, very concerned.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, it is always stimulating to listen to the Hon. Member for Bow River (Mr. Taylor) who, this afternoon, was retreating, and I welcome this retreat, into the views which he must have held in his earlier days as a Social Creditor in Alberta. I am always pleased to listen to the Hon. Member for Bow River go after the banks, because the more he talks, the more he sounds like one of that great socialist horde upon which he heaps so much abuse in so many of his other speeches in the House. Unfortunately, we do not have full opportunity to go into it, but I wonder how the Hon. Member for Bow River fits his view of the banks into his general philosophy of free enterprise and into the general conspiracy theory about world socialism, which so many of his colleagues subscribe to. It would be interesting if at some time the Hon. Member would expand on that for us.

I was certainly moved by the sympathy which the Hon. Member displayed for farmers who are the victims of certain economic circumstances beyond their control. What is unfortunate is that the Hon. Member, and many others of the political tradition which he represents, have not been able to muster the same sympathy for workers who are the victims of economic circumstances which are beyond their control. When seen through the Conservative mind, there is something noble about farmers rebelling against economic circumstances which have been imposed upon them. I agree. I believe it is noble and I believe it is called for, but yet through the minds of the farmers, there seems to be something ignoble about workers rebelling against the economic circumstances which have been imposed upon them from beyond, whether it be from the metropolis to the hinterland, whether it is the banks moving in on them, or whatever the circumstances might be.

I believe this is one of the unfortunate divisions within the country, that so often a distinction has been made between the economic problems of the agricultural community and the economic problems of workers in industry in our cities. This is the gap which the political tradition, out of which I consider myself to come, tried to bridge, and, indeed, did bridge in many respects in 1933 through a coalition of farmers and workers and, of course others, in the formation of the CCF. That Party wanted to overcome the false distinction between the problems which farmers faced as a result of economic decisions made from afar, and the problems that workers faced as a result of economic decisions made from afar. I just wanted to say to the Hon. Member for Bow River.

I, like others, support the principle of the Bill. Certainly, people should have more opportunity to get out of mortgages which they signed at a time of high interest rates, now that interest rates have gone down. It seems to me to be absolutely criminal, Mr. Speaker, that these people are in the position in which they are, that all their disposable income, and indeed in some cases more income than they actually have, has to go toward paying interest, and they end up after the period of time is over having paid only a very minimal sum on the principal. I, myself, had the good fortune in 1978 to sign a five-year mortgage. I am only paying, I believe, 10¼ per cent or 10½ per cent, and am amazed at how little I have paid on the principal in the last four and a half years.

This is something, Mr. Speaker, which I believe is at the root of the problems in our economic system, that people must pay out so much for so little. I believe it is a sign of a complete breakdown of economic morality in this country. And I would like to remind the Hon. Member for Vaudreuil (Mr. Herbert) and the Hon. Member for Bow River that the New Democratic Party moved amendments to the Bank Act in the summer of 1980 which would have had the effect of doing what both these Hon. Members have stood up in this House and said they support. But we did not receive the support of those Hon. Members at that time. Indeed, if you will recall that debate, the Liberal Party and the Conservative Party together voted many, many times against NDP amendments, one of which would have had the effect of outlawing penalties on prepayment of loans and preventing the banks from calculating interest in such a way as to assure them of a windfall in the event of early payment.

• (1720)

These are the kinds of things we tried to bring in at the time we were reconsidering the Bank Act. And that is not something we get to do very often. The Bank Act only comes up for amendment once every ten years if we are lucky, and my Liberal and Conservative colleagues blew it at that time. They co-operated to vote against our amendments, I wanted to bring that to the attention of the House and all those who are interested in this issue. Whether the Hon. Member for Bow River likes it or not, when it comes to the Bank Act and banking in this country, the Liberals and the Conservatives are of one mind. They demonstrated this on some 20 to 30 votes at that time, if my memory serves me correctly. That is something to keep in mind.

While we are talking about high interest rates, another thing to keep in mind is that the Liberals and the Conservatives, if what I am told is correct and I believe it to be correct, again co-operated back in 1966 when we saw the beginning of this problem. The Liberals and Conservatives allowed themselves to be fooled by the argument that if they took off the 6 per cent limit, the competitive market place, which Members to my right are always foaming at the mouth about, would provide lower interest rates. The banks would be competing with each other in the money markets, interest rates would go down, and what a wonderful thing this new deregulation of interest rates would be. What a wonderful economic gift to the Canadian people it would be. Well, we all know what happened, Mr. Speaker. You can hardly say the control which a small number of banks in this country exercise over the economy is a sort of laboratory of free enterprise.

So what happened, Mr. Speaker? Interest rates climbed and climbed and climbed. At that time we opposed the fundamental and far reaching change in credit policy which I am referring to. At the request of the chartered banks which were seeking to break into the mortgage lending, consumer loans and credit card business, usury laws were abolished. I think that was a big mistake, not just economically but also conceptually. I tend to have perhaps an old-fashioned view of this. I take the view that the notion of usury should have been maintained and that we have gone too far down the road toward morally neutralizing various things like interest rates.

Mr. Evans: The Small Loans Act was there until 1980.

Mr. Blaikie: So in 1966, for the first time in Canadian history, there was no statutory limit on the rate of interest which could be charged on bank loans. Now, we said at that time that a more sensitive and socially responsible alternative would have been, if you are going to do that, to impose limits on all lending institutions rather than eliminating them completely. But we were not listened to. There have been many occasions over the years when we have not been listened to in the House, when we predicted something was going to happen

if you did this, and everybody said: You are wrong. But we turned out to be right. This is one of the many cases where we have turned out to be right. No one can get up and deny that since 1966 interest rates have risen dramatically. The cost of money has risen dramatically. The kind of competition envisaged at that time did not materialize and the Canadian people have not benefited from that change.

Mr. Evans: You voted to repeal the Small Loans Act in 1980, which took interest rate ceilings off credit unions.

The Acting Speaker (Mr. Corbin): Order, please. Members should not interrupt the Member who has the floor, and Members should only speak from their seat.

Mr. Blaikie: Mr. Speaker, that is one of the reasons I did not bother to answer the Hon. Member for Ottawa Centre (Mr. Evans), because he was not in his seat. But he does refer to what was done in 1980 with regard to the Small Loans Act, and I know the reason why and he knows the reason why. It is because the credit unions were being hurt by high interest rates. I make no apologies for our support for that change. It does not take away from the substance of my argument in the least.

What we need to do at this time, Mr. Speaker, is to look behind the problem of whether or not people can get out of these mortgages, to the whole financial system in this country and the need for more regulation of the banks in the public interest. That is the kind of direction in which we tried to move this Parliament in the summer of 1980. We believed then that the Act as it was proposed did nothing to protect consumers and small businessmen. It enhanced corporate concentration. It was an Act written to benefit the banks, not the people of Canada. We suggested some amendments, and I would just like to go over them for the record before I sit down so the Government can have the pleasure of talking out this Bill.

We suggested that the Minister of Finance be given the responsibility to monitor the fairness of all interest rates and charges and roll back any unjustifiable increases and charges of any kind by a bank, including credit cards. We opposed the introduction of foreign banks into Canada. We wanted complete information on the cost of loans to consumers and any other bank customers. We wanted to outlaw, as I said before, any penalties on prepayment of loans and prevent the banks from calculating interest in such a way as to ensure them a windfall in the event of an early payment. We wanted to provide for a complete code of financial disclosure and accountability by the banks. We wanted to stop the banks from taking over certain areas of small business such as car leasing and computer data processing. We wanted to give protection to many farmers and cattlemen in the event of a customer being unable to pay for produce. Finally, we said, either we make the banks accountable to the public or we give them a blank cheque to control large sections of the economy. That blank cheque is exactly what Liberal and Conservative Members who spoke today, and their respective caucuses signed in the summer of 1980 when they co-operated against the NDP to pass that Bank Act without the NDP amendments offered at that time.

Mr. Ralph Ferguson (Lambton-Middlesex): Mr. Speaker, I would like to put on the record that those amendments to the Bank Act regarding the protection of produce in transit where the purchaser has been taken over by the bank were proposed and passed by the Government, and it was Government Members, along with other Members of the committee, who turned back the banks from getting involved in consumer leasing. I must say, though, that I am quite disappointed after hearing these remarks from the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) that his Party did not see fit to have someone attend the meetings which are held during the month of September in the Committee on Finance, Trade and Economic Affairs. We heard witnesses from across Canada, and a lot of these ideas were discussed at that time.

However, I want to get back to the Private Members' Bill we are discussing here tonight. I want to commend the Hon. Member for Vaudreuil (Mr. Herbert) on bringing forward his proposal. I do not believe, however, he goes far enough. I fully realize that there are two sides to such an issue and that two parties have to get together to sign an agreement or to sign a mortgage—the borrower and the lender. Just yesterday I received a letter from a businessman in my area who took out a $200,000 mortgage a couple of years ago at 18.25 per cent interest. Now he has found funds at a lower interest rate and the lender wants a $20,000 prepayment penalty to pay off the mortgage. He cannot possibly raise that amount of money at the present time. Therefore, he is faced with either going into receivership or trying to sell off some of his assets to pay the prepayment penalty in order to remortgage at a lower rate.

• (1730)

I can well understand the frustration which faces someone like this, but I believe that there is a responsibility on both sides. Rather than having a maximum three-month penalty on prepayment, perhaps there should be something related to the interest rate on the Small Business Bond. Perhaps the banks could accept a three-month penalty at half the bank prime rate plus 2 per cent, which would cut the penalty being asked of this particular gentleman to about $4,500 instead of $20,000. We must realize that when the particular trust company made the mortgage, it was investing someone's fund. In turn, it was committed to a five-year term certificate or some certificate tied to a fixed interest rate. Consequently, it could not very well get off the hook without some form of compensation. I believe that both sides should contribute and suffer the loss.

I would like to go further than just this particular area. I believe we have to re-examine what is happening in the business sector, particularly in the small business and agricultural sectors about which we have heard so much in the last few days. I should like to refer to the series of meetings which took place in September when the Canadian Chamber of Commerce appeared before the Standing Committee on Finance, Trade and Economic Affairs. It made a proposal that if we were to look at the adjustments to the capital gains tax

structure as such, perhaps we should look at the length of tenure or ownership and relate taxes on that basis. This would catch the windfall speculator and give a break to those people who have invested their lifetime savings back into a particular business or farm. That is one alternative which I believe is very practical and workable.

The other alternative is to apply indexation to capital gains tax. At the present time farm values have decreased between 25 per cent and 30 per cent over the last year or year and a half. Perhaps it is an opportune time to take a look at the possibility of applying indexation to capital gains tax so that we are not taxing away a person's retirement fund but are keeping pace with inflation and protecting the investment for which he worked so hard over the years and which he put back into his operation.

Another area at which we should take a look in these difficult times was mentioned before in the House—the fact that Canadians are regarded as great savers. In 1981 they salted away something like $17 billion worth of personal savings. It is required in today's economy; it is required for small-businessmen and farmers. We should take a look at what could be done with that money if we ensured that it was well secured for the investor. Normally when a businessman or farmer sells, he tries to reinvest the funds in guaranteed term certificates or something that he knows will give him security in his retirement years and allow him the freedom and type of pleasures which perhaps he did not enjoy during his lifetime of labour.

In this particular area we should look at the possibility of investment incentives to private individuals investing in fixed capital assets. There is no reason that a businessman who sells out to his son could not take back a mortgage. I remember that was the way it was when I started farming. A private individual gave me a mortgage, and if I could not make a payment on principal the first year, he was lenient and said, "You will have a better year next year; give me the money when you can". We did this, but in those days we did not have the huge investments of today, although we had tough times.

We should look at the private investor and bear in mind that when a businessman goes to the bank for a small-business loan, or a farmer goes for a farm improvement loan, it is Government guaranteed. We should do the same for private investors on fixed capital assets. For example, if a son wanted to take over a farm from his father, the father could take back a mortgage and know that his investment was secure. I realize that there would have to be some mechanism to protect the public interest and to ensure that the Government was not loaded up with a bunch of bad debts. We have that mechanism in the field at the present time. We have it through the CASE workers in the Federal Business Development Bank. They are experienced businessmen, most of them retired, and they know a good investment when they see it. Also, we have that mechanism through Farm Credit Corporation supervisors. This is a vehicle through which we could enhance the investment climate for the small investor who would like to assist a son, a daughter or another member of the family to become established in business. This is only one additional step at which we could look. We could go even further. For example, if they are willing to take back mortgages at interest rates lower than the prevailing rate, we should also look at the possibility of giving them a break on income tax payable on interest earned.

We should bear in mind that we are doing this for the banks through the Small Business Bond. They are paying half the bank prime rate plus 2 per cent or 3 per cent. Why should it not be available to the private investor, if it would help a young person to get started with his farm or small business? I believe such an opportunity would bring out a lot of that investment capital which we sorely need in today's economy.

These are the areas at which we have to look, in addition to the proposal of the Hon. Member for Vaudreuil. I wish to express my appreciation to the Hon. Member for Bow River (Mr. Taylor) for his comments on the Farmers' Creditors Arrangement Act and the amendments incorporated in Bill C-653. I tried to incorporate a prepayment penalty ceiling which I believed was fair and reasonable to both borrowers and lenders.

Consequently, as we look at these various measures, I think mechanisms can be put in place to help those in need, particularly those in the small-business, farming and fisheries sectors. In way of a brief recap, I am talking about readjusting the prepayment penalties to a more reasonable level; changes in the capital gains tax structure, either those suggested by the Canadian Chamber of Commerce or through indexation; investment incentives to private investors, small businesses and agricultural operations on fixed capital assets; and assisting young people to become established in businesses of their choice.

These measures alone are not sufficient. We have come through a severe period of high interest rates, low commodity prices, and a recession which has gripped most countries of the western world. In view of the fact that commodity prices are very low at the present time, these measures alone, which we have discussed so far, will not solve the problem and give the long-term security required in this sector. Look at the opportunities available to us. Other countries view Canada as a stable nation, a nation to be trusted which is not one of the super powers. There is a feeling in other parts of the world of wanting to deal with Canada. Many nations do not want to become obligated to one of the super powers.

• (1740)

In this context, I want to point to the various farm organizations and the type of security they enjoy when the economy is booming. It reflects back to other sectors of the small business world, to the allied industries that supply their equipment and other needs of the farming sector. If we are going to bring that type of stability into this area, then we need to have other mechanisms in place. I am referring here to a piece of legislation that is before the House at the present time a waiting report stage and third reading. Bill C-85 will provide a mechanism that has been asked for by the farm organizations of

Canada. It will open up new markets for Canada and it will open the way for long-term contractual arrangements with other countries, that will in turn lead to the stability required in the world today. Other countries are looking for long-term security in terms of food supply. We as Canadians, through the farm organizations that we have, can supply it to them and bring about the security and the cash flow required in these operations that are so severely affected today.

I want to commend the Hon. Member for Vaudreuil (Mr. Herbert) on the intentions behind his Bill. I do not think it goes far enough and if we can take it further through some amendments it will be a Bill that will provide us the type of security needed today.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I want to congratulate Hon. Members on this side who have spoken so clearly on issues involving home owners and farmers. These issues bother all of us. We all want to find the answers they have been seeking. However, a great deal of the problem is being solved because we see interest rates dropping so dramatically. Interest rates are dropping to a great extent, in response to the confidence created by the Government's six and five program.

Mr. Nickerson: You have to be joking.

Mr. Fisher: The six and five program is working. That has to be good news for every home owner, every farmer, every senior citizen and every businessman. Everyone has to be happy that interest rates are coming down, that inflation is coming down and that the six and five program is beginning to have a real impact in this country. That is good news for all of us.

Some Hon. Members: Hear, hear!

Mr. Fisher: Let us take a look at some specifics. Mortgage rates are now less than 12 per cent. In fact, they are almost down to 11 per cent. The prime rate today fell to the lowest level it has been since 1978. The prime rate is now 11.5 per cent. Newspaper writers are telling us that that rate will continue to drop, that this is just one sign of more good news.

Mr. Smith: Happy days are here again.

Mr. Kempling: With two million people unemployed you are saying happy days are here again?

Mr. Fisher: We are seeing Canada's trade balance continue on a very strong level. We are seeing our dollar respected and held up at high levels on the international market. We are seeing renewed strength coming back in retail sales, a sign that consumer confidence is being rebuilt. These are all indicators of a coming recovery, a recovery that was first started by the Government's six and five program.

An Hon. Member: How can you believe that?

Mr. Fisher: The key to all of this good news is that inflation is coming down. We have seen inflation drop more than 2 per cent since the Minister of Finance (Mr. Lalonde) gave his economic statement.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order. It is my duty to interrupt the proceedings, pursuant to Standing Order 24(2). Shall all orders listed under Private Members' Public Bills preceding No. 137 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

[*English*]

FEDERAL TRANSPORT COMMISSION OF INQUIRY ACT

MEASURE TO ESTABLISH

Mr. J. M. Forrestall (Dartmouth-Halifax East) moved that Bill C-337, to provide for the constitution of a Federal Transport Commission of Inquiry (impartial investigation of transport accidents), be read the second time and be referred to the Standing Committee on Transport.

He said: Mr. Speaker, what a delight it is to see so many Hon. Members sitting there on the other side.

Some Hon. Members: Hear, hear!

Mr. Forrestall: I am pleased to see you here. What a way to attract an audience.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Forrestall: The matter that I had the privilege to introduce for the tenth time in the House is no small matter.

An Hon. Member: Let's hear it.

Mr. Forrestall: Look at you bumbling idiots. You should be out to dinner.

An Hon. Member: They are out to lunch.

The Acting Speaker (Mr. Corbin): Order, please. The Hon. Member should address his remarks to the Chair.

Some Hon. Members: Oh, oh!

Mr. Forrestall: We know why you are here, Mr. Speaker. I wonder why there are so many of them over there.

This is a very serious matter. This is the tenth time that I have introduced the House a measure that would have the effect of removing every semblance of the appearance of conflict of interest in the broad question of accident investigation in this country. In the western world Canada remains one of the few countries which has not long ago taken the prudent step of separating from those agencies responsible for the

promulgation of regulations the responsibility for investigating accidents that occur within the ambit of these very regulations.

We have seen conflict. We have felt the consequences of that conflict. Yesterday in St. John's, Newfoundland, a memorial service was held for the men who lost their lives on the *Ocean Ranger*. Let me suggest at the outset that had the concept of my Bill, currently Bill C-337, been accepted by Government when it was introduced some ten years ago, the conflict that exists today would never have occurred. There would have been jurisprudence. There would have been a basis from which to proceed with a legally constituted inquiry. We all know what the difficulties are.

Let me review the situation for a moment so that Hon. Members over there will be aware. Going back to the days when the present Speaker of the other place was Minister of Transport, he agreed in principle to the establishment of a multi-model, independent, impartial commission of investigation. In those days we linked it as well to the principles of an impartial safety board. Without going into the events in great detail, I will put this on the record. I suggest Members read the debates surrounding Bill C-66. As well, there were Bills C-85, C-33, C-226, C-109, C-344, C-40, C-473 and presently Bill C-337. We are given to understand that the Minister of Transport (Mr. Pepin) will shortly bring before the House his own version that will apply to aviation accidents. If we are to believe that the Government followed the recommendations of Justice Dubin's Report, the Board to be established will ensure impartiality with respect to safety and particularly with respect to investigation. That Board will report to this Chamber through a Minister other than the Minister of Transport. Therefore, since I have no reason to believe otherwise, I trust that the Minister's piece of legislation will, in fact, be impartial.

• (1750)

If Members read Justice Dubin's first volume, which was written as a result of the findings of the Commission that was established by the Hon. Member for Vegreville (Mr. Mazankowski) when he was Minister of Transport three years ago, and compare it with the subject matter of Bill C-337, they will find them to be essentially identical. In other words, it involves the commonsense principle, which was agreed to by a succession of Ministers of Transport, starting with the Hon. Jean Marchand, now Speaker of the Senate, up to and including the present Minister of Transport, that what is good for air safety is good for the marine mode, the surface mode, pipelines and every form of transportation in this country that falls within the ambit of federal regulations.

It is shortsighted to establish a board that deals with only one mode of transportation. It is a waste of time of the House. Beyond that, it constitutes a further delay in ridding the image of conflict of interest in Canada. When we see the legislation we will know how the Government will pursue evidence from across the border relating to that. We will understand quite clearly what the Government is doing. It began this procedure in 1968. We are now in 1983. Why do we have this delay? Why do we permit ourselves to be viewed with mistrust and suspicion by countries like Britain, United States, Australia, West Germany, Japan, New Zealand and Norway because of the conflict that we continue to permit to surround the investigation of transportaiton accidents in our country?

My Bill is straightforward and seizes itself with the necessity of eliminating that conflict. It comes as a result of an expressed concern throughout the transportation industry in Canada, including aviation, marine, rail, interprovincial pipelines and interprovincial trucking. It flowed from a concern expressed by those interested communities that this Parliament should take some time to review the situation and produce legislation which would eliminate that appearance of conflict of interest.

We have not seen that legislation. As I said, we would not even have had Justice Dubin's recommendations had it not been for the distinguished Member for Vegreville during his tenure as Minister of Transport. When we did get Justice Dubin's Report all that we saw done was the setting up of an ad hoc committee to study it. I would remind Hon. Members that one of the people named to that committee was the then Air Administrator, Mr. Walter McCleish, who in fact was the very subject of an extraordinary amount of criticism by Mr. Justice Dubin in his first and second volumes.

The Acting Speaker (Mr. Corbin): I apologize for interrupting the Hon. Member. The noise level in the House has risen to quite some degree. I wonder if Hon. Members would hold their conversations somewhere else so we can listen to the Hon. Member who has the floor.

Mr. Forrestall: Mr. Speaker, I do not blame them when they are over there wondering what in the name of the Lord they are doing here when they all have other things they would sooner be doing, except that if they are out of here they know what I will do to them in three minutes' time. They will sit there and yack among themselves—

An Hon. Member: What are you going to do?

Mr. Forrestall: —and not listen to one of the most important principles that has been in front of the House for 15 years and concerns the whole field of transportation. Do they want to continue this conflict of interest? Do you think it is right, Mr. Speaker, to remove the appearance of conflict of interest with regard to air transportation and let it remain with marine transportation, surface transportation, rails and pipelines? Is that correct? They very principles that we have from Justice Dubin are applicable to all these other areas. Why are we not doing the same thing for marine transportation?

Mr. Chénier: You are laughing.

Mr. Forrestall: Listen young man, I am not laughing about this. I have spent 12 years of my life being involved in this issue. Why do you not get up and promote something worthwhile for this country?

The Acting Speaker (Mr. Corbin): Order.

Mr. Forrestall: Get your Minister to do something worthwhile in this Chamber. You have neither the intelligence nor the character to do it.

Mr. Chénier: Have some respect for the Chair.

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

Mr. Forrestall: Do not tell me that I am laughing at my own work, young man.

An Hon. Member: Sit down, blabbermouth.

The Acting Speaker (Mr. Corbin): The Hon. Member for Dartmouth-Halifax East (Mr. Forrestall) has the floor. Our standing orders provide that when a Member has been recognized to make a speech, he should not be interrupted. The Hon. Member for Dartmouth-Halifax East.

Some Hon. Members: Hear, hear!

Mr. Forrestall: Mr. Speaker, not one of them over there can stand up in the Chamber and point to one single thing that they have ever done. I have been promoting a good idea for 12 years. Do you want to know why it has been rejected over those years? Do you want to know why it continues to be rejected today? It is because it is a good idea and makes common sense. It will help the transportation industry and help the public image of Canada. It was rejected because it came from the Conservative side of the House. We thought of it first, so they do not want to implement it.

Simply because those Members appear to be interested at last, perhaps I will move a motion. Pursuant to Standing Order 8(4)(a) I move, seconded by the Hon. Member for Halifax West (Mr. Crosby):

That the House continue to sit beyond the ordinary hour of adjournment for the purpose of continuing consideration of Bill C-337, an Act to provide for the constitution of a Federal Transport Commission of Inquiry, on the second reading stage.

I commend that motion to Members of the House. Let us see them put their money where their mouth is.

An Hon. Member: Sit down, blabblermouth.

The Acting Speaker (Mr. Corbin): All those who oppose the motion will please rise.

And more than 25 Members having risen:

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 8(4)(b), the motion is deemed to have been negatived.

Mr. Fisher: Mr. Speaker, perhaps it could be noted that the Hon. Members on the Tory side are ready to stay and fool around tonight, but they were not ready to talk about the Income Tax Act last night.

Some Hon. Members: Oh, oh!

[*Translation*]

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

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

HOUSE OF COMMONS

Thursday, February 17, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

Hon. Marc Lalonde (Minister of Finance) moved that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, upon my appointment as Minister of Finance I said that one of my basic tenets would be fully to inform the Canadian people fully of the economic situation as I saw it. I have done this repeatedly and consistently since my appointment as Minister of Finance, and I will continue to do this today and in the future. Not only is it a right for the Canadian people to know of the economic situation in the country, but I also believe it is essential for the confidence and solidarity that will ensure economic recovery.

I am pleased to open debate on the borrowing authority Bill which is before us today. This Bill is one in a series of necessary steps being taken to deal with the extremely difficult economic situation facing this country. The Bill is a reflection of the massive financial support that the Government of Canada is providing to the economy and particularly to the victims of the recession. It reflects the severity of the recession itself.

The need for a borrowing Bill before the end of this fiscal year on April 1 was spelled out in my economic statement of October 27. At that time, the Government reaffirmed its commitment to help those who need it the most through the Unemployment Insurance Program, the Canada Assistance Plan and a number of other initiatives such as direct job creation.

This help was given at the very time when revenues were falling rapidly because of the recession. The inevitable effect of this humane and vital provision of economic support is an increase in the deficit and in the borrowing requirements of the Government. I laid it all out in October and I appreciated the wide support for this approach from Members of the House and individuals and groups all across Canada.

In fact, the need for this Bill at this time was one of the few sure things on which we could depend in an inherently volatile economic situation. If any Hon. Member is surprised by this Bill, then he or she was not paying attention to the real world outside.

After I assumed the Finance portfolio almost five months ago, I was asked how long I would need to settle into the job. My reply was to the effect that I was not sure how much time I would need, but I already knew how much time was available; that is, virtually none. Looking back, I now realize how fortunate I was not to have had a lot of time to settle in. The economic and financial ground on which we were treading had all the less desirable qualities of quicksand. The last thing any of us would have wanted to do, indeed, would be to settle in.

• (1110)

Clearly, the economic situation is starting to show more positive developments. There are more and more signs of an emerging recovery. However, it would be premature to say today that the economic and financial footing has completely stabilized. The risks remain high, but they will diminish considerably if we all work together in a determined effort to pull this country through. We in this House should be vigorously supporting the emerging new economic momentum, and that means getting on with the business at hand.

The Bill is just one in a series of important steps following the October statement. Another major step was the introduction of the income tax legislation which would provide certainty by clearing up unresolved tax issues dating back to November, 1981, and which includes adjustments announced in my October statement.

Miss MacDonald: And more.

Mr. Lalonde: At the same time, extensive pre-budget consultations have been going forward vigorously, toward the goal of presenting a new budget before the end of this fiscal year, if the parliamentary schedule allows.

Before looking in some detail at the Bill before us, I want to provide a brief update to the economic and fiscal situation. In my October statement to Parliament, I indicated that the real Gross National Product was expected to fall by 4.4 per cent in 1982, and that unemployment was expected to decline very slowly through 1983.

Mr. Epp: And then what happened?

Mr. Lalonde: Indications are that the recovery did not commence in the late months of 1982, as I hoped it would, and

I now estimate that the decline in the real GNP last year was close to 5 per cent.

One of the victims of this recession, among others—

Mr. Epp: Is the Liberal Government.

Mr. Lalonde: —has been the art of economic forecasting. As one forecaster for Chase Econometrics in the United States described it, "the year 1982 will go down as probably the worst year in memory for economic forescasters".

Mr. Epp: And Finance Ministers.

Miss MacDonald: For two million unemployed as well.

Mr. Lalonde: For example, in the summary of forecast prepared by the Conference Board of Canada, the average forecast of some 15 private sector groups last summer was for a decline in real GNP of 0.7 per cent. That is a long way from the likely outcome of minus 5 per cent at the moment.

Of course, there is some good news.

Mr. Blenkarn: Like what? Face an election.

Mr. Lalonde: Sure. The Hon. Member asks like what.

Mr. Epp: You are resigning! Tell us.

Mr. Lalonde: I ask the Hon. Member to listen very patiently, to consider the reality, and he might learn a few things. Inflation has moderated quite rapidly since the six and five program was put in place last June, very rapidly indeed.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Lalonde: The 12-month increase in the Consumer Price Index to December was 9.3 per cent, well down from the 13 per cent peak reached in the summer of 1981.

Miss MacDonald: And unemployment was up.

Mr. Lalonde: There has been a 7.2 per cent average annual increase in the Consumer Price Index since last June. That trend appears to be continuing downward so that we can indeed look forward to reaching a 6 per cent range in the course of 1983. Also, and in parallel, interest rates have fallen very substantially, and it is now possible to obtain a one-year home mortgage for under 12 per cent and a five-year mortgage for 13.5 per cent.

Mr. Lewis: If you have a job.

Mr. Lalonde: These, at least, are encouraging signs. I might once again point out to the Hon. Member opposite that tomorrow, for instance, the largest Canadian bank will lower its prime lending rate to 11.5 per cent. One would have to go back several years to find as low a rate of interest in the Canadian economy.

• (1115)

Mr. Fisher: 1978.

Mr. Lalonde: As my Parliamentary Secretary indicates, the interest rates have not been as low as they will be tomorrow since 1978.

Many forecasters have recently again revised down their expectations for this year. If I may quote Chairman Mao, "Those who forecast should forecast frequently".

Mr. Epp: Look what happened to him!

Mr. Lalonde: Most of the private sector forecasts which I have recently seen have projected real GNP growth for 1983 to be in the 1 per cent to 2 per cent range. I plan to outline the Government's own projections for 1983 and the years beyond in my forthcoming budget speech.

As I have already indicated, the delay in the economic recovery has had the effect of further reducing federal revenues and increasing financial requirements. Under the Financial Administration Act, statutory borrowing authority must be obtained from Parliament in order for the Government to increase its outstanding debt. The Bill currently before the House seeks new borrowing authority of $19 billion. This amount is made up of $5 billion supplementary borrowing authority for 1982-83 and $14 billion interim borrowing authority for 1983-84.

Mr. Epp: Why?

Mr. Lalonde: As Hon. Members will recall, so far this fiscal year the Government has obtained borrowing authority amounting to $21.1 billion. This amount is made up of $3.5 billion of unused borrowing authority carried forward from earlier years; $6.6 billion for 1982-83 provided by Bill C-111; $7 billion provided by Bill C-125 and a further $4 billion provided by Bill C-128.

As a matter of interest to Hon. Members, I would like to set out the Government's debt program so far in the current fiscal year and the amount of borrowing authority that has been used to date. To February 11, 1983, a total of $20.6 billion of borrowing authority had been used of the $21.1 billion authorized. The use of borrowing authority is made up of $0.9 billion as a result of foreign borrowing and about $19.7 billion as a result of the domestic debt program. The main component of the foreign borrowing was the borrowing of $750 million U.S. in the Eurobond market last June. The domestic debt program comprised approximately $7.1 billion raised through the net issue of treasury bills; $4.5 billion through the net issue of marketable bonds; and after taking the net redemptions into account, $8.1 billion through Canada Savings Bonds.

Hon. Members will note that the amount of borrowing power already obtained for 1982-83 is smaller than the $22.2 billion financial requirements forecast last October in my statement in this House. The latest projections now forecast financial requirements at $26.1 billion for 1982-83. The upward revision of $3.9 billion of financial requirements since

October reflects a downward adjustment of $2.5 billion to the revenue forecast, an upward revision of $1.2 billion to projected total outlays and a $0.2 billion change to estimated annual budgetary transactions.

• (1120)

The projected budgetary deficit for the current fiscal year rises to $27.2 billion, up from $23.6 billion since the October statement. The increase in the deficit is slightly less than the increase for financial requirements because of the non-budgetary component of the latter which I have mentioned.

From the press reports of the past two days, it appears that some have been confusing the financial requirements of the Government with the Government's deficit. This is somewhat surprising since over the years the two numbers have not been identical. As I just mentioned, the figures as of October 27 were $22.2 billion for financial requirements and $23.6 billion for the deficit. The deficit, of course, reflects the same economic pressures that have increased our financial requirements since October. It equally reflects the Government's commitment to ease the impact of the recession on individual Canadians and the economy as a whole.

Revenues from the corporate income tax, the personal income tax and the petroleum and gas revenue tax have all been falling short of previously anticipated levels. The increase in total outlays is primarily the result of non-discretionary cost increases for statutory programs, most notably public debt charges, Government contributions to Unemployment Insurance extended benefits, equalization, Established Programs Financing and veterans' pensions.

It also includes a $240 million adjustment to cover anticipated additional requirements under the Canadian Home Ownership Stimulation Program. As of January, 1983 a total of 158,900 grants worth $476 million had been issued under this program, which obviously has been a great success. Finally, non-budgetary transactions are now expected to provide a somewhat smaller net source of funds than forecast earlier because of further widening in the Unemployment Insurance account deficit.

In summary, about 72 per cent of the increase in the estimated financial requirements for 1982-83 since the updated projections in October, 1982 reflects revenue losses and higher than expected debt charges as a result of the delay in the start of the economic recovery. Another 28 per cent consists of a variety of recession-related expenditures such as those required under established income support programs. Increases in Unemployment Insurance payments account for almost one-third of these expenditures.

In light of the estimated financial requirements for 1982-83 which I have just outlined, Part I of this Bill requests additional borrowing authority for this fiscal year of $5 billion. This amount of borrowing authority, in addition to the amounts already available for this fiscal year, will result in total authorized borrowing authority equal to the financial requirements for 1982-83.

Members will note that in Part I of this Bill, as in Bill C-125 and other previous borrowing authority Bills, some portion of the authority is to be non-lapsing. In the case of the present Bill, the non-lapsing amount will be $2 billion. The need for the non-lapsing authority rises from the uncertainty of the date of the passage of this Bill and the desire to tailor the Government's borrowing operations to financial market conditions. Thus, it may be that some of this year's financial requirements will be temporarily met by a rundown in cash balances. Nonetheless, the financial requirements must ultimately be met by borrowing and the non-lapsing amount in the authority provides a basis for such borrowing after March 31 of this year.

• (1125)

Concerning fiscal year 1983-84, it is still too early to forecast what the total financial requirements will be. They will, of course, depend upon the measures to be included in the budget. They will also depend upon the course of economic developments through 1983 and 1984, and my officials and myself are still reviewing the economic outlook. The results of this review will be outlined in the budget which I will present to the House.

However, I would like to announce at this time that the Government has reviewed the expenditure framework for 1983-84, and for planning purposes has agreed on a total outlay target of $88.9 billion for 1983-84. This represents an increase of 9.6 per cent relative to total outlays in the current fiscal year.

The President of the Treasury Board (Mr. Gray) will be providing Parliament with detailed expenditure Estimates for 1983-84 on February 22, when he tables the Main Estimates, and I will be providing Parliament with full information on the Government's expenditure plan, including any changes the Government may make for the current fiscal year, at the time of my budget.

I intend to introduce a Bill covering all of the borrowing authority needed for fiscal year 1983-84 after providing Parliament with the necessary information in my budget. This Bill will also take into account the interim borrowing authority to be granted on the basis of the Bill now before the House.

It is desirable that Parliament have adequate time to study and debate the budget as well as the new borrowing authority. At the same time, it is necessary for the Government to carry out its debt program in an orderly, efficient manner, and this will require borrowing authority. Our request in Part II of the Bill for $14 billion borrowing authority for part of 1983-84 is based on both these considerations I have mentioned.

Financial requirements in 1983-84 will continue to be high. The amount of interim authority requested, however, is sufficient to last into the summer, and this will provide a stable basis for debt operation while Parliament is considering the budget and the related borrowing authority Bill. I might note that the first fiscal quarter is a period of particularly heavy seasonal cash requirements because of tax reforms which amount to roughly $6 billion and other factors. It is, therefore,

of particular importance that borrowing operations not be hindered by borrowing authority constraints.

[*Translation*]

Let me now explain in more detail why passage of this bill and provision of interim borrowing authority for 1983-84 is important.

As members are probably aware, Government of Canada securities currently outstanding amount to more than $113 billion, and financial requirements are such that they will require that the outstanding debt increase by an average of about $2 billion every month. In addition, previously issued debt is coming due and must be re-financed. For example, something in the neighbourhood of $1.25 billion worth of Treasury bills must be re-financed each week and there are significant maturities in the bond market.

• (1130)

Clearly, given the size of the financial operations which I have just described, even a savings of a small fraction of one per cent can imply significant dollar amounts. Since the major objective of debt management is to minimize public debt charges it is important that the borrowing program can be planned and operated in an orderly and efficient manner and that the Government have the flexibility to respond to attractive financing opportunities. Clearly, adequate borrowing authority is necessary for this to be achieved.

Another important objective of debt management is compatibility with the smooth and efficient operation of the financial markets. Besides being cost-effective, this helps to ensure that federal borrowing operations do not interfere with borrowing activities by other levels of government or the private sector. Adequate borrowing authority is essential for the type of planning and flexible response to changing financial market conditions which ensure that the financial markets are not disrupted by government borrowing.

There is an additional need for ensuring adequate borrowing authority which has been mentioned in previous debates—that is the impact of exchange market operations. The estimated financial requirements which I have been discussing do not take into account any possible impact from exchange operations. When the Canadian dollar is firm, as it has been in recent months, exchange reserves will increase. To finance this increase, Canadian dollar must be borrowed and charged against the borrowing authority. On the other hand, in periods when the Canadian dollar is under heavy pressure and our U.S. dollar working balances are low, these U.S. dollar balances are supplemented by drawing on the standby credits which the government has with the Canadian and international banks.

Thus, if the government is to carry out its responsibilities under the Currency and Exchange Act in an efficient and cost-effective manner, borrowing authority must be in place to accommodate exchange market pressures.

To sum up, dealing with this bill in a business-like and responsible manner and providing adequate interim borrowing authority will benefit the taxpayer by helping to minimize public debt charges. It is also in the interest of other public and private sector borrowers who could be affected if government borrowing operations were distorted, and will assist government policies to support the continuing smooth functioning of both the financial and the exchange markets. As some members may know, Section 39 of the Financial Administration Act permits the Government to raise funds with terms to maturity not to exceed six months if, in the opinion of the Governor in Council, there will be insufficient funds to meet disbursements.

In the event that Section 39 is used, I would not wish that its use result in authority to borrow more than I am requesting in the bill currently before this House. Therefore, I would be prepared to amend the bill at committee stage to deduct from the $5 billion sought for this year any amounts borrowed under Section 39. In any case, Section 39 is an emergency-measure and is not designed for long-term use. The Government would be extremely limited in its debt operations since it would be able to raise new funds only through the issue of three- and six-month Treasury bills.

The sale of one-year Treasury bills and bonds has been and will continue to be a major source of funds for the Government. Use of these sources is not possible under Section 39.

While I have put considerable emphasis on the need to carry out the government's borrowing operations in a business-like and cost-effective manner, I would not wish to leave members with the impression that I lack confidence in the strength and flexibility of Canada's financial markets. The people working in the Canadian financial markets are among the most skilled and resourceful in the world. Our financial markets have in the past shown a great ability to adapt to meet changing demands placed upon them. This view of the financial markets has been confirmed in my consultations with business and financial people when I have asked for their advice on the risks of crowding out in the debt markets because of the high government borrowings. Canada continues to have an extremely high savings rate—13 per cent of disposable income—which supports the view that our capital markets are equal to the task. One might add that the best evidence to date for this view is that interest rates have fallen dramatically even during a period of heavy government borrowing. Let me emphasize again, however, that any disruption in the Government's debt program caused by delay in passing this legislation will risk unnecessary public debt charges and inconvenience for other public and private sector borrowers.

As I have made clear, government has a responsibility to provide support to economic activity through the deficit in times such as these. But government has an equal responsibility not to impede the private sector from playing its role as the

main engine of economic growth in the recovery period that lies ahead.

So, while Honourable Members may share my concern about the government's debt program, an even greater concern is the health and vitality of the private sector. It is of course impossible to link the funds borrowed by government to specific expenditures. However, I have already outlined the major causes of the increased financial requirements, and they are part and parcel of the impact of the recession which the deficit has served to cushion. Likewise, in the next few months, the Government faces heavy spending commitments arising out of measures designed to ease that impact. In addition, in the next few months the Government will have to pay out more than $6 billion in tax refunds—a source of considerable immediate stimulus to the economy in its own right. I would remind Honourable Members that timely payment of refunds depends on approval of the income tax legislation which I mentioned earlier as one of the vital steps to economic stability. There is thus added urgency in getting on with the task at hand over and above the need for orderly and efficient management of the debt program.

• (1140)

[*English*]

Before closing, I want to emphasize that financial requirements have risen because of unexpectedly harsh cyclical forces. The Government of Canada remains committed to its longer term goal of systematic restraint of its expenditures as a proportion of the GNP, and to systematic reduction of the deficit as well. It is important to recognize that substantial reductions in the deficit were achieved in fiscal years 1979-80, 1980-81 and 1981-82, as illustrated by the fact that the Government's financial requirements dropped from a level equivalent to 4.8 per cent of GNP in 1978-79 to only 2.5 per cent of GNP in 1981-82. The weak economic situation at the present time has seriously eroded Government revenues and inflated Government expenditures; a strong recovery would obviously have the opposite effect.

Canada has suffered an extremely severe recession. Tax bases have fallen and unemployment has risen. The fiscal position is very sensitive to economic conditions and has been dramatically affected by these developments. We must keep these matters in proper perspective when interpreting the present deficit level.

I might add that in my consultations during recent months, there has been strong support from a wide range of groups for continued restraint by Government, particularly as exemplified by the six and five program. Yet while there has been widely shared concern about the deficit, no one has asked me to cut away the safety nets for those truly in need. Nor was I asked to increase greatly the burden of taxation at this time. There is wide agreement that the best way to reduce the deficit is to support the economy through this difficult period and return as quickly as possible to economic growth.

Our plans have been dealt a severe blow—no question about it. So have those of virtually all Canadians. The temporary increase in the deficit to help those who need help the most is playing a vital role in maintaining the strength needed to provide a base for economic recovery. It is time for all of us to play our part in building up that strength and that recovery in the months and years ahead.

I therefore invite Hon. Members to address this Bill at long last on second reading. We will have an opportunity to debate it in the House and to consider it at committee stage. There will be opportunity for full debate on the Income Tax Act, which has been before the House for some time and has already been the subject not only of extensive consideration by a parliamentary committee for many weeks since last fall but has also been examined by the House for several days, on second reading.

I have indicated the importance of addressing this issue in a responsible and expeditious way in order to ensure that we will have a debt management program that will be efficient, will involve the least possible cost to the taxpayer and cause the least possible disruption of financial markets.

The money required for the rest of this year has been fully explained. I have indicated why the money is required, what the financial situation of the Government is for 1982-83, and that the additional amount of $14 billion for 1983-84 is required as an interim payment. After my budget, I intend to introduce another borrowing authority Bill which will cover the full 1983-84 period. At that time Parliament will have a full opportunity to examine the total requirement of the Government in 1983-84 in light of the budget that I will present and the Estimates that will be presented to the House on February 22. Parliament will, therefore, have before it all the facts that it needs to make a decision in the full knowledge of the implications of the various decisions that are required.

As far as the Bill is concerned, it is quite clear. I do not think I need add much to what I have already said.

[*Translation*]

I therefore invite the House to give serious consideration to and expedite the passage of a Bill that is of vital importance to ensure that our country's economic recovery, which has now started, will continue, to prevent problems on the financial market and to provide for sound and effective management of the public debt. The funds borrowed by the Government will benefit Canadians. As I said before, these funds are mainly borrowed on the domestic market and are used to finance Government programs aimed mainly at easing the impact of the recession on many Canadians, especially on those drawing unemployment insurance benefits, those on welfare and those benefiting from the Government's direct job creation programs. These sums are also necessary because as a result of the recession, both individuals and corporations are paying less in taxes than they were paying when wages and corporate profits were higher.

I hope now that economic recovery has started it will continue throughout 1983. According to our projections, inflation will continue to drop, and economic growth is expected to accelerate in the course of the year as incomes of private citizens and corporations increase. When this happens, government revenues, and the Canadian Government's revenues in particular, will increase as well, making it easier for the Government to reduce the deficit and the substantial financial requirements it cannot avoid at the present time if it is to take at all seriously its responsibility as a Government, during a recession as serious as the one we have experienced.

[*English*]

Mr. Blenkarn: Mr. Speaker, I wonder if the Minister would answer a few questions before I commence my remarks. There are some things about which he has left us in the dark and perhaps he would answer some questions first.

The Acting Speaker (Mr. Blaker): I want to make it clear to the Hon. Member for Mississauga South (Mr. Blenkarn) that the new system of ten minutes for questions, answers and comments referred to in the Permanent and Provisional Standing Orders does not apply to the presentation of a bill.

If there is unanimous consent to an exchange of questions and answers, that automatically implies that the Minister would accept them. The House may wish to proceed in that fashion, but there is nothing in the Provisional Standing Orders that would permit an exchange of questions and answers.

Mr. Lewis: Mr. Speaker, Members of this Party would agree to giving unanimous consent at this time to allow the Minister to answer a few questions.

Mr. Lalonde: Mr. Speaker, the Bill is going to committee and I will appear before the committee, when there will be plenty of opportunity to answer any questions put by Members on this side of the House or on the other side. I do not think we should change the rules of the House at this time. If the Hon. Member has any questions he will have plenty of opportunity to ask them then. As a matter of fact, I am very eager to hear what he has to say—if he has anything to say.

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

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, it is with a great deal of sadness and distress that I address the House today. That sadness and distress is more explicit because the Minister of Finance (Mr. Lalonde) is afraid or unwilling, or both, to give to the House the financial projection that it is entitled to receive. We have received no tables, no statements, no projections with respect to unemployment, with respect to the deficit in the Unemployment Insurance Fund or with respect to what is happening with the Established Programs Financing Act which he says is paying out more money. That Act is somehow tied to a floating GNP rate.

• (1150)

We have no idea why the Minister wants a $2 billion non-lapsing borrowing authority for next year. He pulls out of the air a need for $5 billion, which he says he will have to borrow within six weeks because the year end is March 31. Yet he refuses to explain himself. He refuses to answer questions. But what does he say to this House and to the people of Canada? He says: "Trust us."

Yesterday we found out how we should trust the Liberals, and this Minister who signs agreements that make sure a friend of his gets a fee of $600 a day. The Minister has told us about the people who are unemployed. He has told us about the employment programs of this Government. What about the $800 a day for a former Minister? What about $450 a day for a former candidate? These are the very important employment programs?

The Minister said he did not have time to settle in because of the quicksand, but he has settled this country in quicksand, and he knows it.

Mr. Lambert: Don't forget the National Energy Program.

Mr. Blenkarn: The Minister said Chairman Mao was concerned about forecasting. I thought that remark in his speech, comparing his activities to the activities of Chairman Mao was rather interesting. The forecast cannot be given to us because it is Chairman Mao's operation perhaps that is running this Government.

We do not have any figures, sir. We are asked, because of the condition of the financial markets, to rubberstamp a Bill which, in total, gives the Government of Canada the authority to borrow an amount of $19 billion against the credit of Canada. We have a Minister who refuses to stand up in this House and answer questions. That is unforgivable.

Mr. Cosgrove: That is not what he said.

Mr. Blenkarn: It is totally wrong and it is not the kind of thing that we should expect from any Government.

Let me remind the Minister of what his predecessor said to the Standing Committee of Finance, Trade and Economic Affairs in May, 1982. I shall now read his statement into the record. The then Minister of Finance said this:

> I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation and the implications of that situation on the government's fiscal situation. I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update of both the economic situation and the fiscal situation, and I certainly will be doing that before I would come back to the House for additional borrowing authority.

That has been the pattern of all responsible Governments, all responsible Ministers, until now, until yesterday, until today. We have a Minister who says: "Trust us; we want $19 billion, trust us". But every projection and everything he has said to date leaves us with no ground whatsoever on which to trust him.

Canadians are pretty concerned because the Minister says the only thing that is holding up the country is Bill C-139, and somewhere along the line the passage of that income tax Bill, which significantly increases taxes, will somehow make it possible for this whole problem of borrowing to go away. That does not make sense.

If you have a situation where both the economy and business in the country are turned off, how would you expect to turn them on again by increasing small business taxes by 12.5 per cent, by reducing capital cost allowances in the first year by 50 per cent and by limiting interest deductions for new capital expenditure? Indeed, how would you expect any businessman to want to go ahead and expand when facing him is Bill C-139, a most destructive Bill, a most disincentive-minded Bill, one that is anti-entrepreneurial, anti-growth and anti-business? Yet this Minister talks about the private economy being the engine of growth, and he asks us to trust him.

The Minister has taken us down a garden path which is a garden path over quicksand, Mr. Speaker. He has talked about quicksand. Let us talk about the quicksand in which he has put this country.

First, the amount of this borrowing Bill will destroy confidence in this country. There is no question that this Government is now asking us to approve borrowings, presumably unlimited borrowings, because $19 billion, he says, will only last him until this summer. The Minister is asking us to approve borrowings that amount to nearly $1 billion a week from now until the end of June. He says that will give us confidence to build the country, to make it grow.

He also says he is not going to crowd out the business field. Let us examine that. On a current basis, the personal savings this year are somewhere around $31 billion per annum. That is not $19 billion between now and the end of June; that is $31 billion for the whole year. Between now and the end of June personal savings are nowhere close to the amount required by this Government.

The Government has been helped recently because there have been some corporate savings as a result of a depression in the corporate field. Business has been turned off; inventories have been depressed. Therefore, some savings have been generated from the lessening of business activities in the country. But that is not likely to continue. Indeed, if it does, if the business community continues its net savings, heaven help our opportunities for employment in the country.

This Bill and the Government's borrowing requirements, on top of Government borrowing requirements from all Provinces—and I remind the House that even the Province of Alberta, previously a Province which generated huge surpluses, is now out in the market looking for money—will, in fact, crowd out business and people who want to borrow to expand, to build homes, to build plants and to provide jobs. This Bill is the expropriation of virtually all the savings in the country to finance Government. It would be all right if the Government were using money in a productive fashion, but we all know that this Government is really a great consumer, a great spender for consumption, rather than the spender for the creation of capital, new work, new buildings and new projects. This country's savings are being taken by the Government and spent on consumption. If we allow this to happen, it will prevent any recovery from this depression. I say depression, not recession, because that is our situation today. The Government has failed to devise any program or give any direction to ameliorate the depression in any way or give us any hope or confidence for the future.

• (1200)

Some say that Government spending and borrowing is stimulative. I would remind the House that when the Prime Minister (Mr. Trudeau) was first elected in 1968, the Government deficit was $497 million. There were 358,000 people unemployed. The Minister has told us today that his deficit for this year will be very close to $27.5 billion, or $27,500 million. Unemployment today is at 1.6 million or 1.7 million. How many people are discouraged or really are not working? How many are involved in worksharing or are on training programs? Those people are not working either. Therefore, what is the real unemployment figure? Perhaps it is 2 million or 2.5 million. The Government said unemployment is at 1.6 million, but what is the real figure?

Has the Government's borrowing been in any way stimulative? The answer is no. In fact, it has been one of the main factors that has led to the destruction of employment and the destruction of the hopes and dreams of Canadians.

We must remember that interest must be paid on money that is borrowed. If $5 billion is borrowed at 12 per cent interest, it means that $10 billion is needed to pay back in five years. This borrowing Bill which asks for $19 billion means that $38 billion will be paid in five years, if it is paid back by then. If it is not, it doubles in the next five years and doubles again in the five years after that. That is where the Government is headed when it introduces one borrowing Bill after another.

We now see the introduction of borrowing Bills that do not give us any projections. We do not see any projections because, if the Government projected its future borrowing requirements and the interest it would have to pay on that money without any possibility of paying it back, Canadians would rise up and throw the Government out. I say that Canadians will rise up and throw the Government out. We must throw the Government out because it has destroyed our system. It has destroyed our business sector and has destroyed the hopes and dreams of many Canadians. It is now in the process of destroying our financial system completely. Our financial system cannot realistically support the debt which the Government is asking us to approve.

We are often asked what we would do if we were in Government.

Mr. Cosgrove: We know. That is why you left.

Mr. Malone: Oh shut up, Cosgrove.

Mr. Blenkarn: A year ago we told the Government that it was about time that a committee of the House was formed to seriously set the priorities for Government spending, to eliminate all but the most absolutely essential expenditures. That view was echoed by the Auditor General in his Report to the House last fall. It was further echoed in a proposal made by the Canadian Chamber of Commerce in their pre-budget submissions to the Minister.

The fact of the matter is that the situation has become most serious. The Minister says that his revenues are down and that 72 per cent of his problems are a result of decreasing revenue. The answer to those problems is that we must set our priorities straight and at some point come to grips with whether our priorities are for old age pensions or VIA Rail. We may have to come to grips with whether it is parks or payments made to people under the Canada Assistance Plan. We are getting to the point where we can no longer finance the budget with these kinds of requirements.

There is no question that it is acceptable to borrow money over a short period if one is able to pay it back. However, money cannot be borrowed year after year when there is no possibility of paying it back. There is no hope to pay back the money being asked for in this borrowing Bill.

We are told that the President of the Treasury Board (Mr. Gray) will produce his Estimates on February 22. I suggest it is about time that he did so. I hope those Estimates will effectively reduce some of the Government's costs. I hope those Estimates will eliminate some of those troughs from which money is drawn by program after program to pay for more administrators, more forms and more patronage jobs—the CHIP, the NIP, the DIP and a host of others. There is a volume of programs that requires administrators and people to review those programs that, when analyzed, may be desirable but not totally necessary. The House of Commons must come to grips with our spending to keep it more in line with our ability and the ability of the country to meet those expenditures. Until we accomplish that, people will not be employed again, Canadians will not be able to own their own homes and the confidence in our country will not be restored. Our nation will not be built. We should be talking here about building our nation.

A nation cannot be built by trying to borrow itself rich. No one has ever borrowed themselves rich. You do not print yourself rich either.

Mr. Evans: It depends what you do with it.

Mr. Blenkarn: My friend from Ottawa Centre (Mr. Evans) says that it depends on what you do with the borrowing. Let us examine what is done with the borrowing. It is mostly spent on the interest from previous borrowings. The Government has to borrow more money all the time just to pay the interest. The last projection we saw included $17 billion in interest. We do not know what the current projection is because we do not get one. We do not get a projection because the Minister is afraid to give it to us.

As we proceed with this borrowing Bill, we see a further erosion of the tax base in the country. The Minister said in his press release that his tax receipts are down. He says that he will therefore have to borrow the money to make up for that reduction. In any business, if one's income is down one does not go to the banker and say: "Because my income is down I have to borrow more money". Bankers will throw you out. That is what we have to do with the Government. We have to throw it out. The Government cannot tell us that its revenue is down and therefore, since it cannot possibly cut its spending, it must borrow the money for its expenditures. That is just incredible. There must be some relationship between borrowing and the ability to pay it back. Payback of this borrowing is impossible.

• (1210)

What we really have here is a Government which no longer has the support of the people of Canada. Forty-nine per cent of the people of Canada replying to a Gallup poll indicated that they do not want this Government. They want another Government, a Government composed of people from this side of the House. The Government and the Minister of Finance know that. However, rather than let the people of Canada have their way in a general election, which the people of Canada now want and need because of the Government's profligate waste, it has entered a scorched earth policy. With its tax measures, its bureaucracy, its regulation and its control, it is destroying businesses. With its attitudes—the way in which it looks after its friends and runs a fat trough, the way it operates without giving any projections or basis for sound economic belief, management and leadership, which it should be supplying—it destroys public confidence. Now with this Bill and its management of the economy of the country, it is destroying the very financial system itself. Its attitude seems to be that, if it cannot govern, no one else will govern because there will be no country left to govern. That is the way it goes about it. That attitude is what we must stop, and we must stop it in this House of Commons now.

Mr. Cosgrove: Blenkarn for leader.

Mr. Thacker: Cosgrove for dog catcher.

Mr. Blenkarn: We could go on to discuss some of the things which I think will disturb the financial markets more than anything. The Minister spoke of the fact that his financial requirements will be exceptionally heavy for the first quarter of the next coming year. That is why he said that for the spring quarter he has a borrowing requirement of $14 billion. He may need more than that. He said that he may not spend all of the $5 billion he wants between now and March 31, so he may want to use some of that money in the first quarter as well.

A capital market account written by Hugh Anderson for yesterday's *Financial Times*, of Canada, indicated the following:

> It's one thing to talk glibly about financing $30 billion deficits, but it is another thing to actually see it done. We're looking at a federal issue every three

or four weeks, which means the provinces will have to rush in somewhere between, whenever the market seems firm enough.

What this means is that anybody who wants to buy bonds this year will have plenty to choose from. There will be no need to chase a rising market. As they say about the bus you just missed, there'll be another one along in a minute.

It is a rush-hour all right. It is a rush-hour for the Minister to go out to the markets of this country to borrow the kind of money he is talking about in the Bill. It is that very rush-hour attitude toward borrowing that we on this side cannot tolerate.

Imagine the nerve in saying to the House of Commons, "Here is a Bill for $19 billion. I do not have any projections, fellas. Maybe I will make a budget, maybe I will give you some projections then, but in the meantime, trust me and ram it through in a hurry, because if you do not, you will upset the financial requirements of the country and will make me use Section 39 of the Financial Administration Act, and perhaps somewhere along the line we will have to pay more for our money than we would otherwise."

That is not believable. On the very face of it, it is incredible. The Government, by presenting the Bill in the fashion it has, has lost the moral right to govern.

Some Hon. Members: Hear, hear!

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, it is with very little pleasure that I rise to speak to Bill C-143 today. We have just witnessed a spectacle in the House of Commons today with the Minister of Finance (Mr. Lalonde) standing and asking the people of Canada, through the Members of this House, to approve the borrowing of another $19 billion.

I am afraid that the Government, most recently through the Minister of Finance, has presented us with a horror story and has turned the House of Commons into a house of horrors. He has turned Parliament into a horror house and, quite frankly—

Some Hon. Members: Hear, hear!

Mr. Riis: —the people of Canada will find out from newscasts later today that the Minister of Finance is asking for additional borrowing authority which will push the deficit projection up to $27.2 billion, up 16 per cent from October. That is a 16 per cent error in four months. If there is anything that clearly demonstrates to the people of Canada that the Government is completely out of control when it comes to fiscal management, a 16 per cent error in four months must certainly do so.

To add insult to injury, the Minister tells us in his statement that next year the Government will abandon its six and five program. It has spent hundreds of thousands of dollars in fancy brochures sent to every person who would consider picking one up, and many people who would not even consider it, saying that it wants everyone in the country to follow the six and five restraint program. It has passed Bills in the House providing that Family Allowances will be restricted to 6 per cent this year and 5 per cent next year so that the mothers and children of Canada will have their expected incomes restricted to 6 per cent. Senior citizens receiving Old Age Security will not receive an increase reflecting the rate of inflation, keeping their measly pensions at the existing level. The Government will restrict those increases to 6 per cent and 5 per cent. The same is true concerning retired Armed Forces and RCMP personnel as well as retired civil servants.

The Minister of Finance came into the House of Commons today and said: "Folks, we have great news for Canadians. We will jack the deficit up now by an additional 16 per cent from what we thought back in October, up to $27.2 billion, and next year our expected expenditures will be in excess of 9.6 per cent. Abandon six and five. Our revenues will be up by at least 9.6 per cent." Mark my words, Mr. Speaker. Based on the ability to project which has been demonstrated by Hon. Members opposite with their senior civil servants advising them, if they say that it is expected that expenditures will be up by 9.6 per cent next year, we know that that is an error, virtually by definition.

Yes, the Government has created a horror House of Commons. I have listened to the Minister of Finance representing the Government and saying: "I want Hon. Members opposite to listen carefully to me because they might learn a few things". Can one imagine a more unlikely instructor, teacher, professor or guru than the Minister of Finance, who has been telling Hon. Members opposite to listen carefully, to learn about fiscal management? My goodness! That is like asking Jesse James to advise on banking or Clifford Olson to advise on parenting skills. This man opposite, masquerading as Minister of Finance, has turned this place into a theatre of the absurd.

• (1220)

The people of Canada are going to be out there today listening to what is coming out of this House on the Government side, shaking their heads in disbelief and saying that they cannot believe that this Government is adding $5 billion more without saying a single word about how it is going to spend those funds. Then it says it has another great idea; it is going to ask for an extra $14 billion. $14 billion, $15 billion, $25 billion, who cares?

I remember when not six months ago the then Minister of Finance stood in his place and projected a deficit of up to $23 billion plus. At that time I said I would not be a bit surprised if, when the final results come in on this deficit raise, it will be closer to $30 billion. Members opposite howled and laughed and scoffed and said: "What a dreamer; what an unbelievable projection that is!" Yet we have the Minister of Finance rising today and saying that the best guesstimate of the Government at this time is $27.2 billion. Mr. Speaker, we know that the deficit is going to be higher than that. We know absolutely that it is going to be higher than that.

Let me talk positively for a moment about the Minister's speech. He spoke for 45 minutes and when I listened to those 45 minutes of delivery I identified two statements that I thought were of a positive nature.

Mr. Ogle: He had the day right.

Mr. Riis: He had the day right, my colleague for Saskatoon East Mr. Ogle says. He did not have his figures correct because, as he admitted, he has been so far out in any projections and virtually all of the projection houses have been so far out that we can ignore them, and he said he was going to predict that next year things were going to get better anyway. I think that his credibility and the Government's credibility has gone the way of the dodo bird. It is no longer here.

However, to give credit where credit is due, the Minister of Finance said that the deficit would be used for contributions to Unemployment Insurance extended benefits. We in this Party say that is a positive move. It is a desperate move but it is positive. It is going to ease the pain for literally hundreds of thousands of Canadians—one could almost say millions of Canadians. Almost 2 million Canadians will listen to this news with some glee. Also he said that this deficit that he is asking us to support in principle today includes a $240 million adjustment to cover anticipated additional requirements under the Canadian Home Ownership Stimulation Program. We say that that is positive as well. Apart from those two statements in 45 minutes of delivery, that is it. I cannot think of another positive thing to say about what the Minister of Finance has said in this House this morning.

Not only is this situation in which Canadians find themselves today a fiscal disaster but it is a human disaster, a human calamity. We hear all kinds of things about $14 billion here, $5 billion there, the need to strengthen the dollar and so on. In other words, a total delivery using numbers in terms that 90 per cent of Canadians do not understand. But I notice that he did not once refer to the people of Canada. He did not once refer to the hardships that millions of people in this country are experiencing today. He did not refer to the pain of people sitting at home who have been unemployed for months and months and know that they are about to go on welfare unless something happens, so they listen to the Minister of Finance (Mr. Lalonde) today to see what is going to happen. And what does he tell us? He does not tell us a single thing about what is going to happen. He just says: "Give us more money, that is all that I ask for".

That is like my young son, who is 12 years old, saying to his father: "Dad, I want to borrow $200". I would say: "That is interesting, son, but what are you going to use that $200 for? Are you trying a little business venture? Are you going to do some investing? Do you want to purchase something?" He replies: "Dad, I am not telling; just give me $200. I am not going to tell you what I am going to use it for. Trust me." I trust my son but I would have a little reluctance in falling over myself to give my son $200 to spend as he deems appropriate, without some discussion.

Can you imagine a small businessman, a farmer or fisherman going to his bank or credit union and saying: "I want to borrow $200,000. I need this money. Please, let us sign the papers." Of course, the banker or the financier would ask: "What is this money going to be used for? How are you going to invest it? What is your cash flow? What is your marketing strategy? What is your track record? How many people are employed? How are you going to approach the sales?" If that businessman said: "I am not going to tell you anything. I have no idea how I am going to spend $200,000 but I sure would like it", the banker would say to that small businessman, farmer or fisherman what we are saying to the Minister of Finance—"Forget it, because we are not going to give you authority to spend taxpayers' money"—

Mr. Cosgrove: Yesterday you wanted to double the deficit.

Mr. Riis: —"to go out and borrow $14 billion plus $5 billion without telling us a single thing about how it is going to be spent".

Do Government Members think we are dodos over here, that we are going to stand here and give them authority to do that? I am looking forward to their speeches a little later, to listen to how on earth they are going to explain to the people of Canada why the Government is going to ask for $19 billion without telling us how it is going to spend it.

Perhaps it will say that it will rely on its track record. If a small businessman used that approach when seeking money and said: "Just look at my track record; I have been a dismal failure for the last decade", again we will respond as that banker would respond. We will say that that is not good enough, that we are not prepared to give that kind of support today and we are not prepared to give that kind of support tomorrow.

I said, Mr. Speaker, that this was not only the beginning of a fiscal calamity or disaster, it is a human disaster. There is an old Hindu proverb that says: "Where there is no dream, the people perish". That Canadian dream has now become a Canadian nightmare and the people are perishing. Canadians are despairing from one end of this country to the other. It can be seen in their eyes. When one visits a hard-pressed part of the Third World, as my colleague for Saskatoon East has many times, and walks the streets talking to groups of people, there is a sense often of despair in the people's eyes. They have struggled for 40 years of their lives trying to raise their families, only to find that the corruption in those countries often makes it impossible for them to succeed. They eventually get that hollow look in their eyes, that depressed look, that sad look, that look of "I have given up".

One can look at pictures of people during the 1930s in our country, during the depth of the Depression, and see that same hollow look in their eyes. One sees in pictures of refugee camps today that same hopeless look in their eyes, that emptiness. That is what we are seeing in Canada today.

I think the most disappointing experience I have had in the last few weeks was when I was visiting a number of secondary schools in my constituency to talk to the graduating classes, only to find that those young people are saying: "What is the use? Why should I continue to study hard and go on to a post-secondary education when almost everyone I know is either out of work or will be shortly? Why should I study hard in my schooling? What is the hope of struggling and going on? What is the purpose? My father has worked 20 years in a plant and

is now laid off; he is 54 years of age and likely will not get a job again. My brother who has completed university is driving cabs because he cannot find a job in the computer industry."

That is the kind of weight, Mr. Speaker, that is coming down on the shoulders of Canadians; but, most important, it is coming down on the shoulders of Canada's youth. In Canada's youth is Canada's future, and that depression, that weight and despair are pulling down that group at the age when they should be full of zest, life and vitality. Exactly the opposite is happening. I emphasize that part of the reason is the actions of this Government and the kind of statement it is making to the people of Canada through Bill C-143.

• (1230)

The people of Canada have been losing faith in their elected representatives and in their Governments. I suspect that if the popularity level of many politicians today was to be evaluated, they would be at the bottom of the heap along with child molesters, tax collectors and the like. Why is that? What is happening? When we look at the record of this Government, it becomes very clear.

We have two million people out of work. We have thousands and thousands more going on welfare because their Unemployment Insurance benefits are terminating. Employees are under incredible stress because of cutbacks and the resultant additional workload. People are experiencing burn-out and overwork more than ever before. They are struggling to make ends meet. Single parents are attempting to raise children on an income of $9,000 a year. By and large, the senior citizens of this country live below the poverty level in spite of what the Prime Minister (Mr. Trudeau) says about the floating poverty line.

With this kind of situation, with people tense and concerned about the future for themselves and their children, the Prime Minister says: "Shucks, all Canadians are skiing or down in the Caribbean on beaches". What does that tell us about the Prime Minister? He has not only lost touch with the people of Canada but with reality. If he thinks that Canadians are doing one of two things, either skiing or on beaches in the Caribbean, any psychiatrist will tell you that is a clear indication that this man, who is presumably leading our land, has lost touch with the real world. There are not many people from the constituency of Kamloops-Shuswap who have money to spend on the ski slopes or on holidays on Caribbean beaches. Virtually no one there is in either of those two categories.

This is the same man who thinks it is a good idea to limit the income of pensioners, to limit the income of families through Family Allowance restrictions, and to give the chairman of the task force looking into the state of the economy $800 a day, plus expenses. When travelling across the country, he will get much more than that. The Prime Minister thinks that is appropriate. That is more than senior citizens get to live on for an entire month. The Prime Minister thinks it is appropriate in these times of restraint and difficulty to give that individual $800 a day plus.

It is very clear that our Prime Minister never goes door-knocking in his constituency or those of others. He never sits in coffee shops and talks to normal folk. He does not sit in pubs and talk to those who work in the mines, plants and offices of this country. He does not talk to normal people.

The Prime Minister of Canada does not speak to normal Canadians. He speaks to the high-powered group of advisers around him, the senior lobbyists, senior mandarins, people who are not struggling and are not threatened by job loss, the Ian Sinclairs of the world. That man is quite prepared to take a 6 per cent restriction of his increase, which will be in excess of $50,000 for the next year.

It is a dark day for Canada when we have to look to an individual to provide leadership during these very difficult times who has lost touch with reality. One begins to wonder whether that same loss of touch has not rubbed off on other members of his Cabinet when we find the Minister of Finance standing in his place and asking us to push through post-haste $19 billion so that they can get on with the job. Some job he wants to get on with!

The people of Canada are having a difficult time supporting with enthusiasm this present Government. Government Members have criss-crossed Canada asking people to restrain, introducing monetary policies that force people to restrain. Now they have changed their minds and are criss-crossing the country asking people to spend, invest and expand. You cannot go out one day and ask people to cut back and restrain, and then get on the next plane and ask them to spend, borrow and expand.

In his darkest moments before going to sleep at night, I am sure the Minister of Finance wonders why the people of Canada are not expanding their plants, factories and firms. The reason is that they have lost faith in the political leadership of this country. There is only one way to change that. In order to bolster and build confidence in the future of this country, we have a big task at hand, namely to change the leadership of this country. I want to say that it is time for a new vision.

Mr. Whelan: Diefenbaker said that years ago.

Mr. Riis: Yes, Mr. Diefenbaker said that years ago. J. S. Woodsworth said it years ago as well. They said we need a vision for the people of Canada, we need a dream, we need to give some hope. In order to accomplish that, we have to give some direction. We have to send a clear message to Canadians in every part of this land that this is the economic plan that we wish to see for this country. This should be done after a great deal of consultation with all levels of Government—federal, provincial, regional, local—and proper consultations between management and labour. That would provide the people of this country with a vision of what Canada should and could be.

Canadians know in their hearts that they live in the richest country on earth, a country with more natural resources per capita than any country on the face of this globe. Here we are struggling and stumbling over ourselves as the Government lurches from crisis to crisis. The Official Opposition are

running at each other with swords trying to impale and disembowel each other. We wonder why people have lost confidence. I suggest that we consider an alternative. I wonder if it would be proper for me to move a motion at this point regarding the Bill before us. I would move, seconded by the Hon. Member for Kootenay East-Revelstoke (Mr. Parker):

That this Bill be not read the second time until after February 22, when we have had time to examine the tabling of the Main Estimates for the fiscal year 1983-84.

• (1240)

I have indicated very clearly that it is time in this country for a new vision. Canadians in their hearts and souls know what this country can be. It is time to put fear and uncertainty behind us and take steps to see what Canada can be and ought to be. It is time we faced the future head on with a bold innovative and creative program for the future of our country.

One of the guideposts, Mr. Speaker, which we must include in such a vision is a commitment in this country to full employment. With the small population which Canada has and its abundant resources in both natural, human and financial terms, there is no reason why we cannot set as a realistic goal full employment for Canada.

We are at a very critical point in our economic history right now, Mr. Speaker, where we are either going to advance or retreat, and, unfortunately, we have to look to the Members opposite to give us either the direction to advance or to bring in policies which will guarantee a collapse of the economy in this country.

I heard the Minister of Finance earlier talk about the future and I remembered distinctly reading in *Hansard* the comments which the various Ministers were making in 1930. It seemed like *déjà vu,* Mr. Speaker. In 1930 Government Members were standing up and saying: "Things are about to turn around. We are optimistic. Indicators point to an economic upturn. We have confidence in the future. We are not going to do anything, but we have confidence."

Unfortunately, that is exactly the point at which Canadians find themselves today. We must now launch an energetic program of recovery which will have full employment as part of its mandate. It will involve the co-operation of all regions of Canada, as well as the various sectors of the economy, both in economic terms as well as political. We must make a commitment to retain the existing social programs which are in place and to build and improve on them. We must no longer allow ourselves to be an appendage to the economy of some other country.

We realize that to accomplish these goals there will be costs which Canadians are going to be asked to share. There will be some very difficult times in accomplishing these goals. But the sacrifices, Mr. Speaker, must be made on the basis of equality. Fighting a war on inflation or building a recovery program must not be done on the backs of Canada's unemployed. It must not be done on the backs of Canada's women or Canada's minority groups, as the present Government is doing at this time. It must be done on an equal basis, and that means we must continue to oppose Bill C-139, a Bill to amend the Income Tax Act, because it perpetrates an injustice in this country. That Bill is telling Canadians that taxes will be increased for low and middle-income groups but will be decreased for the wealthy, and that is something, Mr. Speaker, that the Hon. Members of this House must oppose until their dying breath. That kind of injustice will make economic recovery impossible in this country.

Another factor which will make economic recovery in this country impossible is that there are two million people out of work. This figure is growing by the week and, by the Minister of Finance's own admission, will continue to grow during 1983. It is impossible to have economic recovery in this country with the albatross of two million unemployed around the neck of our economy, and it will be impossible until the Government addresses that problem head on.

The Government's priorities in the upcoming budget must be three-fold—jobs, jobs and more jobs. It will be a clear signal to Canadians that this Government means business and that it is going to get the economy moving once again when it deals, along with its recovery package, with the serious unemployment situation.

We in the New Democratic Party have a concern about this deficit. We see it as an unproductive deficit because it is unplanned. I remember the previous Leader of the Progressive Conservative Party supporting something he called, I believe, a "stimulative" deficit. We would like to see the Minister of Finance stand up and clearly demonstrate how this increased deficit will eventually result in a reduced deficit. I would like to hear the Minister of Finance say: "If we are going to go into a deficit situation, this is our recovery plan. This is the way we are investing these borrowed funds to result in an eventual return to the people of Canada." But he does not say that, Mr. Speaker, and we know that this money is not being invested in economic recovery infrastructure. This deficit is just continuing more frivolous Government spending, by and large.

If it is not, then I would beg the Hon. Members opposite to stand in their places and explain how this additional $19 billion of borrowing is going to result in eventual economic return to Canadians. A deficit per se is not necessarily a disaster. Every businessman knows it is sound business practice to borrow money and invest it in order to get a return. That is what the New Democratic Party has been saying for some time, that if we are going to borrow money, let us ensure it is wisely invested, at least.

In terms of planning for a deficit, I believe it is critical that we, as Parliamentarians, realize that our economy in this country is at a crucial turning point, that where our economy went down in a recession or depression, most of it is going to be coming back in a different location. The economy of the 1980s and 1990s will be significantly different from the economy of the 1960s and 1970s.

I ask Hon. Members opposite whether they realize the incredible economic transition and revolution which is going on in this country at this point, because I see no evidence that they do. During this excellent opportunity for the Minister of

Finance to give the people of Canada a demonstration that the Government understands the significance of this economic turmoil and is prepared to deal with it, for him not to utter a single phrase, which would indicate the Government understands what is happening to the Canadian economy, I think is tragic. It is unforgivable. If the people of Canada had a thread of hope and the Government had a thread of credibility left, it has been ripped apart today.

It is interesting, Mr. Speaker—now that the Minister of State for Economic Development (Mr. Johnston) has arrived—to find that we have just completed a so-called agreement with the Japanese auto industry. I want to say to the Minister that a small country like Trinidad, which welcomes the import of automobiles because it does not make any of its own, said to the Japanese companies: "You can sell all the Japanese vehicles, including trucks, in our country that you like, but you have to assemble not 20 per cent, not 50 per cent but 100 per cent of those vehicles in our country. We want to create employment for our people in Trinidad."

• (1250)

The Japanese companies went along with this, Mr. Speaker. That is a country with a population of 1.2 million people. Here in Canada we have 24 million people, the seventh major trading country of the world for the Japanese auto industry, and we do not have them assemble a single automobile in Canada. What kind of negotiating, what kind of planning, is that?

In summary, let me say that the Minister of Finance missed a golden opportunity today to present the Government's game plan strategy to the people of Canada, to tell the people of Canada how the Government would be using this borrowed money for their benefit. He said nothing. My closing comment, Mr. Speaker, is that we have been asked to buy a pig in a poke and we are not buying it.

The Acting Speaker (Mr. Blaker): Order, please. The Hon. Member for Kamloops-Shuswap (Mr. Riis) has presented a motion, a reasoned amendment, which asks that the Bill not be read a second time now but rather be read only on certain conditions. I am not clear from his motion whether it is two conditions or one, but it seems to imply it ought to be either after February 22 or after the presentation of the Main Estimates, or both. However, both of those are conditions.

It is brought to my attention that the motion as an amendment may suffer from a lack of relevance to the principle of the Bill, and I underline the word "principle". However, I want to rely, in ruling on the admissibility of the motion, on the attaching of conditions. In that regard I refer the Hon. Member to Erskine May, Nineteenth Edition, page 500, subparagraph (2)(k), which reads:

—nor is it permissible to propose merely the addition of words to the question, that the Bill be now read a second time, as such words must, by implication, attach conditions to the second reading.

That is the intent of the motion put forward by the Hon. Member for Kamloops-Shuswap, and with regret I have to find that it is out of order.

Miss Pat Carney (Vancouver Centre): Mr. Speaker, we have before us today a request by the Government to borrow an unprecedented amount of money to pay unspecified bills for programs which are not yet clearly identified. The $19 billion which the Government is seeking to borrow represents a Government which is bankrupt in terms of revenue, bankrupt in terms of ideas and policies, and bankrupt in terms of moral authority to impose this kind of burden on the Canadian taxpayer.

This blank cheque which we have before us, and which we are asked to authorize, represents nothing more than an unwanted legacy for the next Government of Canada, which will be a Conservative Government. It is an attempt by the Government to put off to the future the difficult task of paying for the debts run up by a Government which has proved itself incapable of managing the country's economic affairs.

Taxpayers should clearly understand that borrowings of this size represent a deferred tax increase on them, a tax increase that taxpayers will inevitably have to assume. It represents a constraint on this Government's ability to govern and on future Governments' ability to set national priorities for years to come. It represents the legacy of a Government which has clearly washed its hands of any attempt to manage the economy in a credible manner, and instead is dumping the entire responsibility for the economic problems facing this country on to the backs of the overburdened taxpayer in the future.

Finance Minister Lalonde insists that this huge borrowing authority is required to underwrite the costs borne by the recession. His assumption is clearly that borrowings on such a huge scale, which amount to claims on Canada's economic future, will help resolve the economic problems facing us. If that were in fact the case, we would be much more receptive to his demands. But Mr. Lalonde—

Mr. Fisher: Order.

Miss Carney: —does not make this case based on any evidence. I recently completed a trip through the interior of my home Province, British Columbia. It was a sombre experience in the sombre season of mid-winter. In the towns I visited the lumber mills are silent, the mines are shut down, the motels and restaurants are nearly empty. "For sale" signs and foreclosure notices sprout forlornly along the streets which are subdued and quiet. There is an uneasy absence of activity. Now, we would like to think that these billions sought by the Government will help restore some life to these centres. However, there is little indication they will.

Like other MPs, I continually deal with the problems of the unemployed who stop us in supermarkets, on the streets, in the coffee shops, asking for advice. They want to know what to do when their Unemployment Insurance benefits run out. They want to know how to survive until their welfare cheques are processed. Most of all, they want to know when there will be an end to all this economic stress. But again, there is no indication when faced with this Bill that it contains any answers except to borrow, borrow and borrow again.

All across the country the silent plants, the business failures, the fire sales, equipment auctions and the half-excavated apartment sites are mute testimony to the failure of this Government to address the real problems faced by the economy. These real problems stem from deep structural changes. These changes include the probability that some of the mines of this country will never reopen. Half the labour force in the mining industry is out of work. There is a grim realization in the construction and forest industries that many of the people who are now out of work will never return to their jobs. There is a growing fear that many of our young people may spend the best part of their youth looking for job opportunities which are simply not there. None of these problems is addressed in this Bill seeking the authority to borrow $19 billion.

Any creditor who went to any financial institution in this country seeking this kind of credit or financial borrowing without giving more details on how the money will be spent, and more importantly how the money will be repaid, would be refused by any responsible financial institution. Yet this Government is asking for its second borrowing authority Bill in three and a half months. It is asking for $5 billion in supplementary borrowing authority for the current fiscal year which ends in six weeks' time, and for $14 billion in interim borrowing authority for the next fiscal year, 1983-84, which the Minister suggests might last him until mid-summer. It is asking for this scale of borrowing at a time when many small businessmen in this country have had their lines of credit slashed and which face the mercenary practices of the Department of National Revenue, which is squeezing every dime out of every pocket, out of every bank account, out of every receivable it can lay its hands on.

The irresponsibility shown by this Government and its arrogance in seeking this kind of borrowing authority without specifying a clear and sufficient reason for doing so merely adds to the rage of Canadians who are frustrated, who are seeking a job to support their families, who are trying to keep their own businesses afloat, or who have had to shelve their own plans for developments or planned expansion because they simply do not have the money or the credit facilities to do so.

We would be much more willing to debate and pass this Bill if we knew what the money was needed for, when it is needed, how reliable the Minister's information is, and how much of this borrowing authority is requested because of the Government's mismanagement of public debt. We would also be much more confident if the Government's performance over the last few years had been more credible. But this Government has shown no inclination to reduce its expenditures, nor have we seen much benefit accruing from its high rate of spending for the past few years.

I would like to consider these two points in more detail. First of all, I would like to deal with the issue of credibility and accountability. The Government seeking this incredible borrowing authority has a track record of wildly inaccurate forecasts. In his November, 1981 budget, Mr. MacEachen, then the Finance Minister, said the budget deficit would be $10.5 billion for 1982-83. Seven months later the unfortunate Mr. MacEachen revised that figure upwards to $19.6 billion. By October of the same year the budget deficit had risen still higher, to $23.6 billion and still climbing. Today the Minister indicates that the current forecast of the budget deficit for the current fiscal year will be in the order of $27 billion.

I would remind the House that this is the Government which thought its financial requirements for this year would be $6.6 billion. That figure again was adjusted upwards to $17.1 billion, and then $22.2 billion. Today the Government is asking for another $5 billion on top of these amounts.

Given that track record, how can we believe any figures the Government gives us now? How can we believe these figures when the Finance Minister indicates he will be back before this House, possibly as early as mid-summer, to seek even more borrowing authority?

It is now one o'clock, Mr. Speaker.

The Acting Speaker (Mr. Blaker): Before I leave the chair, I wonder if I might draw to the attention of Hon. Members that the practice is to refer to Members or Ministers by their title or their riding rather than by their names. Personally, I hope Members may some day choose to refer to one another by their surnames rather than by riding title, but in the meantime that is the rule.

It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

AGRICULTURE

NEW GRAIN TRANSPORTATION POLICY—EFFECT ON QUEBEC

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, I am pleased to rise today under the provisions of Standing Order 21 to speak about the new grain transportation policy.

Last week, the Canadian Federation of Agriculture held a meeting in Ottawa and delegates from the Province of Quebec were in attendance. Along with a few ministers, we had the opportunity to meet with the Quebec delegation, particularly the President of the Agricultural Producers' Union of Quebec, permanent APU member Jacques Proulx, Federated Co-Operative President Mario Dumais, Mr. Paul-Emile Saint-Pierre, a Federated Co-operative official, as Mr. Dumais is for

the APU, and Mr. André Bergevin. We had discussions on the impact of the new grain transportation policy.

This policy has been the main topic of conversation, particularly in Quebec. I should like to tell the people of my riding, Quebecers in general, and especially the farmers in Quebec that we reached two agreements at that meeting. First of all, Madam Speaker, APU and Federated Co-operative officials will get together with Agriculture Canada and Transport Canada officials to talk about the various figures which have been mentioned in the Province of Quebec about the cost of transportation and other production costs, and as a result of those talks it has been agreed that we would meet with the people who are responsible for that matter here in Ottawa and with the Quebec caucus Members who are directly concerned with this question, with a view to airing the different opinions we might have and calmly considering all possible solutions, if any.

* * *

[*English*]

SCIENCE AND TECHNOLOGY

SUGGESTED ESTABLISHMENT OF BIOTECHNOLOGY CENTRE AT BROCK UNIVERSITY

Mr. Joe Reid (St. Catharines): Madam Speaker, Canadians are proud of their country. Yet, when they think of their future, and read reports such as that recently released by the Conference Board of Canada predicting that the recession-ravaged Province of Ontario will suffer yet another loss of 25,000 jobs, putting that many more or that same number out or work, they wonder about their future as well as that of their country.

We have a labour pool of skills and a wide range of educational facilities. Yet we as a nation spend comparatively few dollars on research and development, science and technology.

Recently the Minister of State for Science and Technology (Mr. Johnston) announced that Canada would not host the building of the International Centre for Generic Engineering and Biotechnology. At the same time he recognizes the need for such a centre here in Canada. Brock University has ready and available a fully equipped laboratory suitable for that purpose, and in the interest of both present and future Canadians I urge the Minister to plan accordingly.

* * *

FINANCE

SIZE OF GOVERNMENT DEFICIT

Mr. Bill Yurko (Edmonton East): Madam Speaker, the Minister of Finance (Mr. Lalonde) addressed this House earlier today on the borrowing requirements of the Government and briefly on the fiscal state of the nation. It was not a comforting scenario that he presented.

The projected Government deficit for the current year has exceeded $27 billion, an astronomical amount equivalent to $1,125 per person in Canada, or in excess of $3,000 per working Canadian. He announced that the 1983-84 federal Government expenditure framework is targeted at $88.9 billion, up almost 10 per cent over the current fiscal year. He also advised that revenues from corporate income tax, personal income tax, and petroleum and gas revenues have fallen substantially. This suggests a massive deficit for the 1983-84 fiscal year. He concluded that Canada has suffered a severe recession. Tax bases have fallen and unemployment has risen.

An economic crisis exists in the land, Madam Speaker, and a First Ministers' conference should be scheduled immediately to plan the road to recovery co-operatively.

* * *

SPORTS

PHYSICAL DANGERS OF KICK BOXING

Mr. Stanley Hudecki (Hamilton West): Mr. Speaker, kick boxing is a form of martial art that is growing in popularity both in Canada and abroad. In kick boxing, both the hands and feet are used by the opponents to strike blows to the head of each when they meet in a ring to engage in competition.

What is unknown at this time, however, is how dangerous kick boxing can be. According to a spokesman for the Ontario Athletic Commission, there have been reports of severe facial injuries, including facial fractures, especially among youngsters who take up the sport. The impression of one Toronto neurologist, who is considered an expert on boxing injuries, is that kick boxing is a dangerous sport that should be looked at closely by the Ontario Commission.

Reports such as these have led the Ontario Government to ban kick boxing pending a government study into the possibility of serious head injuries to those participating in the sport. The Government of Ontario is to be complimented for taking the initiative in planning the study. I strongly urge the Department of National Health and Welfare and all provincial Ministers of Health to follow the example being set by the Ontario Government and initiate a full scale investigation into the sport of kick boxing, to co-ordinate their investigations and studies to control the serious body damage that this sport can generate, and to implement adequate regulations.

* * *

METRIC CONVERSION

APPLICATION TO DAIRY INDUSTRY

Mr. Gordon Towers (Red Deer): Madam Speaker, I have in my possession an internal memo from the Metric Commission in which a bureaucrat wrote and explained to a leading Canadian company president that metric conversion was a voluntary process. This will come as news to a great many Canadians.

S.O. 21

The latest victim of the forced march toward metric is the dairy industry. The three-quart pouch packs and jugs will go metric next April, and the President of the Ontario Dairy Council estimates the new milk packages will probably cost about 40 cents more. The President of Dominion Dairies is on the record as stating "We're at a time when we should be avoiding increased costs. There is no doubt in my mind that increased costs will be passed on to consumers."

There are no indications that, once packaging new metric containers has been paid for, prices will be reduced. There are no benefits to be derived from the conversion of milk. To the contrary—it is the view of one of Canada's largest milk retailers that the industry and consumers are being "cheated and ripped off" by the unnecessary and expensive conversion costs. It is idiotic and unfair for a Government to put an unnecessary extra burden on the consumer at this time.

* * *

HUMAN RIGHTS

RENEWAL OF CALL FOR ESTABLISHMENT OF STANDING COMMITTEE

Mr. Bob Ogle (Saskatoon East): Madam Speaker, yesterday at a United Nations meeting on human rights in Geneva a report was delivered which indicated that two million people throughout the world have been executed in the last 15 years without trial, without appeal, and without lawyers. I should like to go on record today as indicating that the people who have been executed are human beings like you and me—men, women, people politically involved, people not politically involved, rich, poor—a cross section of humanity. Thirty-seven countries were listed as being involved in the event.

The person who made the statement to the United Nations Commission yesterday is Amos Wako, a Kenyan lawyer. He asked that the world community monitor this taking of human life. I think the House of Commons and the Government of Canada should be aware that this injustice is taking place around the world.

I would ask the Government to think seriously about forming an all-party standing committee on human rights to monitor, to publish, to condemn but, most important, to be a parliamentary group that would advise the Government about this abuse as it relates to the whole section of activity that takes place between countries.

* * *

[*Translation*]

EMPLOYMENT AND IMMIGRATION

COMMUNITY DEVELOPMENT PROGRAMS

Mr. André Maltais (Manicouagan): Madam Speaker, I want to emphasize that the Canada Community Development Programs sponsored by the Department of Manpower and Immigration are very important in my region. Thanks to those programs, we have made significant achievements in cooperation with other Departments.

Last week, I met with some people who are working within those programs, and I would like to ask the Minister of Employment and Immigration (Mr. Axworthy) whether it might not be advisable next year to look into the scale of salaries paid under these programs and to make a distinction between people who have a family to support and others who have fewer responsibilities, because they are all paid the same salary. I wish the Department would examine this matter and review the salary scale since, under this program, there are men and women who have heavier responsibilities and might be paid more.

Therefore, Madam Speaker, I would urge the Minister to take this matter under consideration because, in my opinion, it is essential that we continue to work in cooperation with the Department of Fisheries and Oceans, Transport Canada, and the Department of Indian Affairs and Northern Development to create temporary jobs. Our only difficulty stems from the salary scale, and I think that could be improved very quickly.

* * *

• (1410)

[*English*]

AGRICULTURE

FROST DAMAGE TO APPLE AND CHERRY ORCHARDS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, on Thursday last in answer to a question by my colleague from York-Sunbury (Mr. Howie) regarding severe frost damage to Eastern Canada apple producers, the Minister of Agriculture (Mr. Whelan) indicated that he was aware of requests from both Ontario and Quebec. To use his words, "Quebec's damage is in the order of $62 million." Recently the Ontario Apple Marketing Commission went on record as requesting assistance for the apple growers in Eastern Ontario whose trees had been destroyed. My understanding is that the Eastern Ontario figure is close to the Quebec figure. The interesting part is that the better producing orchards were hardest hit.

In the few minutes I have I would like to add to the mix a problem which I have mentioned to the Minister many times in the past. It has to do with damage to sour cherry trees. One orchard in my riding has lost 8,000 trees as a result of the cumulative effect of frosts in 1980-1981. There is a market for this product, and the initial cost of replacing the trees is perhaps not beyond the reach of the owner. However, to pay the interest rate necessary to support such a loan for the five to seven years before the trees begin to bear fruit is just not possible. I want to use this time to urge the Minister of Agriculture as strongly as possible to take whatever action he can to help in this matter of great importance to area farmers.

UNEMPLOYMENT INSURANCE

CREATION OF ADVOCACY AGENCIES URGED

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, we all know about the situation of Pat Albert of Sudbury who was to have his unemployment insurance benefits cut off for a day because he had attended the funeral of his wife. It is not the first time this kind of injustice under the rule has taken place. Thank goodness the Government is bowing to public pressure and Pat Albert will not have this one day's benefit taken from him, and a 48-hour policy directive for funerals will be issued.

But the problem is bigger than this individual case. What we have here is a situation of David and Goliath. The unemployment insurance system is Goliath. It has the power of information, the knowledge of the Unemployment Insurance Act, the knowledge of the regulations and administrative directives, and the power to change those directives. Poor David is the individual Canadian unemployed for the first time who is faced with this administrative machinery. We have to give David a slingshot.

We have to create advocacy agencies for unemployment insurance claimants, funded by the Department of Justice. This would give professional knowledge to individual citizens when they have to deal with the unemployment insurance bureaucracy and would make it possible that, once in a while, the rules would work for the individual and not just for the bureaucracy. David could then slay Goliath once in a while.

* * *

HARBOURS

SILTING AT RUSTICO, P.E.I.—NEED FOR STUDY

Mr. Mel Gass (Malpeque): Madam Speaker, I would like to address the very serious problem of silting in Rustico harbour, which is presently harming the fishing industry in Prince Edward Island. This problem could eventually affect the existence of the Village of North Rustico which depends heavily on the livelihood of its local fishermen.

The channel in Rustico has been dredged on a regular basis since 1966, and every year since 1976. The cost for dredging in 1981-1982 alone amounted to three-quarters of a million dollars. Little has been done to solve this problem, as dredging is merely a band-aid approach to a more serious problem. The dredge spent the best part of 1981 dredging the harbour channel. In 1982 the channel filled in again and was worse than the fishermen had seen in years.

The people of North Rustico wrote to the former Minister of Fisheries and Oceans, the Hon. Roméo LeBlanc, on the problem, but no action has been taken. I pursued the issue in the House on November 18, 1982, and I have written letters to both the Minister of Fisheries and Oceans (Mr. De Bané) and to the Minister of the Environment (Mr. Roberts) but have not received a reply from either Minister.

This issue has been raised many times and we are expecting that action will be taken, as the Minister of Fisheries and Oceans has indicated the need for improved facilities in small craft harbours, as stated in the Kirby Task Force Report released today. In view of this I urge that a study be conducted of the Rustico harbour situation. Once this information is obtained, measures could be taken to rectify the problem on a permanent basis. This is a very serious problem on which immediate action should be taken.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—ACTION TAKEN BY PRIME MINISTER

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is for the Prime Minister. The Prime Minister by now will have had an opportunity to review all the documents dealing with the Scotia Synfuels Coal Project, particularly the memorandum of understanding of October, 1980, and the agreement of June, 1981. He will have had an opportunity to satisfy himself that, in fact, his current Minister of Finance, then Minister of Energy, Mines and Resources, acted in violation of the guidelines.

Has the Prime Minister obtained on a voluntary basis or has he asked for the resignation of the Minister of Finance? What action has he undertaken with regard to this very important matter?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the action I took was quite simple and direct. I discussed the matter with the Minister of Finance and I obtained from him the information that the first knowledge he had to this arrangement was on September 3, 1981. That seems to confirm the point I was making yesterday that the Minister of Finance, at that time the Minister of Energy, Mines and Resources, was dealing with parties in an open fashion—

Mr. Crosbie: Very open. Certainly open sesame.

Mr. Trudeau: —that the so-called laundering period of the former Minister, Mr. Gillespie, had elapsed.

An Hon. Member: They should all go to the laundry.

Mr. Trudeau: I do not even know whether the Minister ascertained that, but obviously he was dealing in an open way with honourable parties, a former Minister who had respected the guidelines in terms of a two-year period. I saw no indication for me to ask for his resignation. On the contrary, I congratulated him for ensuring that the public interest, particularly that of the people of Nova Scotia and of the workers, was being advanced by this deal which we had

entered into, I think formally, on September 25, 1981. In those circumstances indeed the Minister had acted not only honourably but very directly in the public interest by signing that proposal which was put to him by a consortium.

MINISTERIAL CONDUCT GUIDELINES

Mr. Harvie Andre (Calgary Centre): Madam Speaker, perhaps the Prime Minister might clear up some uncertainties by tabling the documents in question since we have it that the agreement between the Government of Canada and the consortium was signed on June 30, 1981. The Minister of Energy, Mines and Resources was a signatory on behalf of Her Majesty in right of Canada, which is in clear conflict with what the Prime Minister has just told this House. Can the Prime Minister assure this House that none of his Ministers have acted in any way in violation, and I quote from his guidelines, Appendix II; for current Ministers serving:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

Will the Prime Minister assure this House that none of his Ministers, the current Minister of Finance, the Deputy Prime Minister, the Minister who was responsible for regional economic expansion during that period, acted in violation of those guidelines? If he cannot give that assurance, or if subsequent facts show that assurance is not valid, will he insist on the resignations of the Ministers in question?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the first point raised by the Hon. Member concerning the date, after having verified the matter, I see that there was a memorandum to the Treasury Board dated September 3, 1981. I ascertained from the Minister information to the effect that he only saw that memorandum at the beginning of September, 1981. Presumably it may have been on his desk a few weeks prior to that. I would imagine that the month of August was one when he did not see it. He saw it early September and he signed the memorandum to Treasury Board a few days later, and the agreement with the consortium was signed, as I said, on September 25, 1981, retroactive to the end of June, 1981. That is how the date of June 30 appears. The agreement between the consortium and the Government of Canada became effective on June 30, but the agreement was signed on September 25.

• (1420)

ANNOUNCEMENT OF PROJECT AT NOVA SCOTIA PRESS CONFERENCE

Mr. Harvie Andre (Calgary Centre): Madam Speaker, the memorandum of understanding of the consortium was signed in October, 1980. The parties to that agreement were Petro-Canada and Devco, two Crown corporations.

The Prime Minister's guidelines clearly state that Ministers' behaviour extends to Crown corporations. That is violation No. 1. The memorandum of October, 1980, contemplates, and I quote " . . . that the consortium will be able to obtain, directly or indirectly, a contribution or grant of 40 per cent of the Study Project Costs, up to $1 million from the Oil Substitution Fund and/or from other sources of Government funding". Clearly they had discussions with the Government in regard to that. The agreement of June 30, 1981, includes this memorandum of October, 1980, as part of its whole. Therefore, the effective date is October, 1980.

Finally, last night on television we saw the Deputy Prime Minister—the current Secretary of State for External Affairs—with Mr. Gillespie at a press conference in Port Hawkesbury, Nova Scotia, announcing to his constituents the jobs that will come out of this project. Is the Prime Minister trying to tell the House that none of his Ministers knew anything about this until September, 1981, when the Deputy Prime Minister was announcing it to his constituents in April of 1981? How can the Prime Ministrer reconcile what he has just told the House with those facts?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not, to use the words of the Hon. Member, trying to tell the House that none of my Ministers knew. In fact, as the Hon. Member just said, the present Secretary of State for External Affairs announced the project in the spring of 1981, along with Premier Buchanan. Obviously he knew.

What we do know is that there was no agreement signed. There was no formal authority.

Mr. Crosbie: So what?

Mr. Trudeau: Well, I am standing here ready to answer supplementary questions. It is a matter of fact and a matter of law that the agreement was signed on September 25, several months after the announcement had been made.

Mr. Baker (Nepean-Carleton): Play your little games.

Mr. Trudeau: How the announcement was made earlier is, I think, a matter for political conjecture. But knowing how politics are played in the Province of Nova Scotia, I guess it was a matter for both the Government of Nova Scotia and the federal Minister in Nova Scotia wanting to make sure that the other level of Government did not get credit for this project, which everybody was happy to be associated with, before the other got credit for it.

The fact remains that the then Minister of Energy who signed the agreement on behalf of the Government of Canada only knew about it in September of 1981.

Mr. Crosbie: So what?

Miss MacDonald: Oh, oh!

Mr. Trudeau: I hear some groans from the Member for Kingston and the Islands. If she wants to elaborate on that groan and contradict this assertion, and assert that the Minister of Energy knew of it in some way before that date, she is free to make that accusation. She is welcome to make it.

REQUEST FOR RESIGNATION OF FINANCE MINISTER

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the Prime Minister's answer can only be described as incredible. We have the three-monkey proposition in terms of ministerial responsibility: hear no evil, speak no evil, see no evil. The three monkeys are sitting in the front benches of the Liberal Party right now.

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: To suggest that the Minister of Finance, the then Minister of Energy, had no knowledge of anything that went on in his Department with respect to this project when the Deputy Prime Minister was down there announcing it to the whole world on national television, just simply will not be bought by any reasonable Canadian.

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: In view of the fact that this is a question of ministerial responsibility—which has deteriorated while he has been Prime Minister to the point where you almost have to have an Abscam situation, or be seen in full colour pictures with your hand in the till before you are asked to resign in that outfit—when will the Prime Minister ask for the resignation of the Minister of Finance? When will he do it? I suggest that he do it right now.

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, you will have noted that I do not always take advice, particularly that preferred by the Hon. Member. I do not plan to take it in this particular case. He is saying that it was public knowledge. No doubt it was in Nova Scotia. I can assert that—

Some Hon. Members: Oh, oh!

Mr. Trudeau: Well, if the Hon. Members opposite seem to intimate that they knew about it before, why did they wait until yesterday to ask the question? Presumably it took the despatch from the Canadian Press that was alluded to yesterday for them to be aware of it.

Mr. Crosby: This January 25.

Mr. Trudeau: If we were all supposed to be aware, why were they not aware since there was a public announcement? Therefore, I repeat my assertion that there was obviously some political posturing in Nova Scotia in the spring of 1981.

All I say is that the matter was not known by Cabinet. It was not signed by Cabinet. It was not authorized by the Treasury Board until the month of September, 1981.

Mr. Crosbie: The fix is in.

Mr. Trudeau: Once again I ask the Opposition, who will stand up over there to say that they knew all about it, that it was public knowledge? I did not hear that allegation until yesterday, as I say, which presumably means that they did not know about it either.

Mr. Hnatyshyn: Once again the Prime Minister is wrong because the matter was raised by my colleague from Halifax West in January of this year with the Minister of Energy, who boasted about what a wonderful project this was.

REQUEST THAT PRIME MINISTER SEEK MINISTER'S RESIGNATION

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I will ask the Prime Minister one question. The guidelines are clear. They simply prohibit, absolutely and categorically, any lobbying on the part of Ministers within two years from the giving up of the portfolios of their former Departments. They also provide very clearly that any Minister who contravenes the spirit of the other guideline with respect to giving preferential treatment to former colleagues commits a breach of the guidelines. I suggest to the Prime Minister that the only sanction that is appropriate in these circumstances is to ask for and obtain the resignation of that Minister. In any other parliamentary democracy there would not even have been a question on the floor of the House of Commons. I ask the Prime Minister again: will he do the honourable thing in the House and ask for the resignation of the Minister of Finance?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, let me attempt to follow the train of thought of the Hon. Member.

Mr. Crosbie: Do the right thing. Never mind that specious reasoning.

Mr. Trudeau: First he says that this agreement was public knowledge and that everyone knew about it. I indicated that they obviously did not know about it until yesterday.

Some Hon. Members: Oh, oh!

Mr. Trudeau: Madam Speaker, I listened to the questions opposite. I wish they would listen to the answers and be a bit more courteous.

I said that certainly the Cabinet did not know about it as a Cabinet until September, 1981. The Hon. Member says that I am wrong. To prove that I am wrong, he says that it was raised in the House two weeks ago, in January, 1983. I would point out to him that January, 1983, is some considerable time after September, 1981. There is a year and a half lapse between those dates. It seems to me that his assertion about what happened two weeks ago—

Mr. Baker (Nepean-Carleton): You are finished, you know.

Mr. Trudeau: —is, as most of his questions, completely irrelevant.

Mr. Baker (Nepean-Carleton): You are rotten. The whole crowd of you are just rotten.

Mr. Chrétien: Get up and challenge him.

Mr. Baker (Nepean-Carleton): Challenge, my ass. You should be ashamed of yourselves.

An Hon. Member: That's right.

Mr. Trudeau: Madam Speaker, the Hon. Member for Nepean-Carleton asks that we challenge his ass. I do not know what his ass has to do with it, but I know that he is behaving like one.

Some Hon. Members: Hear, hear!

Madam Speaker: Order.

* * *

FINANCE

BORROWING AUTHORITY BILL C-143—ROLE OF PARLIAMENT

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, Canadians are proud that we are governed by a parliamentary form of government. It is a form of government that has been with us for centuries, and a form of government whose first order of business is the raising of taxes and the responsible spending of taxpayers' money.

• (1430)

Today the Minister of Finance introduced a borrowing Bill which asks Parliament to approve the borrowing of $19 billion, with absolutely no explanation of how those funds would be expended.

Does the Minister of Finance not agree that to proceed at this time with this $19 billion borrowing authority would essentially violate the very tradition of parliamentary democracy?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would like to remind the Hon. Member that we began a debate this morning on this very Bill, and that the $19 billion is divided in two pieces, $5 billion to finance the operations of the Government between now and April 1, and $14 billion to meet interim financial requirements for the beginning of 1983-84.

This morning I spoke in the House for 45 minutes, giving the House all the relevant information on why this money was required and what it would be used for. I also indicated that, once the general debate has taken place on second reading, the Bill will go to committee, and that I would be very pleased to appear before the committee with my officials and go into all the details and questions which Hon. Members may want to raise concerning the use of those funds.

So, far from trying to get parliamentary approbation of expenditures without providing any figures or information, on the contrary, as I said, I took three-quarters of an hour this morning to provide that information. Moreover, I will be happy to appear before the committee and go into even more details if my hon. friend wishes to have more information. This is what Parliament is all about, this floor in the House of Commons, and parliamentary committees. Indeed, this is how Parliament works in a democracy.

Mr. Riis: Madam Speaker, I, too, was in the House when the Minister spoke, and I listened to his speech for 45 minutes. If he explained how the Government would expend $19 billion, I must have my hearing checked, because I certainly did not hear those details at all. I also suspect that businessmen in Canada would love to hear what the Minister has had to say. It would be interesting if, in fact, when they went to their bankers, their bankers would say, "Yes, we will loan you the money without your telling us what you will be using it for". It would be rather unique to twentieth century banking practices.

REQUEST THAT CONSIDERATION OF PART II BE POSTPONED

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my supplementary question is also directed to the Minister of Finance. He explained that the Bill before us is in fact a two-part Bill, the first part requiring the expending of $5 billion and the second part concerned with future expenditures of $14 billion. In light of what the Minister has just said, would he be prepared to postpone any further consideration of Part II of the Bill until after next Tuesday, when the Estimates will be tabled in the House of Commons and parliamentarians can have an opportunity to see just what it is the Government is planning to do in the year ahead?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I indicated in my speech this morning that next week, on February 22, the President of the Treasury Board would table the Estimates for 1983-84 in the House and that those Estimates would include expenditures to the sum of $88.9 billion, representing an increase of 9.1 per cent, I believe—

An Hon. Member: Nine point six per cent.

Mr. Lalonde: —9.6 per cent over the expenditures of 1982-83. My friend already has the figure of expenditures forecast for 1983-84. He knows fully well that the Government will need to borrow large additional sums of money to finance the deficit next year. As I have indicated, $14 billion will take us into the summer. I indicated that right after my budget I would table additional borrowing authority legislation.

As far as the specific question raised by the Hon. Member is concerned, I would indicate to him that we are only proceeding with second reading of this particular Bill at the present time. Today is Thursday, I believe.

An Hon. Member: Close.

Mr. Lalonde: The House Leader will take his representation into account, but one thing is certain. The Bill will not go into committee before the Estimates have been tabled. By then, my

friend will have all the information and again more details than he may want to have about the expenditure plans of the Government for 1983-84. I want to assure my friend that the House will have all the information it needs to consider this very important issue, because I feel that Hon. Members of the House are indeed entitled to know what the funds will be used for.

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THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—COLLECTIVE RESPONSIBILITY OF CABINET

Hon. Jake Epp (Provencher): Madam Speaker, I would like to direct my questions to the Prime Minister, and they are questions to follow up those asked by my colleagues, the Hon. Member for Calgary Centre and the Hon. Member for Saskatoon West.

The Prime Minister has established that the Deputy Prime Minister knew about this deal, and the Deputy Prime Minister is nodding his head in assent.

Mr. Nielsen: He announced it.

Mr. Epp: He announced it. Therefore, if the Deputy Prime Minister knew about this deal, the Government knew about this deal. There is a concept of collective Cabinet responsibility, and the Prime Minister cannot say that because he or his Minister of Finance might have a faulty memory, the Government, therefore, did not know. The Deputy Prime Minister knew, and I would therefore like to ask the Prime Minister how he can possibly say, in view of the fact that the person sitting beside him knew, that the Government did not know and therefore has no responsibility.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there are agreements being signed all the time between the Government of Canada and various Provinces and public and private bodies. These agreements are going on all the time. They do not come before Cabinet. What comes before Cabinet is a general policy and, in that sense, the Minister of Energy, Mines and Resources, in the later seventies, had conceived a policy of oil substitution. That was approved at the time and is part of our energy policy, but an agreement made between the Government of Canada and the Government of a Province—of every Province, except for Quebec, I believe—is something which is made under that policy, which does not come back to Cabinet every time there is to be agreement.

This oil substitution policy, as I hear it now, entitled the Government of Nova Scotia to receive some $7 millon from the Government of Canada to invest in projects which it judged to be worthy of oil substitution. It is such a project which this consortium was proposing to the Government of Nova Scotia, essentially, as they are the ones that have the funds in the Consolidated Revenue Fund of Nova Scotia.

An Hon. Member: Not true.

Mr. Trudeau: It is something which was to take place in the Province of Nova Scotia. To my memory, it never came before Cabinet at all. All I know is that it came before a committee of Cabinet in early September, 1981, that committee being the Treasury Board. That is how the matter was authorized in terms of federal participation in this agreement.

However, it is certainly a misunderstanding of the rules of Parliament and the Government to assume that every agreement is known by every Minister. The important thing is that they be authorized by law of this Parliament and that they be authorized by the Minister responsible for signing such agreement under the terms of the law which creates that Ministry. This is presumably what happened in that case. As I say, I have no memory of it having come to Cabinet. There is no reason most of other colleagues would have known of that agreement. Those who knew of it, presumably, were the Minister of Energy, Mines and Resources and the Minister responsible for Nova Scotia, the lead Minister for Nova Scotia.

Mr. McGrath: The Deputy Prime Minister.

Mr. Trudeau: The Deputy Prime Minister. Therefore I fail to see the logic whereby the Hon. Member says that the Deputy Prime Minister knew of it and therefore everyone knew of it. That is not the case.

Mr. Nielsen: The Government knew about it.

Mr. Trudeau: Well, the Hon. Member for Yukon said that the Government knew about it.

Madam Speaker: Order, please. I am afraid, that answer was long enough.

Mr. Trudeau: Yes, I agree.

POSITION OF FINANCE MINISTER

Hon. Jake Epp (Provencher): My supplementary question is also directed to the Prime Minister. The Deputy Prime Minister knew. The Prime Minister likes to give us all kinds of theories and concepts about parliamentary Government but he also knows that the concept of collective responsibility remains. The Government is responsible because one of its members knew. Additionally, the Prime Minister has now just said that the Minister of Energy, Mines and Resources knew.

As I understand the conflict of interest guidelines, there is not to be any inducement. What happened under this agreement about which the Minister of Energy, Mines and Resources knew, and which he signed on behalf of the Government, and therefore the Government is responsible, is that there was an arrangement in the agreement whereby a former Minister could in fact hold the people of Canada responsible for a great deal of money and he could personally profit.

• (1440)

Therefore I ask the Prime Minister, in his logic, as he tries to come to the ethical question, did he ever consider, as he

works this thing through in his own mind, that on the basis of this knowledge and responsibility the Minister of Finance in fact should tender his resignation?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member refers to the concept of Government solidarity and collective responsibility. Yes, Madam Speaker, we are collectively responsible for the policies of this Government, and the policy of oil substitution is one for which we are all collectively responsible and informed about.

But a particular agreement signed maybe by the Minister of Employment and Immigration or by the Minister for Northern Affairs, which he is doing under his authority with funds which are authorized by the estimates passed by this Parliament—they do not all come before Cabinet. The Hon. Member was a Cabinet Minister, and he should know that. It just happens that this one did not come before Cabinet. It was signed in September. I made the point that the Minister of Energy knew, yes, he knew, as I said, at the very beginning of September, 1981. I have not heard arguments from the opposite side yet how that would induce me to ask for his resignation. He knew of an honourable deal, above board—

Some Hon. Members: Oh, oh!

Mr. Trudeau: Groans again from the Opposition, Madam Speaker. Are they now saying that the deal is dishonourable?

Some Hon. Members: Yes.

Mr. Crosbie: Exactly.

Mr. Trudeau: Madam Speaker, I will then make sure that the Government of Nova Scotia is informed about that. I will make sure that they are informed that Premier Buchanan should not have been involved in such a dishonourable deal. All I know is that he was involved a long time before we were, since our Minister was only involved in the month of September, and the Premier of Nova Scotia had been involved presumably for nine months.

Some Hon. Members: Oh, oh!

Mr. Trudeau: I guess I will return to my train of thought, Madam Speaker. The Government as a whole is not collectively responsible for some individual agreement—the Hon. Member shakes his head—

Mr. Baker (Nepean-Carleton): Madam Speaker, why do you not sit him down and get him out of his misery?

Mr. Hnatyshyn: Those are the things you will be remembered by.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF STATE FOR MINERALS AND PETROLEUM, OF YEMEN ARAB REPUBLIC

Madam Speaker: Order. May I draw the attention of the House to the presence in our gallery of Mr. Ali Alberher, Minister of State for Minerals and Petroleum of the Yemen Arab Republic.

Some Hon. Members: Hear, hear!

* * *

EMPLOYMENT

SUMMER PROGRAM FOR STUDENTS

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is directed to the Minister of Employment and Immigration. In light of the seriousness of the unemployment situation amongst the youth and the approaching summer and the need for jobs by students, I wonder if the Minister is aware that there is still vital information missing with regard to the Summer Canada program. For example, with regard to community projects we still do not know what constituency allocations will be available, whether they will be up over last year, in light of the increase in unemployment.

With regard to internship for students, his advertisements in the papers indicate there will be public sector internships but there is no indication of the fact that there will also be private sector internships. Does he not recognize the need of all private businesses to be aware of the fact that there will be private sector internships, so they can have equal access to those funds for students jobs? With the deadline—

Madam Speaker: Order. Would the Hon. Member please ask a question immediately, with no more preamble.

Mr. Keeper: Madam Speaker, my question is this. When will the Minister make available the information for constituency allocations since the application deadline is March 4 and we need that information? It is only a couple of weeks away. Also, will he be advertising the fact that there are private sector internships so that all businesses across the country can have equal access to those funds for student employment?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as the Hon. Member may or may not know, Members of this caucus have been working very actively over the past several weeks to develop a number of initiatives that will be designed to help young people to gain employment and training. Obviously the summer youth employment package is one of those. So what we want to do is to make sure that we have a fully balanced approach, so the funding of that program must be related to the over-all set of priorities we want to establish to help young people in a variety of different circumstances.

As far as information is concerned about the program, I simply draw the Hon. Member's attention to the fact that over the past week a number of specific advertisements have appeared in newspapers putting forward the information which he requires.

* * *

FISHERIES

KIRBY TASK FORCE RECOMMENDATIONS—PRESENTATION OF GOVERNMENT RESPONSE

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. Today the Minister tabled the response to the Kirby Commission as well as the Kirby Commission Report on the Atlantic coast fisheries.

In view of the fact that the most critical situation in the industry, that is the financing and restructuring of it, has been delayed another two months before any comment will be given on that subject, and in view of the fact that quality, marketing and fishermen's incomes have been deferred for more study, how can the Minister justify the length of time since the document was placed before Cabinet in October until now, four months' delay, before the response of the Government, which is inadequate at best, has been placed before Parliament and the Atlantic fisheries?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, the Hon. Member has touched upon several questions and he has failed to report exactly what I have said and what was said in the lock-up this morning.

On the question of restructuring, we are in the final stages of that very important question. On the question of marketing, I have already announced several decisions of Cabinet relating to the dock-side grading; that we want a price differential; that we are going to have a licence for exports for everything, interprovincial or international trade; but as for the particular mechanism, because there are a lot of diversions used, we would like to have more consultation with the different participants.

Regarding the income of fishermen, I have announced several things this morning, and I hope that I will have the support of the Hon. Member as the Government of Canada is asking all the Provinces which do not have collective bargaining legislation to enact that very soon to help our fishermen.

REQUEST THAT GOVERNMENT SECURE EQUITY IN EAST COAST FISH PLANTS

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I would like to suggest to the Minister that maybe one of the problems that he has with the restructuring aspect is that there is a difficulty in the Liberal benches in terms of trying to determine whether this could be a major bail-out, in terms of simply a subsidy or a bail-out to the banks and to the fishing companies, or whether indeed the Minister and the Government will take the initiative and demand some Canadian equity in those processing plants. Will they include within that equity some kind of a marketing strategy so that fishermen can be guaranteed a good income for the fish that they produce and that we can market good quality products around the world?

Will the Minister give us some commitment that we are not simply going to be giving money to companies which have mismanaged their operations and mismanaged their resources, but that Canadians and employers of those companies and people in those communities will have some say in the management of the Atlantic fisheries, finally?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, obviously the Hon. Member is more familiar with the Pacific fisheries than the Atlantic fisheries. I am on record since at least three months ago that the Government is not considering any bail-outs to the present shareholders. What we are interested in is devising a policy which is going to give 25 per cent of all the workers in the Atlantic Provinces, 1,300 communities, a system that will bring stability and decent and reasonable income to those people. For that, every segment, whether the processors, the fishermen, the plant workers, the Governments, all of us will have to work together to implement that new system which expects from each participant his own effort, if we want to make it a profitable and viable sector, as it should be.

Some Hon. Members: Hear, hear!

* * *

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—ORGANIZATION OF NOVA SCOTIA PRESS CONFERENCE

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Prime Minister has a weird concept of parliamentary democracy, and an even weirder—

Mr. Whelan: Ask the question.

Mr. Nielsen: The question will be coming, I assure the Minister of Agriculture—an even weirder idea of the standard of moral conduct expected from his Ministers.

Some Hon. Members: No, no.

Mr. Nielsen: There is no doubt that the Government is fixed by reason of its collective responsibility for the acts of any of its Ministers. The Minister of Communications has proven that. The Minister of Consumer and Corporate Affairs has proven that—

Some Hon. Members: Hear, hear!

• (1450)

Mr. Nielsen: —Bud Drury has proven that, and Walter Gordon, all whom resigned on far less grounds than exist here.

The facts are that the Government knew of an immoral arrangement between the Government of Canada and a former Minister of the Crown. No weaseling around that can get the Minister off the hook, nor the Deputy Prime Minister.

Madam Speaker: Order please. I am sorry to interrupt the Hon. Leader of the Opposition, but he knows that, just as every other Member has to do, he must ask a question and not make a statement of that length. His questions are welcome, but no statements please.

Mr. Nielsen: I was simply following the precedent set by the Prime Minister which was found acceptable to the Chair.

Some Hon. Members: Hear, hear!

Madam Speaker: I do not know what that comment suggests, but when the Hon. Member looks in *Hansard* he will see that the length of the questions and the answers are pretty much the same. I am only urging Members to be shorter in their questions. A question is supposed to be short. It is absolutely normal that some answers have to be longer. That goes without saying. However, questions must be short.

Mr. Nielsen: Madam Speaker, I assure you that the questions will be just as short as the answers.

Some Hon. Members: Oh, oh!

Mr. Nielsen: I will put this question, if the herd behind the Prime Minister will be silent for a while. He says that when his now Minister of Finance was Minister of Energy, he knew nothing about this deal until September, 1981. Can he tell me then why it is that the now Minister of Finance, when he was Minister of Energy, had his own press secretary, that is the press secretary to the now Minister of Finance, organize the trip to Port Hawkesbury in order to enable his Deputy Prime Minister to announce this project?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, having heard the conduct of the Hon. Member for Yukon for some 15 years, I would want to say that I do not mind being judged by a man like that because his standards of morality are so low that a judgment of someone else as to their morality, to me means absolutely nothing. If the Hon. Member had higher standards of morality himself, then maybe he could sit in judgment against other people.

Some Hon. Members: Hear, hear!

Mr. Trudeau: As to the matter of the press secretary, the press conference and the arrangements, I would find it rather preposterous that the Minister from Nova Scotia would only go to a press conference in his own riding under arrangements arrived at by the press secretary of some other Minister. Therefore, I take the suggestion by the Hon. Member for Yukon with a big lump of salt.

PRESS SECRETARY'S ROLE

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I will stack my standards against the Prime Minister's—

Some Hon. Members: Hear, hear!

Mr. Nielsen: And I will do that chronologically going back to 1942.

Some Hon. Members: Hear, hear!

Mr. Nielsen: The conduct of these Ministers is so rotten as to make any decent parliamentarian and any decent Canadian regurgitate.

Let the Prime Minister answer the question I put to him. He tells us that his former Minister of Energy, now Minister of Finance, knew nothing of this arrangement until September, 1981. How can he explain the press secretary to that Minister of Energy organizing the arrangements for the announcement by the Deputy Prime Minister in Port Hawkesbury in April, 1981?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the standing ovation that the Hon. Member for Yukon just got from Members of his own Party indicates that their standards of morality must be equal to his, which is not very high.

Some Hon. Members: Oh, oh!

Mr. Hnatyshyn: You don't see anybody standing over there.

Madam Speaker: Order, please.

Mr. Trudeau: Madam Speaker, I would want the Hon. Members to remind themselves who raised the question of morality in this House. I didn't. It is the Member over there. Why the howls of indignation since I used the same language as their own Leader? As to the press arrangements, I know nothing of them.

Mr. Nielsen: He did.

Mr. Trudeau: That is another thing I do not do—I do not look at each Minister's press secretary to see what arrangements they are making. I am happy to make inquiries. I will answer questions in the House the next time it sits. If the Hon. Member for Yukon wants me to inquire about that, I will be happy to do so.

* * *

ROYAL CANADIAN MOUNTED POLICE

MAINTENANCE OF FILES ON COUNTRY'S PRIME MINISTERS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I am really concerned that late on Friday the Solicitor General released a policy statement that emphasizes the destruction of RCMP files on individuals, because nothing will

defeat the concept of the freedom of information legislation more than if there are no files to produce when one feels wronged or, in later years, no files are available to indicate why public policy evolved as it did. As an example of some of the problems, can the Minister indicate if the files on the activities of Prime Ministers, both past and present, have been or will be destroyed and, if not, under which of the four exceptions that he has made, will they fall?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I do not know if the Security Service has files on former Prime Ministers. As I indicated in the policy statement that I put out, the destruction will be subject to a review by the Dominion Archivist. I would imagine that if there are files that contain material of historic interest, as the mandate of the Dominion Archivist provides, those files would be retained. On the other hand, I am astonished not to have the support of the Hon. Member for a policy which I believe is widely supported by Canadians, of having the Security Service, under the direction of a committee in pursuance of the guidelines which I have established, prepare for the destruction of hundreds of thousands of files on Canadians which were not justified to be opened in the first place and which do not relate to the mandate of the Security Service. I would hope he would support that policy.

CONTENTS OF FILES

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I really would like to get the Solicitor General on record on this. Is he flatly saying that he has no knowledge of the existence or the contents of files relating to the present Prime Minister? Does this mean, and perhaps the Prime Minister could answer this, that the originals of those files may have already been destroyed?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, no files of the Security Service have been destroyed since the time that the McDonald Commission was established. I can give the Hon. Member that assurance. I indicated in my earlier answer the basis on which files would be processed and approved for destruction pursuant to the policy that I laid out. So far as my own interest is concerned, I occasionally review files of the Security Service, but I only do it when I feel it is necessary for me to do so in relation to an operational matter or policy decision or policy review relating to the Security Service. I do not know what policy the Hon. Member opposite followed. My policy is to look into these files which touch the privacy of individuals only when absolutely necessary.

• (1500)

ENERGY

NEWFOUNDLAND COURT DECISION ON OWNERSHIP OF OFFSHORE RESOURCES

Mr. Gilbert Parent (Welland): Madam Speaker, my question is directed to the Minister of Energy. In view of the fact that the Newfoundland Supreme Court today brought down a rather momentous decision with regard to the Government of Canada and the Government of Newfoundland, would the Minister comment specifically on what negotiations, if any, will take place, now that that Supreme Court decision has come forth, with regard to negotiations over offshore oil in Newfoundland?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, there was a decision this morning by the Appeal Court of Newfoundland, which was unanimous, giving jurisdiction over the offshore to the federal Government.

Some Hon. Members: Hear, hear!

Mr. Chrétien: But I would not want to make any further comment because next week the Supreme Court of Canada will take under advisement the reference which we, ourselves, made to the Supreme Court. That case will be heard in front of the Supreme Court next week. Therefore, I do not want to make any commitment at this time. I am quite pleased that the legal advice which I gave to the House as Minister of Justice has been recognized by the Appeal Court of Newfoundland, the same court which Premier Peckford praised so much in the case on the Constitution.

* * *

PETITION

MR. SKELLY—OFFSHORE DRILLING ACTIVITIES

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the three hundred and ninety-fourth report of the Clerk of Petitions stating that he has examined the petition presented by the Hon. Member for Comox-Powell River (Mr. Skelly) on Wednesday, February 16, 1983, and finds that the petition meets the requirements of the Standing Order as to form.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, today being Thursday, I wonder if I might ask the Government House Leader to give the House some indication as to the business of the House for tomorrow and next week.

Mr. Pinard: Madam Speaker, as indicated yesterday, tomorrow is an Opposition day.

[*Translation*]

As far as the business of the House for next week is concerned, Madam Speaker, on Monday we shall resume debate on the second reading stage of Bill C-139, to amend the Income Tax Act, and depending on the progress achieved that day, we could determine the order of business for Tuesday and Thursday. On Tuesday, we could very likely resume debate on Bill C-143, to provide the government with supplementary borrowing authority.

I have made some suggestions to the Progressive Conservative Party, and depending on their response, we might soon manage to complete the third reading stage of three urgently needed bills, first, Bill C-95, concerning events pools, the purpose of which is to provide large sums of money for the Olympic Games in Calgary; second Bill C-130, a very urgent one, to authorize continuing financial assistance to be provided to certain international financial institutions, and finally, Bill C-136, dealing with Small Business Investment Grants.

Should the Progressive Conservative Party's response concerning these three bills be favourable, we could complete on Tuesday the debate on the last stage, and on Thursday, we could consider the legislation on the borrowing authority, namely, Bill C-143.

What is sure, for the time being, is that we will deal on Monday with Bill C-139, and I will decide what will be the business for Tuesday on the basis of the Progressive Party House Leader's response and of course on the progress made with regard to the bill to amend the statute law relating to income tax.

[*English*]

Mr. Lewis: Madam Speaker, I wonder if the Government House Leader would comment on a trend which seems to be taking place. The Government House Leader indicated yesterday, and again today, that he is going to allot tomorrow, which is a Friday, as an Opposition day. Tomorrow will be the fourth allotted day in this period. Of those four days, three of them have been on a Friday. In other words, a short day.

I am sure that the Government House Leader is aware that, by allotting short days, the Government is cutting down on the debating time which is allowed to the Opposition. If in fact all of the allotted days were to be Fridays, a total of 25 hours, or 20 per cent of the debating time, would be taken away by the Government. What we really have, Madam Speaker, is closure by allotment. I ask the Government House Leader to assure us that, in allotting the rest of those days, a fairer treatment will be given to the Opposition in order that we can deal with these matters that way, rather than a long debate on a question of privilege.

[*Translation*]

Mr. Pinard: Madam Speaker, since we started our parliamentary reform experiment, we have had no more short days, because now, there is no private members' hour on Friday, and thus Fridays are much longer now than they used to be. Furthermore, I can assure the Hon. Member that we shall not use the kind of tricks they like to use on days set aside for Government Orders or shorten Opposition days by letting the bells ring indefinitely, nor do we intend to indulge in dilatory tactics to prevent them from considering private member's business.

That being said, I am certainly not going to schedule Opposition days on Friday as a matter of course. The schedule will of course depend on the progress of the business of the House and consideration by the House of certain Bills. I can assure the Hon. Member that I shall seriously consider his suggestion with respect to future Opposition days. However, I would like to point out that if we look at the time spent on the business of Parliament on a given day, on average, the House spends far more time on Opposition days, even on Fridays, compared to the amount of time spent on Government business on other days of the week, and that is due to the dilatory tactics used by the Opposition party in recent weeks.

[*English*]

Mr. Lewis: Just to correct an impression which may have been left with the House, Madam Speaker, on a Friday we cannot have much more than from twelve o'clock to one o'clock and from two o'clock to five o'clock, which is four hours; but on Mondays, Tuesdays and Thursdays, we can have four and three-quarters hours. That is exactly the point which I was making to the House and to the Government House Leader.

Mr. Rose: Madam Speaker, in response to the business of the House for next week, I did not attend the meeting of the House Leaders and our Acting House Leader is not present at the moment, but I received some word from his Executive Assistant that, as far as our Party is concerned—and we are well aware that the Government calls the business of the week—we are not particularly pleased or impressed with the suggested calling of the three Bills mentioned earlier by the Government House Leader, since I do not believe this was discussed at the previous meeting. I would just like to put on the record that reservation about the business for next week.

[*Translation*]

Mr. Pinard: Madam Speaker, I would rather not comment on the topics discussed at the meeting of the House Leaders, but I can assure the Hon. Member that a proposal was made regarding the three Bills I mentioned before, and that I do not intend to call them within the next few days without a favourable reply from his party and from the Progressive Conservative Party.

[*English*]

Mr. Fraser: Madam Speaker, my point of order refers to House business. I would like to ask, first of all, whether the Minister of Fisheries and Oceans will be in the House tomorrow to answer questions on the Kirby report.

My second question stems from the press conference which the Minister of Fisheries and Oceans held today. Is the Minister not going to come before this House and make a statement with respect to the Kirby report and those policy options which the Government is prepared to accept, so that that can be answered by the respective critics in the Opposition and there can be some discussion of it in the House of Commons? With respect, Madam Speaker, given the importance of this issue to Atlantic Canada, it seems a perfectly appropriate thing to suggest that the Minister do appear in front of this House and speak on motions.

Mr. De Bané: Madam Speaker, I am a little distressed because I have already accepted an appointment tomorrow in Vancouver, British Columbia, to meet with the Fishery Advisory Council to the Minister. I have also several appointments in Prince Rupert and other areas of B.C. tomorrow, Saturday and Sunday. As soon as I return I will be ready to meet with the Hon. Member.

Mr. Fraser: Madam Speaker, I understand the Minister's difficulties with respect to tomorrow. Naturally, coming from the West Coast I am not critical of those arrangements. But can the Minister tell the House whether he will be in the House for sure on Monday, and whether or not he is prepared to make a statement which would be answered by the Opposition critics?

Mr. De Bané: Madam Speaker, of course, I can give a commitment to the Hon. Member. The moment I return from B.C., it is my duty to be in the House to answer questions. I believe that my return is scheduled for later Monday night, so on Tuesday, of course, I will be here.

• (1510)

Mr. Fraser: Madam Speaker, can the Minister confirm that he will be making a statement in the House at the earliest possible time next week? I am not just talking about questions.

Mr. De Bané: No. On that question, Madam Speaker, that is under the authority of the Government House Leader. I thought the process I followed was the right one, and that is to have my Deputy Minister give an information briefing session this morning to all Members opposite interested in the matter, rather than my giving a press conference. Of course, if the Opposition would like to use one of their days to have a full debate, that will be welcome too.

Mr. Fraser: Madam Speaker, I appreciate, as did the other Hon. Members, the briefing given by the Deputy Minister. The Minister will not mind my saying that we would have appreciated the briefing perhaps as early as some of the leaks of documents had been distributed throughout the country. But I must say, through you, Madam Speaker, that I believe it is appropriate, on a matter of this magnitude to Atlantic Canada, that the Minister make a statement in the House. I ask that he consult with his House Leader and be prepared to come back and make that statement early next week.

[*Translation*]

Mr. Pinard: Madam Speaker, all I can say is that the Minister of Fisheries and Oceans (Mr. De Bané) was in the House today during question period. If the matter was as important as all that, questions could have been put to the Minister, instead of having the Member for Yukon (Mr. Nielsen) indulge nasty remarks throughout question period.

[*English*]

Mr. Skelly: Madam Speaker, some weeks ago the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion released a report in the House which would see changes in Canada's shipbuilding policy. He indicated at that time that if the Opposition Parties were agreeable, the legislation could be moved quickly through the House. He chastised us to some degree, saying that we should co-operate, at that time my sense of the House was that both Opposition Parties would be willing to co-operate with speedy passage of that legislation.

With the new turn of events and the current situation in Newfoundland and developments offshore, we may lose a lot of the advantages available through the new policy if the Government does not move quickly. Could the Government House leader give us an indication whether the Minister was serious when he was asking for the co-operation of the House in putting that legislation forward, or were we just being treated to a kind of interim handing out of a report and then a long delay before action?

Mr. Pinard: I want to assure the Hon. Member that all Ministers are very serious.

Mr. Skelly: It is unfortunate, Madam Speaker. I wonder if the House Leader might be in a position to deal with the substance of the shipbuilding policy because I do believe the Minister was serious when he put this forward. Certainly the Opposition Parties, indicated their co-operation, and were also serious in trying to put these people back to work and maybe put the industry in a little better position. As the Hon. Member knows, many shipyards are on the verge of closing in Vancouver and eastern Canada, with some very short-term work available and then nothing on the Order Paper.

Mr. Pinard: Madam Speaker, I just indicated that all Ministers are serious and then the Hon. Member said "it is unfortunate". I do not understand his point, except that I will be glad to discuss the matter with his House Leader. If he is serious, he will raise the matter with his own House Leader and when we have a meeting we will discuss it.

Mr. Skelly: Madam Speaker, do I understand that the House leader has given an undertaking to consult with the

Minister to determine whether or not this House would be able to assist all Canadians in business in that particular field of endeavour? Was he making a commitment to check with the Minister of Industry, Trade and Commerce and report back to the House?

Mr. Pinard: Well, by reading *Hansard* tomorrow the Hon. Member will realize that he misunderstood a little bit.

Mr. Hawkes: I have a question for the Government House Leader. On Monday of this week he would have heard the Prime Minister indicate on behalf of the Government that the Standing Committee on Health, Wealth and Social Affairs was free to examine the issue of single parents. This morning Government Members refused to come into the committee room. The House Leader will know there are only four Opposition members of the committee but it takes six to form a quorum in a standing committee, and if the Liberal members of the committee refuse to come into the room we cannot get started and deal with that kind of problem.

Can he assure the House that he will use his good offices to make sure that Liberal members come to committee meetings so that we can get started, or is he telling us that the Liberals intend to boycott the Standing Committee on Health, Welfare and Social Affairs in the future?

Mr. Pinard: No, Madam Speaker. On the contrary, I have encouraged all Hon. Members to make it possible to organize committees as early as possible. As a matter of fact, that organization process had begun last Tuesday, but due to the request of the Hon. Member's own Party we agreed to start all over again today because of insufficient notice in some instances.

The Hon. Member refers to the meeting of the Standing Committee on Health, Welfare and Social Affairs this morning. I do not know if there were one or two members sick or what reasons they had; I will inquire. But I want to assure him that it was not planned nor intended to delay the formation of any committee.

Mr. Hawkes: Madam Speaker, there were four Opposition members and one Liberal who came to the meeting. There were two Liberals outside the door for the better part of a half hour who refused to come into the room and form a quorum. It looked very much to the Opposition as if it were a deliberate strategy so that we could not get started. If they had not been physically present, I would accept that explanation. I guess I have brought to the House Leader's attention something he knew nothing about, but I think it is a very serious situation.

* * *

PRIVILEGE

MR. KEEPER—RESPONSE OF MR. AXWORTHY DURING QUESTION PERIOD

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, I have a question of privilege arising out of Question Period. I asked the Minister of Employment and Immigration (Mr. Axworthy) how much money there would be in each constituency and, when that information was going to be available, in light of the fact that the application deadline is on March 4. He indicated this information was available in advertisements in the newspapers.

That information is not available—

Madam Speaker: Order, please. The Hon. Member may raise a question of privilege which follows the debate, but I am afraid the Hon. Member is now continuing the debate. That is not allowed under the guise of a question of privilege. If the Hon. Member wants supplementary information about the question he asked of the Hon. Minister, he can do that on another occasion, but he cannot use this particular time to debate that question.

Mr. Keeper: Madam Speaker, perhaps you can clarify the situation for me. What I am wondering is whether the Minister had breached my privileges by, maybe unintentionally, misleading the House in saying the information I was asking for was available in advertisements when in fact the information is not available anywhere.

Madam Speaker: No, I can tell the Hon. Member that the Minister, in the circumstances described by the Hon. Member, has not breached his privileges. If the Hon. Member wants supplementary information or clarification, he can ask for it; but he cannot say he has a question of privilege.

* * *

POINT OF ORDER

MR. CROSBY—REQUEST KIRBY REPORT BE TABLED AND REFERRED TO COMMITTEE

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a point of order relating to remarks made in the House by the Minister of Fisheries and Oceans (Mr. De Bané). He has since left the House but with your leave I would like to record my concern.

The report to which the Minister of Fisheries and Oceans made reference in his remarks, the so-called Kirby report, which is actually the report of the committee inquiring into the Atlantic fishery, is a report that could be tabled in the House by the Minister. If he did, he could, pursuant to the new Standing Order 46(4), refer that report to a committee, in this case the Standing Committee on Fisheries and Forestry.

I would like to ask the Minister whether he intends at some future date, hopefully in the very near future, to table the so-called Kirby report in the House of Commons, and if he will at that time at least refer the report to the Standing Committee on Fisheries and Forestry, so that it can examine the contents of the report and give the public an opportunity to consider its provisions.

[*Translation*]

Mr. Pinard: Madam Speaker, I imagine the wording of the Standing Order you read to the House yesterday is still fresh in you mind. Clearly, the Minister is not required by an Act of Parliament to table this document, but he may do so voluntarily, according to the Standing Order. Whether he will or not is a matter for the Minister to decide. However, he has informed me that he is certainly not able to give a reply today.

[*English*]

Mr. Crosby: Madam Speaker, I realize we are dealing with legal interpretations at this point, but I would point out to the President of the Privy Council (Mr. Pinard) that I understand the inquiry, which became known as the Kirby Commission, was an internal inquiry pursuant to the Inquiries Act. That is a Statute of the Parliament of Canada, and a report made by that commission of inquiry is pursuant to an Act of the Parliament of Canada. Therefore, I do not know why it could not be regarded as such for the purposes of Standing Order 46(4).

• (1520)

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. DE JONG—RELOCATION OF CNR RAIL LINES

Mr. Simon de Jong (Regina East): Madam Speaker, I have a petition signed by 2,400 residents of the Uplands area in the City of Regina. The residents are petitioning Parliament in an attempt to prevent the Canadian National Railways from relocating its rail lines and marshaling yards to within two miles of existing or proposed residential subdivisions of the City of Regina. The residents are very concerned that the noise and air pollution from the proposed marshalling yards will destroy their residential community.

They hope that the Minister of Transport (Mr. Pepin) and the proper authorities will become aware of their very grave and very real concern.

MR. COOPER—BROADCASTING OF PORNOGRAPHY ON PAY TV

Mr. Albert Cooper (Peace River): Madam Speaker, I have the honour to present a petition on behalf of the constituents of Peace River which relates to pornography and particularly to pornography on Pay TV. They are very concerned about the effects this will have on the increase of pornography in the country.

The petition calls on Parliament to take whatever action is necessary to prevent the showing of pornography on Canadian TV.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,340, 4,490 and 4,623.

[*Text*]

WHEAT SALES TO U.S.S.R.

Question No. 3,340—**Mr. Bosley:**

1. Is the price charged in the sale of wheat by Canada to the U.S.S.R. far below the price paid by Canadians for the same product and, if so, does this mean that Canadians are subsidizing the U.S.S.R. in the purchase?

2. Does Canada loan money to the U.S.S.R. to facilitate any purchase and, if so (a) what rate of interest is charged (b) does the U.S.S.R. pay the interest on such loans and has repayment been made on the loans?

3. To what extent does the sale of Russian products in Canada, such as cars and machinery, offset the amount of the loans owed to Canada or are Russian sales in Canada cash moneys earned?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Canadian Wheat Board and the Export Development Corporation as follows:

1. No. Within the floor and ceiling range of $5-$7 per bushel on wheat for human consumption in Canada, domestic and export prices are the same. Export prices in fact exceeded the ceiling in the November, 1980 through March, 1981 period.

2. The Export Development Corporation does make financing available to the U.S.S.R. to facilitate the purchase of Canadian capital equipment and services.

(a) As a matter of general policy the EDC does not disclose details of transactions such as that which is of the subject of the present request. As to the rate of interest, in view of the intense competition that prevails among countries in foreign trade, it is not in the public interest for the EDC to discuss its participation in export transactions or proposed export transactions. Such information would assist an exporter's competitors both foreign and domestic. Since information on bids, participation or negotiations is given by companies to EDC in confidence, the Corporation, to respect that confidence, refrains until the sale arrangements are final, from discussing a deal or even from indicating that it has been approached in a transaction. EDC makes public its participation in direct lending transactions when the financing agreement therefore is signed and, on request, in credits and foreign investment insurance cases where the exporter or investor consents to publication. If the exporter or investor has not given its consent the reply will so state. When EDC makes public its participation in direct lending transactions it does not, because of the intense competition above-mentioned, publish the rate of interest, for the reasons mentioned.

(b) Yes.

See also question No. 2,481 answered July 7, 1981.

Note: All Soviet wheat purchases are for cash.

3. Sales of Soviet goods in Canada are transacted on a cash basis.

Order Paper Questions

CANADA DEVELOPMENT CORPORATION

Question No. 4,490—**Mr. Siddon:**

1. What amount did the Canada Development Corporation spend for advertising in the fiscal year (a) 1980-81 (b) 1981-82?

2. What amount did the Corporation budget for advertising in the fiscal year 1982-83?

3. What percentage of the Corporation's fiscal year 1982-83 advertising will be devoted to (a) newspapers and magazines (b) radio (c) television (d) trade show or convention exhibits (e) any other?

4. Did the Corporation declare a deficit in the fiscal year (a) 1980-81 (b) 1981-82 and, if so, what was the extent of that deficit?

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): The Canada Development Corporation is a corporation in which the Government of Canada, along with more than 35,000 other shareholders, holds an equity interest. The Corporation is neither a Crown corporation nor an agent of Her Majesty, and the Government does not have any official knowledge of the Corporation or its subsidiaries which is not publicly available from the corporate secretary.

CANADA HEALTH ACT

Question No. 4,623—**Mr. Hawkes:**

1. Did the Minister of National Health and Welfare contact any provincial health ministers in November, 1982 regarding the Canada Health Act and, if so (a) on what date (b) which ministers did she contact (c) what form did the contact take?

2. Did the Minister meet with any of the provincial health ministers in November, 1982 regarding the Act and, if so (a) which ministers did she meet (b) on which date or dates (c) in which cities?

3. Does the Minister plan to meet with all the provincial health ministers before the Act is approved by Cabinet and (a) if so, on what date (b) if not, does she intend to present drafts of the legislation to the provincial health ministers?

Hon. Monique Bégin (Minister of National Health and Welfare): 1, 2 and 3. The Minister of National Health and Welfare is in contact with provincial health ministers on a regular, continuing basis. This question, however, relates to matters dealing with federal-provincial relations, and until negotiations are completed, it would be inappropriate to comment on this subject.

[*Translation*]

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered.

* * *

[*English*]

STARRED QUESTION

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call Starred Question No. 4,641.

[*Text*]

*ENVIRONMENTAL STUDY OF INDIAN BAY AND SHOAL LAKE

Question No. 4,641—**Mr. McKenzie:**

1. Will the Government be launching a comprehensive environmental study to determine the effects on the water quality of Indian Bay and Shoal Lake in the event that the proposed 350 cottage lots on the northwest corner of Shoal Lake in Manitoba are developed and, if so (a) what will be the starting date (b) on what date will it be completed (c) will it determine the degree of risk of increased algae production, oil spills or other major forms of pollution (d) will it include an examination of the effects of using the sewage lagoon located across from Winnipeg's drinking water intake on the shore of Indian Bay?

2. Will the government permit the use of motorboats for recreational purposes on Indian Bay?

[*English*]

Mr. Denis Ethier (Parliamentary Secretary to Minister of the Environment): Madam Speaker, the answer is as follows.

1. Yes, the Government has begun a comprehensive examination of the cottage lot development proposed by Shoal Lake Indian Band 40. The Department of Indian Affairs and Northern Development requested that a formal public review of this proposal be undertaken by an Environmental Assessment Panel. The Minister of the Environment appointed a Panel in January, 1981 to undertake this task. The Panel issued guidelines for the preparation of an environmental impact statement to the Band in March, 1981. Since that time the Band and the City of Winnipeg have held discussions in an attempt to overcome concerns related to the proposed development. It was recently agreed, and the Minister of the Environment has just received confirmation from the Minister of Indian Affairs and Northern Development, that the Band and the City wish to continue with the environmental assessment review. He has therefore issued new instructions to the Panel to allow it to resume its review. (a) The Panel announced a resumption of the review February 9. (b) The completion date for the review is dependent on when the environmental impact statement is submitted to the Panel and on the quality of the information presented. A completion date therefore cannot be determined at present. (c) Yes, the review will primarily focus on the potential effects of the proposed development on water quality and will examine subjects listed in question 1 (c). (d) The review will not specifically examine the present waste disposal systems from the existing Indian community. It will, however, examine any sources of pollution to the lake. Environment Canada officials are presently advising the Department of Indian Affairs and Northern Development on this matter.

2. The federal Government has no jurisdiction with regard to the use of motor boats for recreational purposes on Indian Bay.

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

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Miss Pat Carney (Vancouver Centre): Mr. Speaker, before the recess I was describing how the Government is seeking to borrow an unprecedented amount of money to pay unspecified bills for programs not yet clearly identified. I explained how this huge borrowing represents a deferred tax on taxpayers in the future and how it constrains the action of the present and future Governments. I also detailed how the Government's record of forecasting has been wildly inaccurate and how in this Bill the Government fails to address the real problems in the economy, the deep, structural shifts which have closed our plants, our mills and our mines and which cloud the future of the unemployed in Canada, particularly the young.

I said we would be much more willing to debate and pass this Bill if we knew what the money was needed for, when it is needed and how reliable the Minister's information is and that we would be much more confident if the Government's performance over the last few years had been more credible.

I should like to continue by asking how the Government feels that it can properly and responsibly ask Parliament to approve this borrowing when it has refused to provide economic and fiscal projections beyond the current year in the last two budgets? How can the Minister seek this kind of spending authority when he refuses to answer any of our questions? Why should we approve this Bill when the Government is vague about the uses to which it will be put and when the Minister can give us no idea about the projected size of the deficit in the next fiscal year? What will next year's deficit be? The idea of picking a number between $20 billion and $30 billion is not the sort of game that Parliament should be asked to play.

Clearly, the Government is withholding information from Parliament. It claims it needs this additional money because revenues have fallen due to the recession and because of the additional cost of servicing the public debt, which, of course, represents interest charges on money borrowed in the past. But in fact, the Minister is cooking the books again in his statement to the House today. He attempts to justify his horrendously increasing deficit by arguing that substantial reductions in the deficit were achieved in three previous fiscal years.

This morning the Minister argued that the Government's financial requirements dropped from a level equivalent to 4.8 per cent of GNP in 1978-79 to only 2.5 per cent of GNP in 1981-82. He failed to note that, using his own figures, the Government's financial requirements for the current fiscal year of $26.1 billion will amount to 7.5 per cent of nominal GNP, an increase of 200 per cent on a year-over-year basis. That is cooking the books by anyone's definition, Mr. Speaker.

The Minister also ignores the fact that, in terms of revenue, we must expect that the worst is yet to come because of the time lag in collecting revenue. We would not expect the full impact of the decline in economic activity and Government revenues until later this year when companies and individuals file their tax returns and pay any taxes due on their activities during the past year.

So much for the Government's credibility. Let us look at its performance now. As I said earlier, we would be more willing to approve this Bill if the Government's performance in managing the economy were better. Unfortunately, its performance has been abysmal. It has shown no signs of moderating its expenditures, nor has its chronically high rate of spending been of benefit to the economy, as the two million unemployed will testify.

It is particularly ironic that this request for borrowing $19 billion comes on the eve of the anniversary of the Government's election in 1980. At that time the Prime Minister (Mr. Trudeau) said this:

> We will hold the line on Government expenditure growth to under the rate of G.N.P.—
>
> The deficit will be reduced in a phased and orderly fashion ... any new expenditure programs to meet the evolving needs and requirements of Canadians will be financed by reallocating existing expenditures or by increases in revenue.

In reality, since 1980 the Government has increased its spending at twice the rate of GNP, adjusted for inflation. Since 1980, the deficit has more than doubled. So much for the promises of the Prime Minister.

Since the Government took office in February, 1980, Government spending has increased by 66 per cent compared with an increase in the CPI of 38 per cent and compared to nominal GNP growth of 30 per cent. Clearly, the Prime Minister and the Government have been unable to come close to keeping his election promises.

As a matter of fact, it is interesting to look at the impact of Government spending and its relationship to the unemployment figures. In 1970-71 when the deficit was around $370 million, the unemployment rate was 5.7 per cent; in 1975-76 when the deficit was $5.4 billion, the unemployment rate was nearly 7 per cent. But today when the deficit is up to $26 billion, the unemployment rate is well over 12 per cent. The only conclusion is that the more the Government borrows, the higher the rate of unemployment.

This record is not confined to the present Minister of Finance and his unhappy predecessor; it has continued through the record of Finance Ministers of Liberal persuasion in the past. When John Turner was Finance Minister, inflation doubled from less than 5 per cent to more than 10 per cent. When Donald Macdonald was Finance Minister, unemployment rose from 7 per cent to 8 per cent and the deficit increased from nearly $5 billion to more than $8 billion. This kind of legacy, of course, has been outlined by the Auditor General in his reports.

• (1530)

We must look at this record of deficits, and of irresponsible borrowing in light of the current situation when we have the twin evils of a recessionary economy aggravated by Government mismanagement. For Canada as a whole our real GNP fell by 1 per cent in the third quarter of 1982 which is the fifth consecutive quarter of decline. Real GNP has now fallen by 6.9 per cent since the second quarter of 1981. In the third quarter of 1982 manufacturing was operating at only 68 per cent of capacity, which is the lowest level since records were first kept in 1961. Canada needs 210,000 housing units each year to meet demand. In 1982 only 125,000 units were built.

According to the OECD, Canada's economic decline in 1982 was the worst of any of the 24 members of the OECD. According to the September 1982 issue of *Euromoney*, the over-all performance of the Canadian economy since 1974 ranks us fortieth in the world.

Over the past few years, our industrial productivity has been rising at the slowest rate of any major industrial nation. Of course, the impact on some of the Provinces, such as my home Province of British Columbia, has been very great. In B.C. the people are exhausting their unemployment insurance benefits at the rate of 9,000 per month. Welfare cases in the Province have jumped by more than 51 per cent since last year. Business bankruptcies in B.C. last year have more than doubled.

This is a dreary record created in part by a dishonest Government which augurs a dismal future for Canadians, who are paying the costs and will pay the costs for years to come. The Government's billowing debt threatens to throttle the fragile recovery which may emerge later this year.

The current Conference Board forecast shows a slow recovery from the recession starting this year with a modest growth in GNP, improving in 1984, but the unemployment rate is still expected to stay well above double-digit numbers. The cruellest impact of the Government's failure to develop the promise of Canada is evidenced by the rising numbers of Canadians who have lost their jobs.

When we look at alternative policies, Mr. Speaker, we have to look at the policies put forward by the NDP. I was amused this morning to note that the NDP finance critic noted his concern about the deficit. He said that he was deeply concerned about the size of the deficit. That is not what he has been saying. In a recent letter to *The Globe and Mail*, the finance critic for the NDP wrote:

> In the reality of today, not all Government deficit is wrong ... clearly, the Government has a responsibility to borrow in order to stimulate the economy at a critical time such as now.

The NDP has also proposed economic policies which include emphasis on Government planning and increasing the corporate tax rate. In essence, the NDP is saying that more state planning is good for Canada. But this philosophy requires the Government to pick the winners and losers in the economic system. It is the same kind of thinking that spawned the National Energy Program and the 1981 MacEachen budget, which have proved to be such disasters.

We believe in the Conservative Party that these choices should be left to the marketplace. Our position is quite clear on this. We feel the only way to achieve a sustained and solid recovery is to restore stability to the Canadian economy. But stability can only emerge in a favourable climate or environment created within the framework of clearly defined Government policies. This environment must encourage the inflow of capital from other countries to augment Canada's own scarce capital resources and must encourage Canadians to conserve and expand our own capital base. Without such incentives, Canadians will not be able to create the job opportunities which are required before they can go back to work. Those who are lucky enough to be employed will not spend their hard-earned dollars on consumer purchases if they find themselves worried about their job situation. I am sorry that the Minister for Indian Affairs and Northern Development (Mr. Munro) finds that so amusing.

Similarly, we need to assist small businesses in particular to keep operating by helping them to husband their cash flow. Over and over again I am told by small-businessmen that they need such assistance as John Crosbie's Small Business Development Bond, which was a cash flow bond which enabled them to keep operating.

Over and over again I am told that small-businessmen need financial instruments to enable them to plan ahead, that they need simpler taxation measures.

Over and over again I am told by small-businessmen that the accounting costs of calculating tax advantages under the existing mish-mash of small business regulations and registration far exceeds any financial advantage to them.

For both large and small companies the need to improve their liquidity is very great, one of the biggest concerns in this country.

Over and over again I am told we need training programs that are not the inflexible training programs devised by this Government which limits the businessman's opportunity to use the people employed. We might consider specific incentives, such as a graduated capital gains tax or training incentives which account for management's time in training. Instead of positive, specific programs we have before us only borrowing Bills, the current one for $19 billion.

What is $19 billion? I would like to refer to this morning's *The Globe and Mail*. The editorial column has an assessment of what $19 billion is. Let me put it on the record:

> What's $19 billion? This is how much it is. It is the size of the federal Government's entire budget in 1973-74: revenues were $19.3 billion that year, expenditures $20.04 billion. It is the size of the entire net debt of the country, the accumulated over all deficit since Confederation, as recently as 1974-75—
>
> Indeed, the ever-increasing size of Liberal Government deficits since the mid-seventies has brought us to the point where, not our debt but the mere interest payments on our debt have become greater than total budgetary expenditures were when Pierre Trudeau came to power.

That is $19 billion, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The Chair is aware that the Hon. Member for Montreal-Mercier (Mrs. Hervieux-Payette) stands to be recognized. In the ordinary course of

events I would have to alternate between my left and my right, which means that I would recognize the Hon. Member for Montreal-Mercier. However, the Leader of the Opposition (Mr. Nielsen) is here and also seeks the floor. I think in the circumstances the only way the Chair can proceed is to enquire of the House whether or not it may wish to extend its courtesy to the Leader of the Opposition. The Parliamentary Secretary to the Minister of Finance (Mr. Fisher).

Mr. Fisher: Mr. Speaker, I think the normal rules would be to allow the Hon. Member for Montreal-Mercier (Mrs. Hervieux-Payette) to speak. I know she has an important message that she wants to give to us and I would ask the House to listen to that Member now.

The Acting Speaker (Mr. Blaker): There was implicit in my comments a search for unanimous consent. Obviously, there is not. Therefore, the Chair is obligated to recognize the Hon. Member for Mercier.

[*Translation*]

Mrs. Céline Hervieux-Payette (Montreal-Mercier): Mr. Speaker, I would like to deal with a problem which is of major concern in my constituency, a problem which I have been facing for several weeks involving the whole question of unemployment in Canada as well as the bill now under consideration.

We know that a supplementary authority bill was introduced as a possible solution but, because of the economic slowdown and the resulting decrease in fiscal revenue and increase in unemployment insurance or welfare payments, the Liberal government is in my view acting as a responsible and more importantly as a reliable government by providing the people of Quebec with at least the basic necessities of life.

I would like to draw the attention of the House to a problem which was raised during the debate on Bill S-31 dealing specifically with investments by the Caisse de dépôt et placement du Québec into companies involved in interprovincial transportation.

• (1540)

However, Mr. Speaker, I believe the principle which was applied to the Caisse de dépôt should be extended in practice. In my constituency, a building material plant owned by Domtar has just closed down and I disagree with this decision which put laid-off employees on unemployment insurance even though the plant still lead an operating capacity. Mr. Speaker, Domtar was acquired by the Caisse de dépôt, which now owns 46 percent of all shares in the company. Through the appointment of nine members on the board of directors and the chairmanship of Mr. Yves Pratte, a former constitutional advisor to the Quebec government the Caisse de dépôt has been able to gain full control of Domtar. Mr. Speaker, when a Quebec institution such as the Caisse de dépôt, whose responsibility it is to invest the pension funds of workers has its own staff on unemployment insurance, I believe there is ground for concern, and I want to thank the Minister of Finance (Mr. Lalonde) for getting the money he needs through this borrowing bill; however, I am still concerned by Domtar's decision.

This company decided to close down its Quebec plant in the middle of its negotiations with its employees, after only 11 meetings. The workers had graciously accepted the 6 and 5 federal program and during the negotiations on the normative clauses, they were told they were now without a job. Mr. Speaker, 21 of these workers had served at least 30 years, a dozen had been working for the company for 20 years or more and twelve for over ten years, which means most of these workers now find themselves on unemployment insurance at 45, 50 or 55 years of age with little chance of finding another job because of the compounding effect of a bad economic situation and a dwindling labour market. Consequently, unskilled labourers or plant workers without specific technical training will have either to face a difficult retraining period to get back into the labour market or go on welfare when their unemployment insurance has run out. And in my view this is a palliative that seems to be the only way out at this point and that I cannot approve.

I am asking that corporation a question for the simple reason that their operations as a Quebec-based multinational company owned by Quebecers, through the Caisse de Dépôt, in other words the pension fund of those very workers, are being transferred to Ontario. This I consider an arbitrary decision, Mr. Speaker. Economic recovery is around the corner, interest rates are lower, construction is about to resume in Quebec, and this company manufactures gypsum boards that have always been of high quality, that have been part of the Eastern market. Those gypsum boards made in Montreal, in the riding of Mercier, were sold not only in Quebec, but also in the Maritimes and in New York state. Therefore, Mr. Speaker, the fact that we are compelled at this point to borrow in order to finance such a move by a company owned by Quebecers and financed by the Caisse de Dépôt, whose workers will have to live off unemployment benefits, and the fact that we are compelled to borrow while such high-handed decisions are being taken, cause me to rise and ask questions from a corporation which I regard as irresponsible.

If a Government such as ours is forced at this point in time to go out and get some money either by way of borrowing or through this country's consolidated revenue—although currently we are short of revenues due to the increased number of people that are drawing unemployment insurance benefits—I feel they should be concerned with the lack of social awareness of some corporations. We have a federal work-sharing program that not only has helped most people to save their jobs but also is most compassionate by its very nature. Admittedly, Mr. Speaker, it must be financed through contributions obtained from the Unemployment Insurance Fund. It provides for two things: first, companies are allowed to keep their qualified workers, and second, those workers are assured of keeping their morale high and the work skills they have developed while waiting for an economic recovery.

Therefore, Mr. Speaker, I feel that everyone has to make a contribution, and private enterprise also must do its share. Under the current conditions, the private business sector is controlled by the Quebec government. The workers went to see

Mr. Parizeau, who simply told them he was not getting involved. He only gets involved when it suits him. Apparently, the matter lies on Mr. Biron's and Mr. Landry's desks, and finally on the desks of all Quebec ministers and former ministers. They are unable to deal with the matter of a company with 90 employees. Some may say that 90 employees drawing unemployment benefits is not a major problem. But we must remember that decisions like those are made and repeated many times, and especially by companies such as this one who should be aware of their social responsibilities.

Mr. Speaker, in Quebec in 1976, the unemployment rate was less than 10 per cent. It has now gone up to 15 per cent or more, and we have an incredible number of people on the welfare rolls. Through its programs, the Federal Government is helping many Quebec families but it cannot be said that any substantial assistance has been received from the provincial authorities. In the process of taking controlling interest in corporations such as Domtar, the provincial authorities are forgetting that the workers concerned have in fact worked most of their lives. After a while, their productivity goes down, and they are no longer as young as they were. As a result of collective agreements and seniority and the number of weeks of leave to which they are entitled, they have become to expensive to "keep up", and so they are treated like obsolete equipment that can be simply got rid of, and put on unemployment insurance.

Mr. Speaker, I think that even if our Government is discharging its responsibilities through the kind of borrowing measures the House is considering today, it is not up to the Federal Government alone to bear this burden. On the other hand, I think that this borrowing measure will help us to uphold the principles supported by a Liberal Government, namely, the universality of programs such as Family Allowances and Old Age Security. Mr. Speaker, anyone who is familiar with the financial administration of the Federal Government will realize that these programs require very substantial funds. I feel, however, that in a recession, at a time of great financial difficulty, we must not forget those people who would otherwise become the victims of the situation as has happened in the United States, as a result of the conservative policies of the Reagan Government, which decided to resolve its economic problems by cutting social programs.

Furthermore, I think that a responsible government, like the Liberal Government, understands where its responsibilities lie and has the requisite compassion for these people who are having to face such difficult times. Mr. Speaker, as Canadians, we have no choice but to draw from our national wealth. Economic recovery is imminent. Mr. Speaker, at the present time, we have both the capability and the need to borrow. I believe that people who will be receiving money from the Federal Government which is now experiencing a drop in revenue and of course, an increase in payments, I believe that these people will now be able to bridge the gap between economic recovery and the present recession.

Furthermore, Mr. Speaker, to get back to the situation in my riding, at Domtar, I urgently request the officials of that company and the federal authorities to drop their adjustment committee and to use programs such as the time-sharing agreement. There is still time to get this plant operating again. There is still time to manufacture gypsum board in Montreal, because, and the Minister's statistics are eloquent, construction is starting up again across Canada, and especially in Quebec. I must say that my riding is particularly well-suited to providing the kind of residential construction we all need.

Mr. Speaker, I have a riding that is developing steadily, with a growing population. We have land available and all the programs and infrastructures necessary to get ahead. We have the demand, and then we have a company that is simply shutting down.

Mr. Speaker, I am merely repeating what the workers have told me, workers I represent in the House of Commons. I am therefore asking the company and the Government of Quebec to act responsibly as the Federal Government has done, in these difficult times, and to enable these workers to keep their jobs.

Mr. Speaker, finally, I would like to point out that we must realize that the situation is very serious. Certainly, we are borrowing funds to help a group of people who need help, but in Quebec, the situation is almost hopeless as far as the Charter of Rights is concerned. The Province of Quebec is now going through difficult and sad times, and I simply want to appeal to the solidarity of the people of Montreal-Mercier and of all Quebecers. It is not a problem between English- and French-speaking Canadians, it is not a problem between the rich and the poor, it is not a question of knowing who will get what from the Federal or the Provincial Government. No, it is a problem of solidarity, of mutual respect, and of our common future.

Mr. Speaker, the Bill before us today reflects the seriousness of the situation, and I hope that my colleagues opposite will understand that a fair share of that money is earmarked for Quebec and that they should support the Bill. It is true that Quebec's unemployment rate is unprecedented. I suggest that now is the time for the Opposition parties to show solidarity and support the Bill so that Quebecers will continue to have faith in Canada.

Mr. Speaker, I have been defending that position in the House of Commons ever since I became a Member. Our financial capacity and credibility may have been jeopardized by an irresponsible Government in Quebec, but at least we in Ottawa can be proud to have a Minister of Finance who hails from Quebec, a Minister of Finance who is sensitive, who can take his responsibilities and who will channel enough funds through unemployment insurance and other social programs to enable Quebecers to get over this difficult crisis.

Mr. Speaker, I have heard just about every remark on the relevance or irrelevance of this borrowing Bill, and in my opinion it is simply a matter of decency and sharing. If we really want Quebecers to feel at home in Canada, we must realize that it is in difficult times that we need the help of others. Mr. Speaker, the best way for us in the House to show that we can take our responsibilities is to support the Minister of Finance and this new Bill.

• (1550)

[*English*]

Mr. Blenkarn: I thank the Hon. Member for a very detailed and full statement on the borrowing Bill. I was wondering if she, as a key spokeswoman for the Government, could give us the estimated public debt charges for the year 1982-83, since she has a full understanding and felt it was important to make her presentation and so prevent the Leader of the Opposition (Mr. Nielsen) from speaking.

Mrs. Hervieux-Payette: Mr. Speaker, I think we have the right to speak in this House, and I just—

Some Hon. Members: Hear, hear!

Mrs. Hervieux-Payette: —I just exercised my right to speak. We are going through great suffering. We had plant closures, such as those of Texaco, BP, Domtar and many others in my riding. I think I am entitled to raise these matters as much as is the Leader of the Opposition. In regard to knowing what is the deficit in this country, there is a conservative country just beyond our border where the borrowing authority will be well over $200 billion.

Mr. Kempling: What does that have to do with this place?

Mrs. Hervieux-Payette: There is a conservative philosophy in that country and it will have to borrow much more than this country.

Some Hon. Members: Oh, oh!

Mr. Kempling: What a red herring.

Mr. Blenkarn: Since the Hon. Member is not quite familiar with the expenses, I was wondering if, in view of six and five, she could justify an over-all increase in Government expenses at 9.6 per cent, and whether she could tell us where the Government of Quebec might borrow the money since the Government will now crowd out everyone, including private borrowers from the marketplace.

Mr. Fisher: With record saving rates?

Mrs. Hervieux-Payette: Yes, Mr. Speaker, I am quite aware of the amount of borrowing being carried out by our Government and the issue concerning whether or not we have the capacity to borrow that amount of money. In fact, I think that if we consider the actual interest rate of the Bank of Canada, it is usually a sign of whether the Government is borrowing too much or too little. The actual interest rate has been going down for four months, and I just think that it is a sign that the capacity of the Canadian Government to borrow on the market is certainly there.

Mr. Kempling: In anticipation that you are going to ask for $19 billion.

Mrs. Hervieux-Payette: Today I have not seen any signs of the interest rate going up because the Government tabled the Bill requesting more money.

Some Hon. Members: Hear, hear!

Mr. Kempling: Scattered applause.

Hon. Marcel Lambert (Edmonton West): Madam Speaker, I find myself a little bit surprised, like my colleague, the Hon. Member for Mississauga South (Mr. Blenkarn), that the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) would be so unconscious—

Mr. Kempling: Uncouth.

Mr. Lambert: —of standard rules of behaviour in the House. Regardless of the merits of the case put forward involving a constituency problem by the Hon. Member for Montreal-Mercier (Mrs. Hervieux-Payette), and there is no question that they were well stated, yet the Leader of the Opposition (Mr. Nielsen) has priority, as does the Prime Minister (Mr. Trudeau). The Parliamentary Secretary, with a little bit more experience, will learn some of the unwritten rules of the House.

As far as the Hon. Member for Montreal-Mercier (Mrs. Hervieux-Payette) is concerned, she made a plea for the people of Domtar. I say to her—

[*Translation*]

—I will tell her bluntly that as a result of the National Energy Program and the budget of November 12, 1981, one petroleum industry in my city which had 2,500 people on its payroll was also forced to close shop. The Hon. Member made a plea for a few hundred employees, but I think it would have been preferable if she had taken up the cause of many other workers. They were the economic strength of the country, but they have been choked like a bunch of chickens because of a deliberate program of the Federal Government, a program regarding our national energy launched by the present Minister of Finance (Mr. Lalonde). Therefore, she will not arouse much sympathy in that respect.

[*English*]

In so far as Bill C-143 is concerned, which involves the borrowing of some $19 billion, it is in essence, an omnibus Bill, and is totally superflous. We are asked to authorize a further $5 billion to cover the period to the midsummer. Then $14 billion will be required for some indeterminate period in the balance of the fiscal year 1983-84. Never should we have been asked for this in light of the performance of the Minister of Finance this morning. He did not give us one iota of information on the financial conditions which had been promised by

the former Minister of Finance. Although he was the most incompetent Minister of Finance we have seen come down the pike in a quarter century, the present Deputy Prime Minister (Mr. MacEachen) at least recognized the traditions and obligations of any Minister of Finance who, seeking borrowing authority, gives a full projection of Government revenues, Government requirements for cash and the estimate of the spending program of the Government. But we have not received that.

• (1600)

I have a copy of the Minister's notes for his 45 minute intervention this morning. It was 45 minutes, yes, because there was a lot of political riff-raff in it. But there was no hard information with regard to why we should have this fantastic borrowing program, where the requirement to pay interest on a public debt of now $140 billion or more is the biggest single item in any of the Estimates of any Ministry. Years ago National Defence was the biggest spender of all Departments, followed by National Health and Welfare. National Health and Welfare was responsible for Old Age Security, Family Allowances, hospital and diagnostic services and Medicare, but even that great program of social services is now overtaken by the cost of servicing the public debt. As my colleague, the Hon. Member for Mississauga South indicated, when we considered the saving ability of the Canadian public—and, much was made of the fact that most of this borrowing would be done in Canada, and therefore there would be savings to Canadian taxpayers, individuals as well as corporations—it absorbs more than the ability to save on the basis of the level of economic activity. Therefore, according to both the Bill and the Minister's statements, the Government may have to go outside of the country to raise some of these funds. So you borrow to pay interest on your debt. That is the shortest and the straightest line to bankruptcy. If any private individual or any corporate entity in this country had to go out on a regular basis to borrow money, and I do not mean $100 or $1,000 but rather hundreds of millions of dollars, does anyone here realize that we have here a request to borrow $19 thousand million? For how long, and what is a million dollars? What is a million dollars?

If a man who had a million dollars said to his wife, "I will give you a million dollars on the condition that you spend $1,000 a day, and when you have spent the one million dollars you can come back", how long would she be gone? She would be gone two years and nine months. That is what a million dollars is. If you want to translate it into simple one plus one terms, if you take it in one dollar bills, I would suggest to you that you would have a 38 storey building made up of a perpendicular stack of one dollar bills. We are now asking for $19 thousand million, so you would have 19,000 38-storey buildings. North America does not have that many.

But that is what we are dealing with when we get $19 billion. But that is not what is going to be required for the deficit. Canada is going to have to absorb the shock for something around $26 billion, an increase of a further 33.33 per cent.

Canada is in this mess primarily because there has been fiscal and monetary incompetence, rotten incompetence in this Ministry for the past several years. We saw a relatively healthy Canadian economy zapped, absolutely cut to the bone in 1980 by the introduction of the National Energy Program and, secondly, that nefarious budget of November 12, 1981, followed by incompetence again multiplied by the June 28 performance, I believe it was, or June 24 of 1982.

Then they decided they were going to change the pilot. We were asked by the Minister this morning to pass rather rapidly Bill C-139. My colleague, the Hon. Member for Mississauga South talked about the absolute hammer blows that the Canadian economy is suffering as a result of those remaining budgetary proposals. Some have been wiped out, those that were causing the Government more concern from the voters than had any actual worth in the program, but the Government is gathering unto itself in its centralizing policies more and more. There is the elimination of the IAACs, income averaging annuity contracts, into forward averaging where the money has to be paid to the Crown and then claimed back; and is not paid into an RRSP or into an annuity contract, which is available to private industry for investment. No, it goes to the Government, that much, and how far it goes, how far it goes!

Then there is the 12.5 per cent tax on small business dividends. The former Parliamentary Secretary will have his opportunity to speak. He may mumble in his beard or through his mustache all he wants but I will be pleased to hear him. I want him, before he speaks, to read an article signed this morning by Dominique Clift, as it appears on page 5 or page 7 of *The Globe and Mail*, as to the state of the economy. I know he reads *The Globe and Mail*. He can read, Dominique Clift, a well known writer, and he will see the similarity between the state of the nation, fiscal and otherwise, in the Province of Quebec and what is also present in the Government of Canada, that great centralizing welfare state that has been gradually added on—Big Brother knows better! These are the people who are the chief architects. They are quite candid about it. The NEP was part of it as well as the tax system.

• (1610)

This past summer we had officials from the Department who went through the philosophy of the proposals. It was strictly the scrapings off the Carter Report which had either been picked up off the floor or some dusty shelf and reintroduced. The then Minister of Finance did not know what he was bringing in and could not have cared less. However, the effect on the country has been remarkable. The damage has been done.

Some things remain, such as the taxation of earnings on insurance policies. This causes the policyholder to pay the tax every three years on something he or she will never see. It will be the beneficiaries who benefit. Why does the state claim the right to tax those earnings? The state simply says it has a right to tax all earnings in this country. It will allow individuals so much for living expenses, a certain amount for charity, capital gains, child care allowances or travel allowances. It then has

the blessed gall to say those are tax expenditures, that the Government is spending that money. If the Government is spending that money, it means it had a right to all the earnings in the first place.

That is the type of philosophy that is prevalent in this administration in so far as the tax system is concerned. Of course, it applies to the NDP as well.

We are told that under the handicap of Bill C-139, businessmen will be hit left, right and front centre by further and further taxes. For those who are out for development, the soft costs will be gone as an expense. All sorts of things that are normal are gone.

I can see the tax Department now. A commission salesman of automobiles is deemed to have to stay in the showroom to sell automobiles. If he dares use his car to go to see customers, to demonstrate to them or help them out, he is denied a claim for expenses for that automobile.

Mr. Mazankowski: You will never sell a car that way.

Mr. Lambert: The theory that applies in both Finance and National Revenue is crazy. We are now trying to fight that.

Mr. Mazankowski: These guys buy it.

Mr. Lambert: Of course they do. They are a bunch of sheep when it comes to income tax. They do not understand it. Probably the Hon. Member for Ottawa Centre (Mr. Evans) has a little more knowledge than some of the others. To be fair, he is not bad.

Mr. Evans: There is one on each side.

Mr. Lambert: What he knows, averaged out among the rest of the caucus, would not measure a thimblefull. This is one of the most cruel things imposed on the Canadian people, the income tax Bills. The majority of Members are unknowing, uncritical and simply stand up and say, "Aye, ready" on any and all occasions when it comes to something they do not understand.

In 1981 the then Minister of Finance did not understand. We will see whether this Minister understands or whether he has a more facile way of slipping in the knife between the ribs of the Canadian public as he takes their money. Possibly he has more gall. We will see whether he has as much sense after today's disclosure, and I guess more openings later on.

In closing, I object to this Bill, particularly in that it is an omnibus Bill. I would accept the first part, but not the second part. Part II is for the next fiscal year. That should only be done after the disclosures of a full budget and the Estimates. I urge my colleagues—I cannot urge many Members opposite because very few are listening—that they give this Bill a very much more critical look and vote against it.

The Acting Speaker (Mr. Blaker): Questions, answers, comments. Before recognizing the next Member for the purpose of entering the debate, may I deal with some other matters.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen)—National Revenue—Garnisheeing of small business accounts (b) Government policy; the Hon. Member for Saskatoon West (Mr. Hnatyshyn)—The Administration—Position of present Ministers (b) Request that Prime Minister take action (c) Request for committee investigation; the Hon. Member for Humboldt-Lake Centre (Mr. Althouse)—Grain—Timing of change in Crowsnest Pass freight rate—effect on exports (b) Request that Minister table studies.

* * *

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Blaker): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-132, an Act to amend the Family Allowances Act, 1973, without amendment.

* * *

THE ROYAL ASSENT

The Acting Speaker (Mr. Blaker): I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

17 February, 1983

Madam,

I have the honour to inform you that the Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 17th day of February, 1983, at 5.45 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be
Madam,
Your obedient servant,
Esmond Butler,
Secretary to the Governor General

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mrs. Ursula Appolloni (York South-Weston): Mr. Speaker, I hope the Hon. Member for Edmonton West (Mr. Lambert) did not imply that if one were not an income tax expert, one would automatically be a second-class Parliamentarian. I submit that if we are to be truly representative of the Canadian people, it is not necessary to be an income tax expert. I would say that it is very necessary to understand people, to understand their needs and aspirations and, more than anything, to have what is regularly known as a certain amount of common sense. Unfortunately, it is not as common as its name would imply. One would wish at times we had more of it, even in this august Chamber.

Dealing with the borrowing authority Bill, the first point to be made is that the need for the Bill should not come as a surprise to anybody. I do not think I have heard anyone say that they are surprised. Perhaps they were alarmed or overwhelmed, and many other words could be used depending on which side of the House you speak from. They may have been alarmed at the amount.

• (1620)

I believe the first point to be made is that no one was really surprised that the Government needed to borrow money to tide it over to the end of this fiscal year. Why? Let us look at it in a common sense way which, as I have already said, is unfortunately not common enough. We have to look first at the global situation. Everyone who has read a newspaper, watched TV or listened to a radio has witnessed a recession, the magnitude of which we have not seen since the early 1930s, and it has been global. We have witnessed high unemployment, record levels of unemployment, in all the industrialized countries. We have witnessed tremendous uncertainty among OPEC countries. We still have that uncertainty with us. Perhaps another week or so will give us a better picture of how we are going to project our own budget for the coming year. We cannot be immune to these situations which occur in other countries. They do affect us. At home we have had two drastically high unemployment periods, which means not only human suffering and misery but, more practically, record levels of payment out of the Unemployment Insurance Fund.

There are those of us, and I count myself among them, who thank God that we have an unemployment insurance plan which gives a safety net to those people who, through no fault of their own, lose their jobs. We do have an Unemployment Insurance Fund but it has been depleted. Many of our constituents have even depleted what benefits they were getting from the Unemployment Insurance Fund and have had to go on municipal welfare or, worse still, provincial welfare, because that means a longer term. Obviously, the coffers have been depleted because fewer people have been working, because the oil prices have not risen as one year ago it seemed they would rise. The Government receives less revenue. High interest rates, which are coming down now, were also added to the national debt. We had to pay more money to service the national debt. But these things are improving, Mr. Speaker. The global situation now is much healthier than it was even a few short weeks ago. We now have rapidly falling interest rates, as a result of which the Government's debt will be more easily borne by Canadian taxpayers. Hopefully, interest rates will continue to go down. The economic indices are good. Things are going to improve.

However, let me say again, no thoughtful Canadian should be surprised at this stage that the Minister of Finance (Mr. Lalonde) needs more money to tide him over to the end of the fiscal year. No one should be surprised at that, nor can anyone blame him. However, once we have reached the end of the fiscal year, the Minister has already spoken about interim financing toward June. What is he going to do with that money? That is what I would like to direct my remarks to, Mr. Speaker. It is the main theme of my presentation today in the House. What is the Minister going to do with that money? How is it that he cannot wait until later, after the budget, to get money in order to put forward his programs? I submit, Mr. Speaker, that the very fact that the budget has not been brought down, nor will it be for another few weeks, at least, explains in part why the Minister must have the authority to borrow money now and not when it is too late. Let me explain. We have read in today's press that the budget will probably be brought down sometime in April. No one knows the exact date, not even the Minister of Finance himself. In that budget the Minister will announce specific projects. We in this Chamber know how long legislation takes, how long debate takes. We should be the first to understand the lead time which will be necessary in order for these programs to be implemented.

Let me focus my remarks on my particular wishes for the programs of the future. I refer to the youth constituency, Mr. Speaker, because irrespective of the upturn in the economy which will come, irrespective of the tremendous growth which will come, we have to be realistic and understand that when employers start re-hiring, they will re-hire the skilled and trained workers. The youth component will be very, very low on the totem pole. The youth are the ones who will be hired last and, unfortunately, will be the first fired. I do not believe, being realistic, that the private sector will turn its attention in the immediate future to the youth of this country. The Government must look after the youth component. They are our future. The Government will need money now before it can even start formulating the programs for our youth. What kind of programs am I suggesting? First of all, I believe that in discussing youth needs we should be very careful, Mr. Speaker, not to generalize. We women would be very upset if people

generalized about our aspirations and needs. The men would also resent any kind of generalization. We cannot generalize about youth. There are various categories with various needs, just as with the adult constituency.

In order to make our approach simpler, I believe we, as legislators, and, hopefully, the public, should have at least three broad categories for youth who this summer, just a few weeks from now, will desperately need our hlep. In the first category, very broadly, are the youth who have finished their formal education. They have left school. They have a certain amount of formal education but not very much practical experience. They will need full-time jobs. The proposal which grew from this side of the House, Mr. Speaker, refers primarily to that category. It is not, and I repeat, it is not a panacea for all the ills of Canadian youth, for all the needs of Canadian youth, but it is at least a firm proposal by which a certain number of Canadian youth, who so wish, will be absorbed for a short period of time into the Armed Forces. That is a full-time job.

The second category of youth, I would submit, is the university students who will be coming out of school, perhaps, as soon as May, just a few months from now. Many of these young people have stayed in university longer than they originally planned to do at the beginning. Perhaps some of them would have been happy with just a simple BA, but now because of the economic situation they have fears that they will not get a job, and those fears are well founded. They cannot get a job now in our society as it is. Therefore, they have chosen to stay in university, perhaps at some financial sacrifice to themselves and to their families. I am sure society as a whole will benefit from this in the long run because the future generation will be more educated than the preceding one. However, we must help those university students to continue to pay for their tuition by finding them summer jobs. As I said before, I doubt very much that the private sector can supply jobs in the numbers needed for these students. But I hope any jobs we do find them will be jobs that will help them in their career aspirations, not just make-work jobs, but jobs which would give them on-the-job experience they will need when they eventually go into the private sector and ask for work.

I would suggest, therefore, that perhaps the universities, the laboratories, could be given extra grants in order to hire the students who need summer jobs and, therefore, give them the practical expertise during the summer which they are learning in theory during the winter months. It is only a suggestion, I do not know if it will be accepted.

• (1630)

The other category is the high school students. Here again we now know that enrolment last year was much higher all over the country than it has been for many years. Why? Again, the kids decided to stay at school rather than go on unemployment insurance or face a job market where there were no jobs for them. Here again there was a financial sacrifice particularly on the part of those students' families. We have to help them. These students, in their hundreds, will be coming into the summer job market, perhaps in the middle or at end of June. What is going to happen to them? I suggest, Mr. Speaker, that it would be unwise, to say the least, perhaps irresponsible, on the part of Government to even place advertisements, such as it did in today's newspapers, offering them summer jobs if the Government itself is not sure it would have the means of providing for the payment of those programs. I suggest that is the kind of thing the Minister of Finance meant this morning when he said that our job was to provide for the needs of those who need help most.

In my submission, we have to be prepared in the coming months to face the tremendous number of young people who are going to be turning not to the private sector but to all of us in this Chamber and begging for help. I do not think they need to beg. We should not make them do so. We should be preparing them now and saying "Look, there is hope".

Of course, Mr. Speaker, it is embarrassing for any Government to have to ask permission to borrow money. But do you not think it would be morally reprehensible if we were not to ask for that money to spend it on worth-while programs such as those I just mentioned? I believe, Mr. Speaker, that our first duty is to the people of Canada, to help them when they need help most, when there is no one else to do it for them. Therefore, I would say yes, we are facing a deficit. No one is very comfortable about it, but we are using the money for worth-while purposes, and I think that Canada's youth will thank us for it in the end.

The Acting Speaker (Mr. Blaker): It was my intention to recognize next the Hon. Member for Comox-Powell River (Mr. Skelly), but as the House will have noted, I had to ask him to consult with the Chair for a moment. In the meantime I will remind Hon. Members that there is a period for questions, answers and comments.

Mr. Malone: Mr. Speaker, I would like to ask the Hon. Member for York South-Weston (Mrs. Appolloni) whether the Government is intending to spend $19 billion on young people as the result of this borrowing request?

Mrs. Appolloni: Mr. Speaker, I hope the Hon. Member was joking. I really do. I have asked that the Government be humane, not irresponsible. I have already pointed to the various needs the Government is facing to replenish the depleted unemployment insurance coffers and service the debt. I have not for one instant mentioned or even thought that all the money the Government needs now has to go to youth. However, I would hope very much that a large section does.

Mr. Malone: Mr. Speaker, we need not be told about the question of irresponsibility of the Government. The Canadian people already know that. I want to ask the Hon. Member for York South-Weston how much money will be spent on youth?

Mrs. Appolloni: The rules of the House forbid us to impute motives to any member who is speaking and I would just hope

en passant that by his questions the Hon. Member for Crowfoot (Mr. Malone) is not implying that he does not give a damn what happens to Canadian youth. However, when he asks me specifically how much money will be spent on youth I have to answer in all honesty and seriousness that I am not the Minister of Finance, nor am I privy to his calculations. Obviously, I do not know. However, I do know that our present Minister of Employment and Immigration (Mr. Axworthy) does his damnedest to help Canadian youth, and he will get every darn penny he can to help them.

Mr. Skelly: Mr. Speaker, there are two questions I would like to put to the previous speaker concerning youth employment. I agree that it is a very serious problem. However, I am concerned that the Government would not identify maximum benefits to youth employment, and I wonder if she might comment on this. For example, consider reforestation. The basic degradation of the forest resource industry in Canada is a desperate problem and seems to be one of the factors which has driven forest companies out of Canada. Disease-kill, fire-kill, and over-logging, especially in high-grade areas, has meant a loss of much of our forest base.

Would it not pay the country to use the youth, of which there is an enormous capable force available, to get heavily involved in reforestation programs, salmon enhancement programs and rehabilitation of Indian communities rather than putting them into the Armed Forces? Has she given any consideration to what would be a double pay-off for the dollars spent where, first, it would employ youth and, second, it would make a permanent contribution to the resource base and future of this country?

Mrs. Appolloni: Mr. Speaker, I thank the Hon. Member for that question. In fact, I have followed that line of reasoning myself, particularly as far as reforestation is concerned, with the Minister of Employment and Immigration. Many of the particular proposals to which the Hon. Member referred would have, shall we say, a short life expectancy in as much as they would be seasonal. Now, I did point out that the proposal to put the young people in the Armed Forces is not a panacea, nor is it the answer to all the problems concerning youth unemployment. It is aimed primarily at those who have already been accepted into the Armed Forces, those who wanted to join and have been accepted. But that would be for a full-time job.

Now, what I think the Hon. Member is getting at, and I agree with him, is that reforestation can be done, particularly under such programs as the Community Development Program. For instance, if in the Hon. Member's constituency there is an area which needs reforestation, I cannot see why the Hon. Member himself would not communicate with the Minister, as I have done regarding my own constituency, and say that we need a particular program and we need to employ youth. I also happen to know that the Minister of Employment and Immigration has spent something like $100 million in 1982 for youth employment alone, and he has already asked for more. This is in reply again to the Hon. Member, who is not interested in youth but just likes to ask silly questions, even though he did ask how much is of this money going to go for youth. I can tell you it is going to be more than it was last year.

Mr. Parent: Mr. Speaker, the devotion of the Hon. Member for York South-Weston (Mrs. Appolloni) to youth employment is well known in our caucus. In her remarks she alluded to two programs which I would like to hear a little more about. One is the program which had to do with youth helping older people in her particular riding, and the second was the proposal put forward in discussions with U.S. Congressmen. She alluded to these in her talk and I would like more information, as I am sure most Hon. Members would. So if she can address herself to those two programs, I would be most appreciative.

Mrs. Appolloni: Mr. Speaker, I thank the Hon. Member. There are several programs now in place in individual ridings. We have not hidden the models. As a matter of fact, on several occasions I have invited my colleagues who are interested in youth proposals to get in touch with me, and we would give them the model.

• (1640)

In my riding, under the Community Development Program, we managed to hire nine people, of whom six were youngsters, usually high school drop-outs, and the three others were unemployed skilled workers—a carpenter, a painter and a general handyman. They taught their skills to the six youths. Once the kids learned the skills we sent them out into the community to help low-income people. In a year and a half we trained 21 kids up to apprenticeship standard. Two of them have started their own business and are now employing others, several have been employed by other people in the private sector and some have gone for further training. The beauty of this is, that at the same time, 87 homes of low-income people, usually senior citizens, were renovated. They only had to bear the cost of materials, not labour. This can be done in any riding with the same characteristics as mine.

The other program was a high school drop-out program, to encourage the individual kids to return to school. As far as the conservation program is concerned, I would invite all Hon. Members who are interested in youth to get in touch with the Kennedy Memorial Institute in Boston, which has adopted some of our programs.

Mr. Malone: Mr. Speaker, what we have established from the remarks of the Hon. Member for York South-Weston (Mrs. Appolloni) is that she is willing to borrow $19 billion. She lists subject areas which no Member of any political Party would doubt are good areas in which to spend money, but she does not have any idea how much money is required.

I want to ask the Hon. Member if she could name one bank that would give a loan of at least $1,000 to a company or person if that bank did not know what the money was to be used for.

Mrs. Appolloni: Mr. Speaker, if I were to give a factual and detailed answer to that question, the Minister of Finance

would indeed deserve to lose his job because he would have broken Cabinet secrecy. I have been careful to say from the beginning that I am not privy to his calculations. All I can do as a responsible MP is to put forward suggestions, not to sit and beef constantly about unemployment, but to give him some concrete suggestions about how to get over the problem. I wish, and I am sure the people of Canada wish, that certain Members of this Chamber would spend less time on partisan jibes but would do their homework and help their constituents. Perhaps if we all did that there would be less unemployment and less need to borrow in the first place.

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I should like to propose the following amendment to the Bill before us:

That the motion be amended by deleting all the words after the word "that", and substituting therefore the following words:

—Bill C-143, an Act to provide supplementary borrowing authority, be not now read a second time, but that the subject matter thereof, particularly the subject matter of the clauses pertaining to borrowing authority for the fiscal year ending March 31, 1984, be referred to the Standing Committee on Finance, Trade and Economic Affairs which is instructed to consider the impact of the subject matter of the said clauses on unemployment in Canada.

The Acting Speaker (Mr. Blaker): The Chair would like to express its gratitude to the Hon. Member for Comox-Powell River (Mr. Skelly) who was so kind as to advise the Table officers and myself before putting that amendment. That has given us time to examine the precedents and rulings relevant to this case.

I should like to refer the Hon. Member to Erskine May's Parliamentary Practice, Nineteenth Edition, at p. 517 where the following passage appears:

In the case of bills referred to standing or select committees, an instruction can be moved as soon as the bill has been committed, or subsequently.

The Hon. Member for Comox-Powell River will recognize the difficulty, which is that the amendment he proposes adds certain instructions to the Committee. According to our precedents, those instructions cannot be given to a committee until such time as second reading stage has been completed.

Again I thank the Hon. Member for taking the trouble to consult with the Table officers and the Chair. In order to facilitate his consideration of an amendment, perhaps I could be of assistance, although it is obviously up to the Hon. Member to decide what he wants to do. I could suggest to him that if he were to simply drop the last phrase beginning with the word "which is instructed to consider" et cetera, then the amendment could be found to be in order.

Mr. Skelly: Certainly, Mr. Speaker, the intent of the advance notice was to determine whether the phrase at the end of the amendment was acceptable. I am more than willing to delete that particular phrase so that the amendment would end with the words "—to the Standing Committee on Finance, Trade and Economic Affairs".

The Acting Speaker (Mr. Blaker): In that case I will put the motion to the House in that fashion. It is moved by Mr. Skelly and seconded by Mr. Young (Beaches):

That the motion be amended by deleting all the words after the word "that", and substituting therefore the following words:

—Bill C-143, an Act to provide supplementary borrowing authority, be not now read a second time but that the subject matter thereof, particularly the subject matter of the clauses pertaining to borrowing authority for the fiscal year ending March 31, 1984, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

The proposed amendment is found to be in order and is open for debate.

Mr. Skelly: Mr. Speaker, presentation of the Bill before us which seeks authority to borrow a substantial amount of money, is a very common procedure in the House of Commons. It is almost a knee-jerk reaction in which we find the House being presented with a blank cheque. Sometimes the Government makes certain gestures toward the provision of information about the need for borrowing. In each case that we have been faced with, the amounts are larger and larger while the information is scarcer and scarcer each time the Bill comes before us.

I recall that when the last Bill was before us we engaged in a very intensive debate about the matter. At that time the other Party with whom we share the Opposition benches informed the Canadian people that they had won a great victory by not signing the blank cheque right away. Eventually, however, they did sign half the cheque, and after a couple of days of debate they signed the last half of the cheque.

What we have now is a situation where debate in the House of Commons winds up being largely a matter of knee-jerk reaction. Many Members of the House believe that this is a very substantial amount of money to be borrowed and that certainly, prior to giving support in principle at second reading stage, it would be better if we were to refer the question of borrowing to the Standing Committee on Finance, Trade and Economic Affairs. I hope that this amendment will be accepted by the majority of Members in the House.

There have been allusions to the causes of the economic dilemma that faces us today. I think it is fairly clear why the Government has to borrow. We are in a very severe recession in which Government revenues have definitely dropped, Government programs have been strained to the nth degree in an attempt to support individuals in difficult times. These programs have not been doing a great job in supporting those individuals, given the unemployment figures, bankruptcy figures, the erosion of the social institutions mentioned by the previous speaker such as the university community and technical schools which are all faced with very severe cutbacks in teaching staff, increase in pupil-teacher ratios, class size and lack of material.

• (1650)

Let me just digress for a moment. I would point out that a Dean of an Engineering Faculty to whom I was speaking, responsible at the time for instruction of post-graduate students in electrical engineering, told me that recently his class sizes had risen to the point where he found it very difficult to teach. He was in a fairly lucky position with tenure and a fairly reasonable salary. He found himself well above the other

members of the faculty, especially the new ones, in terms of security and salary. At the time the university was increasing class sizes dramatically. The university was refusing to provide appropriate equipment to keep its post-graduate students on the leading edge of technology which would enable them to leave as competent, trained engineers. The junior faculty was being siphoned off quickly into industry where the benefits and salaries were much higher and where the opportunities to improve and develop their professional capacity was much greater. Largely through federal Government and provincial Governments' restraint activities the university faculties were being gutted. Once we have caused harm to the students it will have a life-long effect on those individuals. If we gut our universities now it will be a decade or more before they can recover.

The motion before us this afternoon proposes that we take a serious look at the implications of this borrowing Bill. Maybe we can determine some of the directions in which we should be moving to spend that money when we determine what amount of money is appropriate. There is an enormous failure on the part of the Government today. There is enormous incompetence on the part of the Government today. No one argues that we have not been drawn into a deep world-wide recession, from which Canada cannot be excluded. But unfortunately the negative, social and economic impacts on this country have been compounded by an incompetent Liberal Government.

Let me outline one example of the complete incompetence of this Government as it relates to the National Energy Program. In 1980, during the election, the subject of energy and the cost of energy was widely talked about. We heard how we were going to develop security of supply and how we were going to be protected from high price energy. These were made the topics of the election campaign. Certain commitments were made by this Liberal Government on those topics. Basically, Government revenues were to be enhanced, the price of fuel was going to be controlled and ultimately the megaprojects would be the economic salvation of this country. All of that was embodied in what was called the National Energy Program in 1980. We heard the present Minister of Finance (Mr. Lalonde), who was then the Minister of Energy, making firm commitments in the House of Commons about the benefits that Canadians would receive. We heard that the megaprojects would put us back to work. The NEP would be the engine which fuelled the economy, supported other businesses, created employment and took away regional disparity. The promises went on and on. The National Energy Program was also to be the salvation of what had been in the past incompetent Liberal Governments. These Liberal Governments wound up with enormous deficits and eroded the strength of Government programs. Ultimately, the National Energy Program was to be an enormous cash grab by the federal Government shared with the Provinces and the producing companies, which would solve all our economic problems. The revenue figure used by the Government was $65 billion. It is very difficult to get one's head around that amount of money. It certainly pales the deficit.

We also talked about the possibility of Atlantic Canada becoming financially secure, energy self-sufficient and spinning off the results of industrial and economic development into the twenty-first century. We were told that all this would create opportunities in areas of the country that traditionally had great difficulties.

It was not too long after that that Bill C-48, the legislative vehicle that implemented the National Energy policy, was rammed through this House by closure. It was rammed through committee. It was a very difficult and complicated piece of legislation. The Minister told us, "We do not want to spell out the details. We want you, legislators, to give me, the Minister of Energy, discretionary power," and the amount of discretion in that Bill was enormous. We saw the Government ram that legislation through the House. It put the National Energy Program into place. It was hardly implemented when its collapse became evident to most people.

Ultimately, we wound up in 1982 with what was called the National Energy Program Update. It became obvious that the original projections, the megaprojects, had collapsed. That engine to fire the economy to assist us in recovery from recession, collapsed because of the incompetence of the Government.

The Government had made a quick snatch at revenue in the amount of $65 billion. But in the 1982 Energy Update it changed its projections. The projections became an amount between $25 billion and $30 billion. The Government wound up again confounded with problems of assistance to regional developments because of the collapse of particular projects or the delaying of them.

Again, we come to face what we have today, a request to borrow $19 billion. One of the reasons we are faced with this borrowing, the particular depth of recession and the harm caused by it, is the incompetence of the Government. What is that incompetence? The Government took a terrible risk. It risked the industrial and economic future of this country in one economic sector. The Government threw the dice on one particular sector, that of energy. The Government made a snatch at a goose it thought was going to lay a golden egg. But eventually it found there was nothing there. Instead, the Government placed Canadians and the whole economy of our nation in the hands of OPEC, a cartel which was controlling the world supply of oil and its price. Unfortunately for the Government of Canada, the OPEC cartel collapsed. OPEC was not a platform upon which this Government could build a sound economy in Canada. But that is very traditional with the Liberals. Liberal Governments in this country have looked for the economic salvation of Canada in the export of raw, unprocessed natural resources. At one time it was coal and unprocessed base metals that were being shipped to the Japanese, and other world markets. In the future it looks as though we may be shipping unprocessed forest products to the United States. The same will be true of the export of raw energy resources, natural gas and oil. We talked about 900 years of natural gas and 900 years of oil around a decade ago. Suddenly that wheel turned back and Canada has a shortage of supply. But now we are being told again that we have a very heavy surplus. Believe

me, Mr. Speaker, we have been put through this exercise one too many times.

It is interesting to note that the National Energy Program collapsed. This was the industrial sell-out for raw materials in Canada. The Update has collapsed. The most recent events in the collapse of the National Energy Program Update were seen in the total collapse of the megaprojects. There are no jobs to be created in that area nor any stimulus for Canadian business.

We look to the collapse of the Canada-Newfoundland Energy Agreement. We can take no comfort in the fact that the Appeal Court of Newfoundland has ruled in favour of the the federal Government of Canada. At some point in time officials of this federal Government will have to sit down with officials of the Province of Newfoundland, play fair ball and bargain in good faith. Unless this Government is prepared to give the Government of Newfoundland a fair and even partnership in the development of that resource, we will see the same kinds of economic problems emerge. Fairness was preached about so much in the National Energy Program. That fairness will be put off for decades. The Government of Newfoundland simply asks for an opportunity to manage that resource in such a way that a portion of the $100 billion projected from Hibernia will stay in Newfoundland. But the only way that can occur is if the people of Newfoundland have some say in the management, the development and the opportunity to pace that development so that industries in Newfoundland and Atlantic Canada are to share in the benefits of resource development.

History is very clear. What happened to the majority of jobs created by the North Sea oil? They wound up in the United States. The collapse of the megaprojects is one thing. It is time the federal Government came back to the table with Newfoundland, put aside the matter of who owns the resource and looked at how we as Canadians will share the benefits, thus providing an opportunity for the people of Newfoundland and Atlantic Canada to pull themselves out of economic dilemmas they have faced for so much of their history. It could also provide an industrial and an economic base that will support them after the oil is gone.

• (1700)

We look at the collapse of revenue. The National Energy Program Update dealt with certain recovery measures that were meant to get the federal Government into an acceptable revenue position. Perhaps we could look here for some of the funds for programs for young people that the previous speaker spoke of, as well as for some programs for the unemployed that would help get some economic initiatives rekindled.

Unfortunately, that Update to the National Energy Program has collapsed again. We have seen the price of energy on the international market fall to the point where oil will likely replace natural gas. The Government is trying to sell enormous volumes of natural gas. The National Energy Board provided for the sale of enormous volumes of natural gas into the United States. In order to stick to the Government's promise to keep the domestic price of gas at 65 per cent of the equivalent price of oil, the Government has dropped $300 million in revenue. From this type of poor planning we have seen a drop in projected revenues from $65 billion to $30 billion on the first update. We have seen a drop of $300 million in natural gas earnings alone. There has been a tremendous loss in projected revenues ever since the National Energy Program Update in 1982. This brings us back to the collapse of the energy projects and the collapse of the Canada-Newfoundland energy agreement. Now we have the collapse of the revenue projections.

We talked a great deal about fairness throughout both of those phoney energy policy reports. There were errors in Government judgment in regard to the economic and industrial recovery for Canada.

As recently as last Thursday, the Minister of Energy, Mines and Resources (Mr. Chrétien) stated in Vancouver that one of the Government's main commitments was to build pipelines to allow the people of Atlantic Canada to capitalize on natural gas as an alternative energy source to oil and to allow the people of Vancouver Island to have natural gas as an alternative. There are no developed alternatives to oil on Vancouver Island at present. There was a commitment of $150 million to build that pipeline and pay the conversion costs on Vancouver Island. Last Thursday, the Minister of Energy, Mines and Resources appeared to have scrapped that plan. I and many Canadians would appreciate it, in a spirit of fair play, hearing from Minister in the House for the sake of the people of Vancouver Island whether that gas pipeline is to go ahead. He indicated that it would not because a review of the costs proved them to be exorbitant.

The National Energy Board came out with a proposal about a week and a half ago to increase the export of natural gas primarily to the United States market. It represents an enormous increase in volume. I believe the rationale behind that decision is unacceptable. There are certainly problems with it. But the federal Government has left itself open to blackmail from the industry which tells the Government to either sell the gas or they will shut down. On the other hand, the Americans are pushing us by saying they will not take our gas unless the Government drives down the prices, substantially. We are faced with the prospect of Canadians paying billions in incentives to drill for gas. The companies pay about six cents, and the Canadian taxpayer pays about 94 cents on the dollar for the risk of exploring for that new and expensive oil and gas. Yet the Government is prepared to sell enormous volumes of cheaper gas to the American market which cannot even absorb that volume. Canadians will find themselves further behind the eight-ball as a result of paying these enormous incentive grants, while the Government's revenues from energy are greatly reduced on sales of a very valuable resource which the Government is prepared to give to the United States at sale prices.

Let us consider the economic logic of this plan in which the Americans end up with cheap energy to produce cheaper goods

that will compete with our high priced goods in a very competitive world market. The economic logic behind the cheap gas export fails completely. The failed logic of the National Energy Program has caused the Government to push cheap supplies of energy into the United States that will displace our manufacturers and our goods on the world market.

Probably the most amazing aspect of the National Energy Board decisions was the Dome Petroleum proposal to sell liquefied natural gas to the Japanese. This is an incredible situation in which a Canadian Board and the Canadian Government would allow a company like Dome to feed natural gas into the Japanese market. The Japanese market which is going soft. The Japanese are cutting back on orders of coal and natural gas. The formula by which Dome is to sell that gas to the Japanese is based on the U.S. prices. If the Government caves in to the demands of the United States to lower the price of our export gas sales, then our gas to the Japanese could easily go down. The price is already so low that when one takes into account the cost of delivering the gas from Prince Rupert, the liquefication, the transfer to Japan, and the regasification the return to Canadians will make the exercise uneconomical. In reality, we may discover that Dome will have to be bailed out from another misguided project.

There are serious concerns, even concerns expressed by the National Energy Board. I think it is time for the Cabinet to step in and put a stop to these illogical projects. We must develop a much more sound approach to the management of our economy and the development of energy as a rational, integrated part of industrial and economic development in Canada. Instead, the Government's approach has simply been to try to snatch at a goose that they thought was laying a golden egg.

These problems originally began when the Government's National Energy Program of 1980 failed miserably to develop an economic strategy for Canada. That program was patterned after the same miserable failures of past Liberal Governments' proposals to export our unprocessed resources. This is what the Liberal Government has traditionally depended upon. It has failed to develop an effective and broadly based industrial strategy with a firm foundation that is developed by Canadians and will provide employment opportunities.

The Minister of Energy, Mines and Resources should come to the House and give us a new update to the National Energy Program. Furthermore, when we come to deal with the budget of the former Minister of Energy, Mines and Resources, perhaps we will find some direction which will show that the Government has finally become aware of the real problems that confront this country and its economy. The Government should go back to square one, develop an industrial strategy that will put Canadians back to work, and that will not suffer from the ups and downs of an OPEC-managed world energy market.

Hon. John C. Crosbie (St. John's West): Mr. Speaker, this is a most unusual piece of legislation that we are now discussing. The only reason that the Government of Canada is even able to contemplate this kind of barehanded effrontery, this raid on the Treasury of the people of Canada, is for reasons that we can see here when we look around us today. In this House of Commons Chamber we do not have one reporter in the gallery. Apparently they do not care about what is to be said about an attempt by the Government to borrow $19 billion, which is the largest amount for which any Government ever attempted to get borrowing authority. They do not seem to care that only $5 billion of that money is for the fiscal year we are in now and that $14 billion is a barefaced grab without any adequate explanation of what it will be needed for next year.

We see on the benches opposite us that Members are so concerned and worried that we have a total representation here of nine, half of whom are Cabinet Ministers. Of course, they are the ones who organized and initiated this grab. They are the ones who are responsible for what we see before us.

What is this all about? We have an admission, again by the Government, the Department of Finance and the Minister, that they are totally and utterly incompetent. On November 12, 1981, just 15 months ago, we were told that the deficit for this year, which ends at the end of March, would be $10.5 billion. That was to be our deficit. All the economists in the Government gave this as their best estimate for this year.

We are now just 15 months past the date of that estimate and the deficit, we are now told, is $27.2 billion. That is two and one-half times what we were told 15 months ago.

The predecessor to the present Minister came to the House on June 28, 1982, just eight months ago, and revised his figure. He said the deficit would be $19.6 billion for this year. That estimate was only eight months ago and he was wrong by $7.6 billion, so far, as compared with the estimate made eight months ago. The present Minister of Finance came to the House on October 27, just four months ago, and told us the deficit would be $23.6 billion. Four months later he is just as uninformed or as deliberately dishonest as his predecessor when he gives us his estimate of a $27.2 billion deficit in the year ending on March 31.

• (1710)

The same Minister has made equally inaccurate statements concerning borrowing requirements, what are called the financial requirements, most of which the Government must borrow. Fifteen months ago, the Government said it would be $6.6 billion. Eight months ago, it changed that to $17.1 billion. Then, four months ago, it changed it to $22.2 billion, and today it is telling the House that the financial requirements this year amount to $26.1 billion. That is four times what it estimated just 15 months ago.

In the whole history of Canada, such incompetence or monumental dishonesty has never been exhibited by the people who are responsible for guarding the funds of Canada. However, there are hundreds and thousands of economists. Are we to believe that this is the best kind of job they could have done over the last 15 months? This Minister has no credibility, none. He is just as bad if not worse than his predecessor.

What has the Government said about those deficits during all this course of time? On November 12, 1981, the former Minister of Finance, who is now the Deputy Prime Minister (Mr. MacEachen), said that the deficit for the fiscal year 1981-82 would be lower than the $9.8 billion he projected a year before. In fact, the deficit last year turned out to be $13.6 billion. He was $3.8 billion wrong when he gave the estimate on November 12, 1981, for the fiscal year which was to end four months later. Such incompetence is unbelievable.

Then the former Minister, in regard to the Government's policy, said, "I believe we must reduce our deficit and our borrowing requirements substantially". That is what this prevaricator said was the policy of the Government on November 12, 1981. He said, "We must reduce our deficit and our borrowing requirements substantially", but instead of that, the deficit has tripled and the borrowing requirements have quadrupled. Despite that statement of policy, the Government is either completely and utterly dishonest or completely and utterly incompetent. Never in the history of this country has such incompetence been seen—

Mr. Blenkarn: Or both.

Mr. Crosbie: —or dishonesty, or both, been seen. Then we heard his statement of June 28, 1982. Listen to this, Mr. Speaker, in light of the background I have given. He said:

> The Government cannot responsibly add to the deficit. It has to reallocate resources. The action plan will therefore be carried out within the framework of current monetary and fiscal policy.

He said that at a time when he estimated the deficit to be $19.6 billion, and it has now risen $7.6 billion. He said, "The Government cannot responsibly add to the deficit", but it has added $7.6 billion to it now. The Government is condemned by its own words, put in writing and printed just eight months ago.

He said:

> My purpose tonight is to offer Canadians a way to end the recession and to speed our progress toward recovery through immediate action.

What a joke! Tell that to the 1,600,000 Canadians who are now unemployed. I want to compare that with the statement of the present Minister of Finance (Mr. Lalonde) today, that creature who refused to demonstrate any sense of moral responsibility by resigning because of the patronage deal into which he entered with Mr. Gillespie, as we found out in the last several days. Concerning the fiscal year 1983-84, which begins in one and a half months, or six weeks, he said:

> —it is too early at this stage to forecast what the financial requirements will be.

This Minister cannot forecast, a month and a half before the fiscal year starts, what the deficit might be, yet he comes into the House and blindly asks us to approve a $14 billion increase in borrowing authority. Can it be creditable, that he would attempt that? He can only attempt it because there is no interest. No one cares. No one gives a damn about our financial position. No one understands what a deficit is. No one appears to worry, and the press are off, of course, chasing rainbows or moths or some other diversion, and are not following the course of debate in the House. We in the House might as well be eliminated, done away with, come in here and go through the Question Period for one hour a day and close down the rest of the nonsense that we are in the process of going through now.

Mr. Malone: That is because Trudeau killed Parliament.

Mr. Crosbie: I showed Hon. Members what his predecessor said in June, and today the Minister of Finance said this, and I quote from page 11:

> The Government of Canada remains committed to its longer term goal of systematic restraint of its expenditures as a proportion of the GNP—

Do Hon. Members know what the Government is up to now? It is now spending 26 per cent of the Gross National Product.

Let me say to you Canadians out there who create the goods and the services and the wealth, that they are taking and spending 26 per cent on you. That is what they are up to, yet they have the gall to tell you that their goal is systematic restraint of its expenditures as a proportion of the GNP.

The Minister went on to say, "We remain committed to the systematic reduction of the deficit as well".

What a tissue of lies. The Government is not dedicated to the systematic reduction of the deficit. It is not committed to any reduction of the deficit. It has risen from $10.5 billion 15 months ago to $27.2 billion today.

What is one of the main reasons we have been in this mess over the last several years when we know that there has been a recession and depression? The fact is that we had nothing behind us. The Government had trapped itself, had its hands tied, because for all of the previous years it had prepared deficits. So at a time when Canada really needed deficit financing, these fools, these charlatans, these scoundrels, had spent away our substance. So the deficits could no longer be stimulated.

I have in my hand a table which shows what our deficits have been for the last 10 or 12 years. Beginning with 1972-73, when the great genius, John Turner, was Minister of Finance, there was a deficit of $999 million. Every year the deficit became worse, until the end of March, 1982, when it was $13.6 billion. Over those ten years, when things were relatively not too bad in Canada, the Government incurred $77 billion in deficits. Therefore, when we came to the part of the financial cycle where deficit financing was needed, the Government had already wrecked our system. It could no longer stimulate. Now that we are up to $27 billion, we are receiving no stimulation from that $27 billion. The Government is even suggesting that the deficit might be higher than that next year. In terms of the United States, which is ten times larger than our country, it would amount to a deficit of $270 odd billion. Those are the kind of straits we are in.

Anyone interested in the deficit discussion should read the book by Michael Walker of the Fraser Institute on balancing the budget. First, I refer to page 18, which states:

> The consequences of Government deficits, therefore, depend on how the Government chooses to finance the shortfall. If it creates an excessive money

supply, it will promote inflation. If it opts for the alternative of issuing debt (borrowing), it will raise interest rates above the level they would otherwise have achieved and, in the process, crowd out private expenditures. The consequences of the latter effect are likely to be deep and long lasting. The reason is because of the nature of private and public expenditures.

The only way the Government can finance these fantastic deficits is by having an excessive money supply which we all know leads to inflation, by issuing its own bonds or by borrowing, and this will drive up interest rates and crowd out the private sector which should be encouraged today. Our only hope lies in the private sector.

What is the Government doing? It is asking us to authorize the borrowing of $19 billion. On page 20 it states:

When a Government issues a bond, it merely defers taxes or the printing of money. In the end, the deficit must be paid for either by taxing or money creation.

Now let me tell you Canadians who are listening to me out there, there is $19 billion, but the Government wants us to authorize today—

The Acting Speaker (Mr. Corbin): Order, please. The Hon. Member should address his remarks to the Chair, please.

Mr. Crosbie: Mr. Speaker, I do not mind addressing my remarks to you, but frankly, I am not talking to you. I am talking to the Canadian people.

The Acting Speaker (Mr. Corbin): Order. Standing Orders provide that Hon. Members who are recognized for the purpose of making a speech must address their remarks to the Chair.

Mr. Crosbie: You had better believe it, Mr. Speaker. That is what I am doing, directing my remarks to you, but I hope the people of Canada are listening because I do not expect you or anyone else from the Government side to really pay any attention.

The Acting Speaker (Mr. Corbin): Order. Would the Hon. Member resume his seat, please. The Chair has called the Hon. Member for St. John's West to order. Surely the Hon. Member should not comment on that ruling, which is substantiated by Standing Orders of the House of Commons.

• (1720)

Mr. Crosbie: Quite right, Mr. Speaker. When the Government asks us to authorize the borrowing of $19 billion it is asking us to authorize the Government to issue bonds. All we are doing is to defer $19 billion in taxes because the Canadian people will have to pay back this $19 billion through the Government. The Government can only pay it back in the future by taxing the public for $19 billion. So what we are doing now is to defer taxing the Canadian people today and taking $19 billion from them today, which we are going to put off on them or on their children for five years or ten years' time. That is all we are doing. We are deferring taxes, or we are printing money. If the Government does it by printing money then we are into an inflationary spiral that will never end which is going to finish this country, and its productive resources. This deficit can only be paid for by taxing or creating money.

Then the Government goes on to say this:

For this reason it is most useful to regard Government deficits simply as deferred taxes.

The Government deficit is simply a deferred tax. It has to be paid back. The deficit of $27.2 billion that this Government has so far this year has to be paid back by the Canadians who are out there in this great country, and we hope some of them are watching this debate. The taxpayers have to pay it back or their children have to pay it back, plus interest. The situation today is that one of every four dollars that this Government spends is now being spent on interest payments, not for anything productive but for the debts that they have incurred in the last 10 or 12 years. One of every three dollars of the revenue they are taking in, your taxes and mine, is going out in interest payments. One of three of the revenue dollars is for interest payments and one of four of expenditure dollars is for interest payments. The difference is made up by their borrowing. Does no one care? Do they not see where this leads to? This may get the Government through another year or two, or four or five years, but this country is going to hell in a hand basket and it is a Liberal hand basket, and they are getting us there much faster than anybody ever thought would have been possible just a few years ago.

This Minister of Finance a few months ago said—and this shows how good a forecaster he is—that unemployment would decline and reach a level slightly above 11 per cent of the labour force by the end of the year. In fact, the rate was 12.8 per cent. We have 1,598,000 people out of work. When he brings his budget in, Mr. Speaker, we cannot believe a word he says. We cannot put any credence in the estimates he gives. The record of the last three years is unbelievable. The Government has abandoned any strategy of deficit management, it has lost control of the spending and its revenue, it cannot predict from month to month what the deficit might be, it cannot give us any kind of a reliable or meaningful forecast, and it now asks us to give it a blank cheque for another borrowing of $19 billion.

The Minister is stalling on his budget. He was going to have a budget in January, then in February and then in March, and now he is not going to have it until April. He says it is because we will not approve his tax Bills that are in the House. It is not for that reason. It is because he does not know what to do. He has no strategy, the Government has no strategy. It does not know what to do to bring about an economic recovery. There is a slight one coming, but not because of this Government. We had got down as far as we could go. He does not know how to reduce unemployment, except perhaps for some frashy little scheme, a temporary job creation on which he might spend a billion or two.

He is drifting, waiting for someone to help him. This Minister of Finance is the great anti-American who brought in the National Energy Program and who is so much against the Americans, this big, tough guy who does not care about the United States of America. He is going to show them where to

get off in his energy policy. Why, he is waiting for the United States of America to save him. The only thing that can save him is Ronald Reagan. The only thing that could save the economy here in Canada is a big expansion and economic recovery in the United States led by Ronald Reagan. That is how tough he is, and that is the sagacity that this Cabinet Minister has.

Mr. Speaker, I for one am going to vote against this Bill. It is an atrocity to bring this before the House of Commons. I was struck today by two points made in an editorial in the *Globe and Mail*. They say that the amount that the Government is now asking us to give them borrowing authority for, $19 billion, is the size of the entire budget of the Government of Canada in 1973-74. The Government of Canada only spent a total of $19.3 billion nine years ago. Today they want from us authorization to borrow in one fell swoop more than they spent in the whole period of 1973-74. They want us to give them the right to borrow $19 billion now, which was the entire net debt of this country from Confederation to 1974-75. From Sir John A. MacDonald to the great Trudeau, we only had a debt of $19.2 billion, and now the great Trudeau wants us to authorize the Government to borrow more than we had in the total net debt of this country from 1867 to 1973-74.

It is no wonder that we are going to balk at that. It is no wonder that we are going to do everything we can to defeat this. There is no salvation for Canada in greater and greater deficits, none. That is the way to totally bankrupt this country and take away any chance we have of recovery. We have another two years before this bunch of poltroons and cowards calls an election. They still have time, unfortunately, to wreck our economy completely, and the road to greater deficit is the road to ruination for this country. The deficit is already far, far larger than anyone ever thought that we could handle.

So the Government who does not know how big its deficit is going to be next year, according to the Minister, who does not know what they are going to have to borrow next year but just wants us to give him a simple $14 billion authorization that might carry him over until the early summer, he says.

Now, Mr. Speaker, the Government has lost all credibility—

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

Mr. Crosbie: My time is coming to an end. We are going to oppose this Bill which is the worst Bill, filled with nothing but—

Mr. Flis: You have no respect for the Speaker.

Mr. Crosbie: I have no respect for the Government or anyone who sits with it, who have put forward the most rotten—

The Acting Speaker (Mr. Corbin): Order, order. Questions and comments. Debate. The Hon. Member for Vegreville.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, it is always a pleasure—

Mr. Crosbie: Come on, stand up and ask a question.

An Hon. Member: Is he running for the leadership or not?

Mr. Crosbie: You poor devils are wishing you had the chance, that is all.

Mr. Fisher: We should all switch and join the ranks of the—

Mr. Crosbie: There is not enough room for you in this Party. We are not taking any rotten apples over here.

Mr. Mazankowski: Mr. Speaker, as I said, it is always a pleasure to follow my good colleague, the Hon. Member for St. John's West (Mr. Crosbie). I think it is quite clear that had the economic and financial levers been under his control this country would be in a lot better shape today, there is no question about that.

Some Hon. Members: Hear, hear!

Mr. Cosgrove: Thank God for the voters.

Mr. Mazankowski: Mr. Speaker, the Bill that we are dealing with here, Bill C-143, represents a clear example of this Government's failure to manage in a competent and effective fashion. There is no question about that. My friend, the Minister of Communications (Mr. Fox) smiles and snickers. He does not mind the imposition of a $19 billion tax load on the poor people of Canada. There is no question, their whole approach to this is unbelievable and the consequences are unbearable.

It is the largest borrowing Bill in the history of Canada. Nineteen billion dollars equals, as my colleague indicated, the total amount of federal Government spending in the year 1973-74. When I came to this House in 1968, the total Government spending at that time was something in the order of $12 billion. Today, in the next fiscal year, it is going to be something in the order of $88 billion. When you look at this $19 billion borrowing for a period of six months, it is $3 billion a month, over $100 million a day. When we look at that, we see the Government is spending in excess of $10 million an hour. If we look at it in terms of the 1979-80 period, Government spending has increased by 66 per cent since then. The Government is sinking into a muskeg, something we have a bit of in the northern part of our Province. That is where a good portion of our oil and minerals are found. It is in a quagmire of muskeg and will never bail itself out. It shows no leadership. It asks Canadians to practise restraint.

• (1730)

Mr. Cosgrove: Look who is talking about leadership.

Mr. Mazankowski: There is certainly no leadership over there and certainly no morality, judging by the performance of the front bench opposite today and on previous occasions. People expect moral and honest leadership from a Government, not the kind of sleazy leadership we are getting from that Minister and other Ministers. They ask the old age

pensioners and families with small children to exercise restraint while they spend money as if it were going out of style.

What is alarming is not only that the Government has been overcome with a deficit psychology but that it has convinced many of its Liberal friends in the business community that there is nothing wrong with the perpetuation of continuing high deficits.

Their good friend, Ian Sinclair, the former chairman of CP, was put to work on the six and five program. It is interesting to note that he advocates an increase in the deficit, spending our way out of our difficulties. I find that alarming. If we really face the consequences of the kind of deficit we are dealing with today, we would have to increase taxes by roughly 40 per cent in order to balance the budget. That is impossible. It is irresponsible for a Government which has continually escalated a deficit.

My colleague, the Hon. Member for St. John's West went through the itemized performance. Since 1968 we have had one balanced budget. In the year 1969-70, there was a $493 million surplus. Since that time we have had escalations of deficit financing, to the point where our gross debt is now in the order of $135 billion to $140 billion and interest costs alone are $17 billion annually. What a tremendous imposition that is upon the productive capacity of this nation.

In order to finance the deficit we either have to borrow or print more money. We are selling out Canada and putting an imposition on future generations. The young people of this country will be faced with the burden of servicing the debt and, hopefully, paying it off some day. Quite frankly, we are spending beyond our means, and have been doing so for some time.

Massive Government borrowing on the scale of $19 billion has very serious consequences in terms of our whole economic environment. It will threaten the recovery and has the potential of fueling inflationary expectations, which can cause interest rates to rise again. There is a clear possibility that we could repeat the cycle of 1981-82 which was an economic disaster.

We face the prospect of crowding out the private sector. The Government now takes 60 per cent of the long-term capital needs generated in this country. That has the effect of crowding out the private sector which we hope will be the main engine of economic recovery. The Government will need to borrow in order to create the economic activity and jobs that we need.

In 1982 the federal Government accounted for 61 per cent of the net of new security issues. If that is not crowding out the private sector, I do not know what is. We seem to be compounding the errors of the seventies. We are on the road to repeating the trends we followed in the seventies. If we analyze the last ten years and look at some of the structural defects and our failure to recognize and deal with them, we see that we failed to read the signals of low productivity. We failed to encourage modernization, re-tooling, individual equity investment, improved labour relations, improved skilled trades and co-ordinating the skilled trades with job demands. We fail to encourage new and successful ventures.

Mr. Axworthy: That's nonsense.

Mr. Mazankowski: It is not nonsense. You need only pick up a newspaper to see that the jobs going begging are for skilled trades. This Minister and his predecessor did not address that issue. What he says is balderdash and he knows it.

Over the last ten years we failed to recognize the winners and to support new ventures. Rather, we have been propping up the losers. Through successive Government intervention we have either killed the enterprise spirit or lulled it into a false sense of security. In the course of that, the private sector was discouraged. We relied upon borrowing and spending our way out of our difficulties. The results were high deficits, debased currency, high interest rates, outflow of investment dollars and shattered confidence. We now have an economy that rates 24 out of the 24 OECD countries.

When we look at the trends that are developing in terms of the amounts that all Goverments are taking as a percentage of the GNP, it is frightening. Well in excess of 50 per cent of all goods and services produced in this country is now being expended on some level of Government. When that happens, we not only lose our economic freedom, but our political freedom is threatened as well.

Looking at the reality of the situation, we must address some of the problems facing us today. We must cut back on Government spending. We cannot reduce social assistance programs under the current crisis. Naturally, we cannot reduce the transfer payments. There are some serious structural problems in the economy. We know that we cannot reduce the deficit overnight, but we must be determined. We must develop a psychology of working toward reducing the deficit.

There are many ways in which the extravagance and excessive spending of this Government could be reduced. Let us look at this Government's record in terms of how it treats its friends, such as newly appointed Senator Pitfield. We learned the horrendous revelations of the former Minister of Energy in the sweetheart deal arranged for him. With a $25,000 investment, he has the potential of picking up a $750,000 profit, a $30,000 a year salary, plus $600 a day. That is a real sweetheart deal.

We now have the ridiculous Royal commission, which will cost Canadian taxpayers $5,000 a day, of which the chairman will receive up to $925 per day, plus expenses. It is heartening to note that even some Liberal backbenchers find this difficult to smallow. Then we have the 200 per cent increase for CMHC directors, all good, card-carrying Liberals, no question about that. The Government is spending on advertising something in the order of $230 million. While everyone else has been asked to abide by the Government's six and five guidelines, the administrative costs in Government are soaring; 17 per cent over-all between 1981-82 and 1982-83. The administrative costs of the Department of Employment and Immigration increased by 40 per cent, Health and Welfare by 32 per cent, Transport by 20 per cent, and the Department of

Supply and Services by 15 per cent. And with respect to the scores of advisory boards, Mr. Speaker, it is rather interesting to look at these boards which have been appointed by this Government with 9, 10, 12 members, some of whom never meet, and some of whom meet once in a while. They are all on some sort of an honorarium—another political pork barrel.

• (1740)

These are some examples of the waste and extravagance and pork barrelling which could be reduced. The Government could then lead and demonstrate by example rather than by its double standard in suggesting to the old age pensioners and the families with small children to bear the brunt of the restraint program.

On the economic side, as well, Mr. Speaker, I believe there are a number of things which have to be done, and have to be done soon. This Government is possessed with its massive intervention in the economic welfare of the country. I believe that we in this country must make a commitment toward a more market-oriented economy. I believe this would do more to restore confidence in the economic domain than anything that has occurred over the last two years. It is the reality of the world, particularly in our new industrialized nations, that we will have to recognize that the free market forces are going to have a greater play in the future.

Second, we should make it very clear to Canadians, and to people throughout the world, that we in Canada are ready and open for business, by removing the obstacles and restraints to investments, both from domestic and foreign sources. There is no question that this country needs capital to create jobs. We should become a haven for investment, rather than a country which is hostile to it. Third, as I said in my speech on the tax Bill the other day, we must simplify our complex, costly and counterproductive tax system. It is regressive. I have not found anyone in Canada who believes we have a good tax system, and if people do not believe we have a good tax system, it should be changed. If it is not changed, the whole integrity of the system can break down. We have regulation piled upon regulation, which does nothing more than frustrate business and individuals. There is clearly an opportunity to engage in a massive regulatory housecleaning. That has to be done in concert with the Provinces, of course. We have the study by the Economic Council of Canada which introduced some 66 recommendations, 25 of which were directed at the transportation industry, but nothing has really been done in that area. I believe we have to face the facts, Mr. Speaker, that surely we have disproven and discredited that utopian ideal that we can plan and regulate everything to perfection. Let us get on with the job. Let us unleash the entrepreneurial spirit in this country. The enterprising spirit, Mr. Speaker, will be the main engine of growth in this country.

Fourth, I am sure that we can remove duplication and reduce the level of Government take, in concert, again, with the Provinces. The former Auditor General of Canada said that he could identify some $5 million-worth of savings just in the area of reducing duplication. That could be done over a three-year period in concert with the two levels of Government. And when you look at the implications of that, you find it would not only save money, but I believe would avoid a lot of frustration and free up the system.

Fifth, rather than picking the winners and the losers through grants and subsidies—and I see the Minister of Industry, Trade and Commerce (Mr. Lumley) here. He is a very powerful Cabinet Minister. He can decide which industry goes and which fails, and in what region. He has that power. I hope he uses it with some discretion—surely we should be looking at programs which would allow for the kind of incentive which would allow industries to develop across the board, which would be rewarded for innovation, for advanced technology, for R and D. One-half per cent increase in the level of research and development in this country would produce some 400,000 jobs and would have a tremendous impact upon the industrial heartland of Ontario, in particular. It is the industrial, manufacturing heartland which is really hurting in terms of jobs. There are clearly ways, therefore, in which that can be overcome, through a tax system which would provide tax shelters, incentives, such as the Canadian Stock Ownership Plan, which we introduced, or the Registered Shareholder's Investment Plan.

Sixth, and I have talked about this many times in the House, we have failed to turn our energy advantage in this country into an economic advantage. The National Energy Program has been a disaster. There can be no question about that. It has been proven time and time again. We must move toward oil self-sufficiency as quickly as possible, and we all know that that problem is not as urgent as it was a little earlier. In connection with the energy industry, we have to do something about the petrochemical industry. We have some $6 billion worth of projects on hold in Western Canada. We have a petrochemical industry in Eastern Canada which is probably weeks away from collapsing. That is part and parcel of the whole energy program which must be addressed.

Seventh, we must improve our labour-management relations, and as I said earlier, synchronize and coordinate our skills to mesh more directly with job demands.

Eighth, we must remove those impediments which discourage the enterprising spirit of Canadians. We must encourage individual initiative. We must encourage individual ownership. We must provide incentives to build. We must restore the profit motive. We must revitalize the productive sector and encourage growth and development based upon our natural strength.

Finally, Mr. Speaker, what we must do once again is to renew our commitment towards an economic and political union in this country. Through the National Energy Program and through the constitutional debate, there has been some deep division and disharmony which has been generated throughout this country. We must get Governments working together rather than against each other and against the private sector. We must do this for the common good. We must create a climate where we are building through co-operation rather than frustrating and destroying through confrontation. This

country has tremendous potential, Mr. Speaker. It can once again be a proud and vibrant nation. But we must harness the creative and entrepreneurial spirit of our people. I submit to you, Sir, that the key to building this country and setting it on its proper course, is to allow people to be set free, allow them to be free to grow and to build in a climate where Government serves the people rather than people serving the Government.

Mr. Evans: Mr. Speaker, I was very interested in the words of my hon. friend, as I always am. I find his words carry rationality with them. However, in a good part of his speech, the framework of his speech seemed to be that the free market system should be allowed to move forward under its own driving force, with which I have a great deal of sympathy. There were some parts in his speech, however, which, I believe, tended to contradict that, and I wondered if he would like to comment on two particular aspects. First, with respect to the energy industry, the words used were, "We have to coordinate the energy industry to make sure that the petrochemical industry and the oil industry are all coordinated and running well together." Is the word "we" in reference to Government and, if so, does that not say there is some kind of central planning of the entire petrochemical and petroleum industry? The next statement was that we have to co-ordinate and manage the manpower skills and needs of the country. Is he not saying that we, the Government, have to determine which skills are important and which needs are going to be met? If so, does that not fly in the face of the whole free market philosophy he puts forward?

• (1750)

Mr. Mazankowski: I thank the Hon. Member for his question. If I used the word "co-ordinate" or "manage" I left the wrong impression, because the fact of the matter is that before the National Energy Program we had a healthy oil and petrochemical industry in this country. Since the NEP, we have neither. What I am saying is that the effect of the NEP not only destroyed the oil industry as we know it, but it is also playing havoc with the petrochemical industry. What is really happening is the heavy up-front taxes—well, I will wait until the Member is prompted by the Minister of Industry, Trade and Commerce who should have this problem resolved by now rather than sitting on it.

The fact of the matter is that because of the heavy up-front taxes on the feedstock of petrochemicals, we now find ourselves in a situation where we are non-competitive in world markets.

As to manpower policies, the federal Government is the main author of economic policy and immigration policy, so it is in a better position to determine what the needs are, what the skills are, and the number of people coming to major centres like Toronto or Montreal. So I am suggesting it has a better opportunity to provide leadership and direction than any other level of Government. It is the author of economic policy, of immigration policy. Well, I may be treading in the provincial domain, but I think there has to be better co-operation and co-ordination in matching the skills with the demands.

Mr. Evans: Mr. Speaker, with regard to the oil and petrochemical industry, what role would the Hon. member say is played by the fact that in the free market system oil prices have fallen rather than risen, and what impact has that had on the oil industry? Is it all the fact of the NEP, or indeed has the free market mechanism itself undermined the viability of the oil industry and the petrochemical industry not only here, Mr. Speaker, but in the United States and in the oil-producing, under-developed countries? Has the free market not done a great deal of damage to the industry the Hon. Member has been referring to?

Mr. Mazankowski: Mr. Speaker, certainly not. As a matter of fact, the oil consuming countries played into the hands of the OPEC countries because, rather than facing the prospect of accepting high prices for energy, countries like Canada chose to cushion the effect of the high energy costs. What we did is simply to perpetuate the high prices. Since the United States has deregulated and since there has been conservation and cutbacks in consumption, plus new supplies coming on, the OPEC cartel is crumbling. As a result, it is the marketplace which is really forcing the price of oil down. All we have done, by trying to protect our consumers by putting a very heavy burden on the Treasury, is to protect high prices, and the author of those high prices was OPEC.

Mr. Axworthy: Mr. Speaker, I would just like to take the opportunity to pose to the Hon. Member some questions. I was surprised during the course of his speech that he demonstrated a singular lack of information or knowledge about what has already taken place. Let me pose these questions partly in a rhetorical way because I am surprised at someone who poses as being so knowledgeable about so many things and yet has so many gaps in his information.

For example, is the Hon. Member aware in his demand for more co-ordination on the manpower side that there is already in place a new system called COPS, which is based on full provincial, business and labour co-operation to designate national occupations based on information from all sources, and that the model has already been developed, a conference held and the system going into place?

I would expect that when the Member speaks he should at least try to base his conclusions on some information, although I know it is the habit of Hon. Members on the other side not to get confused by the facts.

When the Hon. Member makes a ringing call for additional manpower programs, is he aware that his own caucus voted last year for a new National Training Act which has pumped an additional 20 per cent into manpower training programs this year alone. Does he know that just this past month we have put something like $2.5 billion into New Brunswick for a Cadcam system, and other money into the Province of Ontario for Ryerson and 14 other community colleges? Does he know we have put money into the Holland College on Prince Edward Island, and $14 million into the Province of British Columbia, including the riding of the Hon. Member for Vancouver

Centre (Miss Carney) to provide for new computer technology? In one year's time we have been able to shift the level of high skill training from 25 per cent to 30 per cent in one year under that new National Training Act.

It seemed to me, Mr. Speaker, that it would be interesting to know if the Hon. Member, in making these claims, is simply repeating the words written for him by some Tory caucus speechwriter who is basing his information upon obviously obsolescent and irrelevant material. Or would he like to have the opportunity, which I would be glad to offer him, to have a full briefing on the way in which we have placed manpower policy at the centre of our industrial restructuring, and how we are miles ahead of anything the Tory caucus Research Bureau has ever dreamed of?

Mr. Mazankowski: Mr. Speaker, it is no wonder this country is in sad shape. The fact of the matter is that this guy over here spots a problem, throws some money at it and walks away. That is the problem. Really, we have more damn programs than we need.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: His alphabetical litany is screwed up as much as the mind of the Minister. You are as stupid as you look.

An Hon. Member: Oh, oh!

Mr. Fisher: Madam Speaker, I would like to ask the Hon. Member who just spoke to give us some idea of how he defines sweetheart deals. I would like to ask him, in light of his own experience with the Grange inquiry, what standards did he use to appoint the counsel and assistant counsel to that Commission? What political Parties did they belong to and how much money did they earn?

Mr. Mazankowski: Well, in the case of the Grange Commission, as in the case of the Dubin Commission, and I think both Commissions did tremendous service to the country, and indeed to the transportation sector, I simply followed the guidelines put in place by the former Liberal administration.

Mr. Fisher: Madam Speaker, then I wonder whether the Hon. Member for Vegreville (Mr. Mazankowski) would confirm that the standards used by the prior Liberal Government were acceptable to him, and were high enough in their moral standards so that he would lend his name to them.

• (1800)

THE ROYAL ASSENT

[*Translation*]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Adjournment Debate

Madam Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the Chamber of the honourable the Senate.

Accordingly, the Speaker with the House went up to the Senate Chamber.

And being returned:

Madam Speaker: I have the honour to inform the House that when the House did attend His Honour the Deputy to His Excellency the Governor General in the Senate Chamber, His Honour was pleased to give in Her Majesty's name the Royal Assent to the following bill:

Bill C-132, An Act to amend the Family Allowances Act, 1973—Chapter 139.

• (1805)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

NATIONAL REVENUE—GARNISHEEING OF SMALL BUSINESS ACCOUNTS. (B) GOVERNMENT POLICY

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, ten days ago I rose in my place to address a question to the Minister of Agriculture (Mr. Whelan). I asked him why he would not make a recommendation to the Minister of Finance (Mr. Lalonde) to impose a surtax on American potatoes, coming into the market in the lower Fraser Valley and the Greater Vancouver area. From his reply I deduced that there has been a trade-off made between the Canadian and American Governments. The Minister of Agriculture replied that we have problems in trade with the United States. I assume as a result of the problems we have with the United States that the Minister of Agriculture, maybe together with the Minister of Finance, has decided the Canadian producer in Eastern Canada cannot be put in jeopardy with the American market. Therefore, the Government is now willing to sacrifice the potato growers in the Fraser Valley of British Columbia and will let them be destroyed in order to save the eastern potato producer.

The potato product coming in from the United States is of high quality. It is produced, on an economic scale at a ratio of probably ten to one. The land costs are far below Canadian land costs and taxes are lower. Above all, labour costs are substantially lower. As a result the Canadian producer cannot produce a product competitive with the U.S. product. This means the American producer can now import and market potatoes in Canada at probably 50 per cent of the cost of

Canadian production. Therefore, the Canadian potato farmer in the Lower Fraser Valley will not be able to exist.

I suggested to the Minister of Agriculture—that great friend of the farmer, the best Minister of Agriculture the world has ever seen—that as a result farmers will lose their farms, or they will have to divide their land and sell it to light industry in order to make a living. In other words, if farmers do not make a living from their product, they will have to go out of business.

Somehow the Minister of Agriculture does not appreciate the domino effect, the cause and effect relationship of his policies on farmers in the Fraser Valley. If farmers cannot make expenses, and if they have to go out of business—they have to make a living somehow—this means they will have their farms rezoned. But the Minister of Agriculture says zoning is a provincial problem, that is not a problem of the Minister of Agriculture. The clueless Minister of Agriculture does not see that relationship. Sooner or later these farmers will have to rezone their farms in order to gain some capital, and then invest it in some way.

• (1810)

The net result will be that those corporate farms in the State of Washington will capture the entire Canadian market, because there will be no Canadian suppliers. If the Minister of Agriculture is at all interested in the consumer, he ought to work for the protection of the farmer in Canada so that the consumer will not be victimized by the one sole source of supply, which will be the State of Washington. If he cares at all for the Canadian consumer, he will do everything in his power to preserve the Canadian farmer.

Under present policies he has made this trade-off and is willing to sacrifice the farmer in the Fraser Valley to preserve the farmer in eastern Canada. I do not fault him for trying to preserve the eastern farmer, but in a matter of years he will find that there are no Canadian farms in the Fraser Valley. It will all be industrial land. We will be at the mercy of the corporate farms in the United States. At that point they will be able to charge whatever price they want. They will be able to scalp the Canadian consumer because there will be no other source of supply.

I put it to you, Mr. Speaker, that this Minister of Agriculture is sacrificing, first the farmer and then the consumer, and we will pay for it in the future.

Mr. Garnet M. Bloomfield (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, the situation is somewhat unusual in that there has been some confusion with regard to this question and the question the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen) asked on Tuesday, February 15. This evening, I am answering the question asked last Tuesday evening, dealing with a revenue problem.

The collection policy of the Department of National Revenue, Taxation, is best described as patient but firm, becoming increasingly more firm if the taxpayer concerned attempts to escape responsibility.

When the moneys owing are income taxes, the taxpayer is first sent an assessment notice which says that by law the taxes owing must be paid within 30 days. If the payment is not made, a reminder in the form of a resquest for payment is mailed to the taxpayer. If this second notice is not heeded, a third one is sent to inform the taxpayer that legal action may result if payment or satisfactory arrangements are not made within 15 days.

Finally, when the taxpayer has been approached three times, the Department proceeds to apply the collection powers that Parliament has given it. These are the powers of garnishee of wages or other forms of remuneration, the garnishee of bank deposits or the seizure and sale of assets. These measures may seem harsh, but the citizen who does not pay his taxes is acting contrary to the interests of fellow citizens who have paid theirs.

If the amounts owing are source deductions, the matter is even more serious. These source deductions are trust funds. The employer is withholding amounts to pay the employee's income tax, his Canada Pension Plan contributions and his unemployment insurance premiums. This is the employee's money and not the employer's, and if it were not required by law to be withheld and remitted to the Government the employer would have had to pay it to the employee.

Therefore, when the Department detects by audit or other means that an employer has failed to remit source deductions, it demands immediate payment. By that time, he would be in arrears by at least 30 days. The payroll auditor would request the money and caution the employer that failure to pay may result in legal action. I would be very surprised if any employer did not already know this.

That legal action is once again garnishment, applied, where appropriate, to accounts receivable of the business. The Department would have some knowledge of the customers of the business and would file notice with one or more of these customers that amounts they would otherwise pay to the business in default of source deductions must be paid to the Department. Of course, the garnishee notice states the amount that the business is deficient and the customer is required to divert all payments up to that amount to the Department.

I cannot see why the Hon. Member is critical of these actions. The businessman has taken trust funds and funds that were not his and has not remitted them as the law requires. The Department takes action to recover these funds in the way Parliament has provided. It is as simple as that.

THE ADMINISTRATION—POSITION OF PRESENT MINISTERS. (B) REQUEST THAT PRIME MINISTER TAKE ACTION. (C) REQUEST FOR COMMITTEE INVESTIGATION

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, in the matter of Alastair Gillespie today, we witnessed in the House one of the most incredible performances ever made by a Prime Minister of our country. We are a parliamentary democracy which is based on the British tradition.

• (1815)

The pinnacle of our system is responsible Government. A Minister, upon joining the Government, becomes responsible for the actions within his Department, and the actions of an agency of that Department, which is under his control. If he errs in judgment in a serious way, if a major mistake is made in his Department or if one of his agencies transgresses the rules, the Minister must assume full responsibility. This, above all, is important in cases involving morality. Concerning questions of basic honesty and honourable dealings, the correct and proper course must not only be taken, but it must also be seen to have been taken.

The post-employment guidelines set forth by the Prime Minister (Mr. Trudeau) clearly stipulate as follows:

In any official dealings with the former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privilege of access or preferential treatment.

Former Ministers must not:

—act for or on behalf of any person or commercial corporation in connection with a transaction to which the Government of Canada is a party and in which they had a personal and substantial involvement during the last two years of their participation in the ministry within two years of leaving office.

Neither can they lobby for or on behalf of any person or corporation within that Department for which they were responsible.

What are the facts here? We know that the former Minister of Energy, Mines and Resources, Alastair Gillespie, entered into a memorandum of understanding with two Crown corporations, Petro-Canada and the Cape Breton Development Corporation, 16 months after leaving his ministry. These were the financing arrangements to set up the Scotia Coals Synfuels Project. We have seen television footage of Mr. Gillespie and the Deputy Prime Minister (Mr. MacEachen) announcing this project in Nova Scotia in April of 1981, six months after the signing of this particular memorandum of understanding. The press conference had national exposure and was arranged by the Press Secretary and other officials of the Department of Energy, Mines and Resources.

These events were grossly improper and constitute a massive breach of the conflict of interest guidelines. Mr. Gillespie should not have been dealing with the Department of Energy, Mines and Resources or any Crown corporation on an energy-related matter, according to the guidelines.

What is equally serious is that the current Minister of Finance (Mr. Lalonde), who was then Minister of Energy, Mines and Resources, should not have had dealings with Mr. Gillespie, at least until after June, 1981, again according to the guidelines set down by the Prime Minister.

The Prime Minister tries to protect his Minister by saying that his Minister had no personal knowledge of the arrangement until September of 1981, when the final agreement was signed between the Government of Canada and Mr. Gillespie. However, that simply cannot be accurate. Even more important, it is not of great relevance, in my submission.

It is clear that the Minister's Department and agencies were involved in this highly suspect arrangement for some time. The Deputy Prime Minister, the second highest elected official in the country, knew all about it, attended a press conference and must have been fully aware of the conflicts which were involved.

When a system of Cabinet and Ministerial responsibility is so grossly infringed, it is incumbent on a Minister to tender his resignation. Let us face it, Mr. Speaker, Alastair Gillespie had dickered on this deal for a long time before September, 1981, or even June of that year.

Mr. Smith: Says who?

Mr. Hnatyshyn: It was the subject of a memorandum of understanding and a press conference with the Deputy Prime Minister. When the Prime Minister suggested that the Minister of Energy, Mines and Resources did not even have knowledge of the matter, who was he trying to kid?

Moreover, where is the success of our system? How can he be so ignorant of the traditions upon which this institution and our democratic system are based? What of the Deputy Prime Minister? He, too, must bear responsibility here. He is second only to the Prime Minister. His face was depicted all over the television screens along with Alastair Gillespie, at least two months before Mr. Gillespie was supposed to have any dealings whatsoever with his former Department. In the words of the Prime Minister, "There is no way that Mr. Gillespie was laundered by April of 1981".

This is not a mistake. This is not an innocent omission. This was a deliberate flaunting of the guidelines conceived and set forth by the present Prime Minister. There could be no more blatant a case of public immorality. Not only has a political friend been given a special sweetheart deal, but he has also received that deal in the face of the Prime Minister's own explicit directives.

I now call upon the Prime Minister to accept his responsibilities. His Ministers have been caught contravening the conflict of interest guidelines.

• (1820)

If American legislators were guilty of misconduct in Abscam, as was clearly demonstrated on videotape, so was the Deputy Prime Minister caught on television announcing this particular project some time before the expiry of two years from the time Mr. Gillespie left the ministry.

If Lord Carrington in the United Kingdom was responsible, even though he had no knowledge of the items which led to the invasion of the Falklands, he as a matter of principle and honour under the parliamentary system felt obligated to tender his resignation, because something had happened in a department over which he had responsibility.

The admission of responsibility is fundamental. The Prime Minister must act immediately, swiftly, and ask for the resignation of the Minister of Finance.

Adjournment Debate

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, since this matter was first raised in this House yesterday by the Hon. Leader of the Opposition (Mr. Nielsen) we have had a series of allegations of conflict of interest, preferential treatment, etc., raised against members of this Government, as well as a previous Minister of the Crown.

The Hon. Minister of Finance (Mr. Lalonde) has been accused of violating the conflict of interest guidelines during the period when he was Minister of Energy, Mines and Resources. The Hon. Alastair Gillespie has been accused of violating the post-employment guidelines applied to former holders of public office. We have yet to be told what guidelines have been contravened by the Ministers of the Government of the Province of Nova Scotia, a Tory Government, I might add, as a result of that Province's participation in the agreement which has generated this tempest, which is certainly a tempest in a teapot.

I think at this time it is appropriate to review the genesis and purpose of these conflict of interest and post-employment guidelines. The first comprehensive sets of guidelines for Ministers in these areas were established by Liberal Governments under this Prime Minister, in 1973 in the case of conflict of interest guidelines, and in 1978 in the case of post-employment guidelines. The most recent guidelines were introduced by the Prime Minister in 1980.

These guidelines were established to protect the interests of the public, and the reputations of individual Ministers and office holders. In this debate, Members of the Opposition have attacked the reputations of present and past Members of the Government, with vague innuendoes that the public interest has not been well served.

I will quote the relevant section of the conflict of interest guidelines applied to Ministers:

(1) Current and former holders of public office must ensure by their actions that the objectivity and impartiality of Government service are not cast in doubt and that the people of Canada are given no cause to believe that preferential treatment is being or will be unduly accorded to any person or organization.

(2) Current and former holders of public office must ensure by their actions that there is no reasonable ground for belief that it is possible to have privileged access to Government personnel or services.

(3) Current and former holders of public office must exercise care in the management of their private affairs so as not to benefit, or to appear to benefit, from the use or communication of confidential information acquired in the course of their official duties.

The Minister of Finance cannot in any way be said to have contravened the guidelines and to have given "preferential treatment" to any person or organization. His only contact with Mr. Gillespie would have been on September 25, 1981 when he signed, on behalf of Her Majesty in right of Canada, a tripartite agreement between the Government of Nova Scotia, the Scotia Coal Synfuels Project, a consortium consisting of Petro-Canada, Cape Breton Development Corp., and Nova Scotia Resources Ltd., which is provincial Crown corporation, and Mr. Gillespie and his partners, and Her Majesty in Right of Canada.

The Acting Speaker (Mr. Corbin): Order.

Mr. Smith: Time? Thank you, Mr. Speaker.

Mr. Hnatyshyn: Send me the rest of that speech. You have not answered anything.

The Acting Speaker (Mr. Corbin): Order.

• (1825)

GRAIN—TIMING OF CHANGE OF CROWSNEST PASS FREIGHT RATE—EFFECT ON EXPORTS. (B) REQUEST THAT MINISTER TABLE STUDIES

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, on February 10 I rose in the House to ask questions of the Minister of Transport (Mr. Pepin), who speaks for the Government on matters relating to grain exports and the Canadian Wheat Board since the Senator in charge is not in this House, and of the Minister of Agriculture (Mr. Whelan). I asked them both to comment on the policy moves the Government was making with regard to abandoning the Crow rate.

In my question to the Minister of Transport I tried to establish the fact that all competing countries were increasing subsidies to enable their producers to export, while at the same time we were reducing one of the few subsidies that exist for the export of grain for this country.

I then turned to the Minister of Agriculture, who has been arguing that both the East and West will benefit from the disruption of the Crow rate. I asked a very straight forward question. I asked where, in his analysis, the increased production that will occur in the East and West will take place, how it will take place, where it could be sold and, more important, at what price. I asked the Minister to table the studies that must have been made in these areas of economic research.

The Minister replied, in typical ministerial fashion, as follows:

If there are and if these are working documents that have not been made public they will be because I think that even a blind economist on a galloping horse could see that what we are saying is true.

I have no doubt that what the studies say is true, as far as it goes. It is what they do not say that is of most importance to agriculturalists and farmers in this country. They do not state the assumptions upon which the studies were based and the direction in which the research was told to move.

We know the assumptions behind some of the studies as we go through the results. For example, we know that farmers in both the East and the West are very upset with the proposals put forward and the studies that have been made public. The Minister of Transport has been quoted numerous times in the press as saying "In the East they are talking about the survival of agriculture. In the West they are talking about the survival of agriculture."

Farmers are upset because they understand the elements of agriculture more than the researchers who have been doing the work for the Ministers of Transport and Agriculture. They understand the kind of disruption to themselves, their families and communities that follow certain actions in the name of development. They understand that some of those actions in

the name of development, or progress, or whatever buzz words the planners happen to use, will be found to be obsolete, inefficient or redundant. That is the reason farmers in the East and West are worried about the survival of agriculture. They are worried about the survival of agriculture and their place in it.

The assumptions that have been made of the livestock feeding program are in accordance with those we have been told were made for the studies done by the federal Government. They showed that livestock production in Eastern Canada will continue to increase in size, and that livestock production in Western Canada will do the same. Not much time was spent on determining where that increased production would be sold.

The studies did raise some possibilties. They indicated it may be sold as a result of the increased domestic demand which may occur after the economy turns around and people can afford to eat more meat. That demand may increase because of a possible increase in population. The increased production may be exported to the United States and Japan, depending on the economies of those countries, their ability to be self sufficient and the degree of protectionism.

• (1830)

Those are all very nebulous factors in these studies. The only hard evidence presented is that the market in Eastern Canada, on the U.S. East Coast, the Eastern Seaboard, are as close to our producers as they are to the producers in the mid-Western United States. They point out that producers in Western Canada are as close to the California market as are the producers in the mid-Western United States.

The studies ignore, however, the question of political interference in crossing those political borders. They ignore the effective demand, because they had to make assumptions on whether those economies are going to pick up. In fact, they ignore reality. They ignore the fact that we have to compete in international markets in grain. We are geographically trapped in a region where transportation over land for up to 700 miles has to take place, compared to our competitors, who are only 100 miles to 150 miles to water transport. They ignore these realities.

Farmers are not waiting, Mr. Speaker, for a blind economist on a galloping horse to see the answers. They are simply looking for some clear-eyed politician to honestly say what sort of future is being planned for farmers of this country. They want a clear assessment of what is going to happen to them under the Government's transportation and agricultural policy. They did not get that in the documents which have been made public. They did not get that in the replies which we received on February 8.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Madam Speaker, in his question of February 10, and in his remarks tonight, the Hon. Member objects to the Government's plans to reform the Crowsnest Pass freight rate on the grounds that this is the only program which allows Canadian grain farmers to remain competitive. He refers to concerns voiced by the Minister of State responsible for the Wheat Board about export grain subsidies in other countries. The key is Canada's ability to compete. In his closing remarks, the Hon. Member said the answer ignored the fact that we have to compete on the world market. I believe that is exactly what we are addressing. Our Canadian producers have to compete on the world market.

The Hon. Member, in fairness to his constituents, should look up the definition of "competitive". What is competition? Competition is not being just price competitive. In order for the Canadian producer, the Canadian farmer, to be competitive, he must, first of all, guarantee a quality product. The producer must guarantee delivery of the amount he contracted for, and he must guarantee delivery on time. In combination with all of this his or her price has to be competitive.

But even if we subsidize the farmer 100 per cent of the cost of producing transportation, if the farmer cannot meet the other terms of being competitive, that is, if he or she does not give a quality product, does not deliver the amount contracted for, does not deliver on time, then that farmer is not competitive.

Therefore, I believe, Mr. Speaker, we have to finally take a good look at what we mean by encouraging our farmers to be competitive. That is what the Western transportation initiative is all about, a better transportation system. The Government has allocated a great deal of money, almost $4 billion over four years, to this initiative, in spite of a large deficit. The Government believes it is not unreasonable to ask farmers to share in future cost increases. I spoke to farmers in the Hon. Member's constituency because I was born and raised there, and these farmers agree. When you speak to them on an individual basis, they agree they have to be realistic, they have to pay more for transportation costs. But, they say, guarantee us an efficient transportation system.

[*Translation*]

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

At 6.35 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 18, 1983

The House met at 11 a.m.

• (1105

STATEMENTS PURSUANT TO S.O. 21

[*English*]

THE ECONOMY

OPTIMISTIC INDEXES AND PROSPECTS

Mr. John Evans (Ottawa Centre): Madam Speaker, I would like to draw the attention of the House to some optimistic indicators which encourage optimism and suggest that the national Government has been pursuing proper and prudent policies. First, inflation has fallen to an annual rate of only 8.3 per cent as of today. Housing starts are up from a low of 86,000 in September, 1982, to 165,000 last month, a 90 per cent increase. Sales of passenger cars increased 37 per cent between July and December of 1982.

The Conference Board of Canada's index of consumer confidence rose 36 per cent, from 54.8 per cent in the second quarter of 1982 to 74.7 per cent in the fourth quarter of 1982.

Senior business executives have become more optimistic about the near-term prospects for the Canadian economy. According to the Conference Board survey of business, attitudes and confidence in Canada's investment climate have also improved.

Pension funds in 1982 showed a sharp improvement over 1981, according to private surveys. Equity funds have increased 39.1 per cent over the past six months.

Finally, the Toronto Stock Exchange 300 composite has risen from about 1850 in mid-December to 2150 in the past week.

A large part of the credit for this improvement should go to the Government, which has addressed the economic situation through hard work and constructive policy initiatives. This is in contrast to those in the Official Opposition whose negativism and lack of policies are destroying their Party from within.

* * *

HUMAN RIGHTS

POLAND—IMPRISONMENT OF SOLIDARITY HUSBAND AND WIFE ACTIVISTS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, yesterday in Warsaw, Zbigniew Romaszewski of the Polish Solidarity Movement was sentenced to four and a half years in prison by a military court for activities which, in any other country, would be considered legitimate in defence of the freedom of information and expression. His wife, Zofia, was sentenced to three years in prison at the same time.

This is what the military regime is doing in Poland, seeking to extinguish those flickers of freedom that Solidarity has been struggling to keep alight. When will the Government protest? Is it making excessive demands to speak out about what is happening and carrying information to others?

Are Romaszewski and his wife guilty of making excessive demands which our Canadian Prime Minister (Mr. Trudeau) hoped the military regime in Poland could keep Solidarity from making? On December 18, 1981, only five days after the steel curtain of martial law had descended upon Poland, Canada's Prime Minister said:

> Hopefully the military regime will be able not only to keep Solidarity from making excessive demands—

The record of the Government in verbal support of freedoms throughout the world, at Helsinki, for example, and Madrid, is not matched by its diplomatic protests when specific incidents of suppression of freedom occur, as they are occurring today in Poland.

* * *

STATUS OF WOMEN

SUGGESTED ESTABLISHMENT OF STANDING COMMITTEE

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, women have not achieved equality in Canada. In October, 1981, the NDP asked the Government to establish a Standing Committee on the Status of Women. Unfortunately the Minister responsible for the Status of Women did not support this request. Since then, the economic situation for women has drastically deteriorated, while many more women are left alone to raise children and to face unemployment and poverty as they grow older.

We are pleased that the slow learner Conservatives have finally supported our request which we recently reintroduced to House Leaders. Because 52 per cent of our population remains disadvantaged, it is essential that there be one standing committee which will monitor all legislation affecting

women, including the Charter of Rights and Freedoms, and which will receive annual reports from all Government Departments concerned with women's programs, and undertake special projects to benefit women.

The Government and the Minister responsible give lip service to equality, yet they have not even implemented the 1970 recommendations of the Royal Commission on the Status of Women. There has been no increase in daycare. The wage gap has widened. Government restraint has worsened economic hardship. Government action on pension reform has been shelved. The Government has refused mandatory affirmative action.

• (1110)

To begin to right these wrongs, the Government must agree to establish a Standing Committee on the status of women as a priority for parliamentary reform.

* * *

THE ECONOMY

SUPPORT EXPRESSED FOR GOVERNMENT PROGRAMS

Mr. Denis Ethier (Glengarry-Prescott-Russell): Madam Speaker, under Standing Order 21 I rise to encourage the Government to continue to develop positive and constructive policies aimed at achieving energy security at a fair price for Canadians.

Three years ago the Government pledged to establish a "made in Canada" blended price for oil, resulting in lower costs to Canadian consumers.

I further urge the Government to continue progress on such projects as the Nova Scotia offshore, the synthetic crude refinery and benzene plant at Scotford, Alberta, and the Beaufort Sea exploration. The Government, in the absence of any specific and constructive suggestions from the Opposition, should continue to encourage economic development through initiatives, such as the Office of Industrial and Regional Benefit, to ensure that the Canadian industrial and manufacturing benefits from these projects are maximized.

Finally, I urge the Government to encourage the creation of jobs in different regions by ensuring that energy maintains its central position in the Government's approach to industrial and regional development, giving Canadian industry a price advantage by keeping costs low.

* * *

THE PRIME MINISTER

Mr. Gordon Towers (Red Deer): Madam Speaker, we are on the verge of entering the fourth year of this first session of the 32nd Parliament. It is unprecedented in Canadian history. As we look back we see three years of fumbling, blumbing, Government intervention and interference, broken promises, helter skelter policies and, for most Canadians, dissipated illusions, shattered confidence, and broken hopes and dreams. The Government has not only fractured the parliamentary system but has broken faith with the Canadian people. Canadians say that they have had enough. As the Board of Dromore might say,

Pierre, you're nimble; Pierre, you're quick.

But you, and your manoeuvrings, make us sick.

Some Hon. Members: Oh, Oh!

* * *

LABOUR RELATIONS

CONDEMNATION OF QUEBEC'S SUSPENSION OF RIGHTS CHARTER

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I rise to express my concern and the concern of my Party over the vicious attacks that have been made against working people in this country over the last few months, and to express our belief that it is not working people who are responsible for the problems of Canada.

The federal Liberal Government began these attacks a few months ago with its six and five program which broke the contracts of workers and stole money from pensioners. The Conservative Government of Ontario, which had already shown itself ready to use its full power against hospital orderlies but not even to pressure doctors, was quick to follow the federal Government.

The most drastic, vicious and immoral attack on working people, however, has come from the Government of Quebec.

In its recent legislation it even had to suspend its own Charter of Rights which is supposed to provide basic minimums of freedoms to citizens in a democracy.

Like the federal Government, it broke contracts and stole money, perhaps showing René Lévesque's Liberal roots. But it went further and threatened firings and slashes in seniority and pensions. Such cuts in seniority will most hurt union militants who may then be laid off because of lack of seniority. Such moves are union bashing in its most vicious form.

The Government of Quebec has absolutely refused to bargain in good faith with its workers. We would now like to call on the Government of Quebec to restore collective bargaining and to bargain with its workers, treating them as citizens in a democracy rather than as scapegoats to be attacked for the Government's convenience.

* * *

THE ECONOMY

RECITAL OF GOOD NEWS

Mr. David Smith (Don Valley East): Madam Speaker, in view of the continuous diet of gloom and doom being meted out by the Opposition, this third anniversary of the election of

the present Government is an appropriate occasion on which to take stock of some good economic news.

Interest rates are now at their lowest level in five years, and of course lower than at any point during the Clark Government, and the downward trend continues. The cost of living index dropped to 8.3 per cent in January and, over the past six months, has only been increasing at an average annual rate of 4.2 per cent. The previous six months it had been increasing at an average annual rate of 12.5 per cent.

Non-COLA wage settlements were down to 7.3 per cent in the fourth quarter of 1982, a drop of 50 per cent from a year earlier. Surely that is evidence that the six and five program is in fact working.

Some Hon. Members: Oh, oh!

Mr. Smith: Employment increased in December and stabilized in January, after a period of continuous decline.

Some Hon. Members: Hear, hear!

• (1115)

Mr. Smith: The Canadian dollar has strengthened, capital outflow has reversed, foreign investment has increased, and corporate profits have started to go up after dropping for five consecutive quarters. These trends, Madam Speaker, attest to the basic strength of the economy, the correctness of the Government's policies, and justify optimism that the stage is set for economic recovery.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—ROLE OF DEPUTY PRIME MINISTER

Mr. John Bosley (Don Valley West): Madam Speaker, I have a question for the Prime Minister who in April, 1980, sent his Minister a set of guidelines for their behaviour. If I may quote to the Prime Minister one of his guidelines:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

My question to the Prime Minister is this. Has he determined whether the Deputy Prime Minister, when he participated in a press conference in April, 1981, to announce the Scotia Coal Synfuels Plant, was aware of those guidelines? Also, has he determined, if the Deputy Prime Minister was so aware, why he felt it was reasonable to breach those guidelines that day?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member and his colleagues keep returning to those guidelines. He has read them again this morning. I have great difficulty in believing in the seriousness of this attack by the Opposition. We talk of improper influence. Here is a public project in which the Government of Nova Scotia Crown Corporation is associated, as well as an Alberta public corporation, Nova, a federal Crown corporation, Petro-Canada, and a private sector giant, Gulf. They are doing something which has been asked of them under the energy policy, in other words to provide for oil substitution schemes.

Money is paid out from the Consolidated Revenue Fund of Nova Scotia. If there is any improper influence it must have been on Nova Scotia. They have to authorize—

Mr. Crosbie: That's really stretching.

Mr. Trudeau: That is not stretching. The money comes from the Consolidated Revenue Fund of Nova Scotia. Nobody is suspecting that they were subject to undue influence. This is a project that they badly need and that they hope will proceed. It has been known since the announcement in the Spring of 1981 by many people in that Province, certainly by the Government of that Province.

Where is the improper influence? What is the privileged access, Madam Speaker? When a consortium that is well known and operating above board applies to the Government so that it can pay funds for a policy of the Government which is beneficial to the Canadian people, oil substitution, beneficial especially to the Maritime Provinces which have been asking for this type of scheme for many years, where is the preferential treatment?

Madam Speaker: Order, please. It would be helpful if we could keep the answers short.

DEPUTY PRIME MINISTER'S PARTICIPATION IN PROJECT ANNOUNCEMENT

Mr. John Bosley (Don Valley West): Madam Speaker, it is inconceivable that one would maintain it is the responsibility of Nova or the Government of Nova Scotia to make sure that ministerial guidelines are followed.

Some Hon. Members: Hear, hear!

Mr. Bosley: I repeat my question to the Prime Minister. The deal, according to the Prime Minister, was not finalized as of April, 1981. Why was the Deputy Prime Minister involved in announcing that deal, creating the impression of undue influence in contravention of the Prime Minister's guidelines?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member returns to undue influence. I repeat, what is the preferential treatment when we know that the same Deputy Prime Minister and the same Department had been turned to by many other people across the land?

• (1120)

As I say, every Province across Canada had such a fund originally provided out of federal Government money but put in the trust of the Provinces, and over the years few applications, if any, I am told, were turned down under this oil substitution program. Where is the undue influence? Where is the preferential treatment, if anyone with a reasonable scheme

beneficial to the Canadian energy self-reliance program, beneficial to creating work in Nova Scotia, is approved by a Government Department? Where is the scandal? What is the shock? Why is the Opposition, two years later, seeking some hidden motives for something which was public at the time and which, as I repeat, was entered into by a consortium, including a Crown Corporation of the Government of Nova Scotia?

RATIONALE FOR GUIDELINES ON MINISTERIAL CONDUCT

Mr. John Bosley (Don Valley West): Madam Speaker, the Prime Minister cannot have it both ways. Either there was no deal in April, 1981, in which case what he is saying may be correct. What he just said is there was a deal in April, 1981, in which case there was a two-year guideline. My question to the Prime Minister is this: what is the point of guidelines if the Deputy Prime Minister is allowed to go in April, 1981, to sit beside a man who was a former Minister of the Crown, and pretend he does not know he is a former Minister of the Crown, apparently, and announce a deal which takes $1.9 million of public money? What is the point of guidelines if they can be broken so easily, and the Prime Minister can then say there is nothing wrong with the deal?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): The point of the guidelines, Madam Speaker, is to ensure two things: first, that public trust is not exploited unduly by people in the private sector, including—

Some Hon. Members: Oh, oh!

Mr. Trudeau: Well, Madam Speaker, I fail to understand the cause of this hilarity. Maybe I have missed some subtlety over there, but I doubt it. The point of the guidelines is to ensure two things; first, that the public trust not be abused, not be exploited improperly by people in the private sector and, second, to make sure that the integrity of the public sector be preserved, and seem to be preserved. The Hon. Member talks about the April announcement. I explained yesterday that that announcement was made in Nova Scotia before the deal had actually been signed by the federal Government—

Some Hon. Members: Oh, oh!

Mr. Trudeau: —and by the Minister responsible for it. But members of the consortium knew they had something which was desirable under the policy. They had had a consortium, including all these public corporations. They were appealing to the Government of Nova Scotia for funds. For all I know they may have already been told by the Government of Nova Scotia that the funds would have been forthcoming. I am told they even began to expend some of their money in the beginning of July, 1981, and that is why the announcement was made retroactive to the end of June. Therefore, all this was above board. It is a plan which the people of Nova Scotia welcome. It is a plan which the Government of Nova Scotia welcomes. It is a plan which the Government of Canada welcomes. It is a plan under which no one exercised any undue influence. No one got any undue advantage. The public trust—

Some Hon. Members: Oh, oh!

Mr. Trudeau: The public trust was respected, Madam Speaker. And I suggest that the people over there are just trying to cover their own backsides by digging into the past and trying to find scandals where there is no scandal.

Some Hon. Members: Hear, hear!

QUERY RESPECTING PUBLIC TRUST

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, for three days the people of Canada have watched the Prime Minister bob and weave and duck around this issue, and with every day his actions get sleazier.

Some Hon. Members: Hear, hear!

An Hon. Member: Right on.

Miss MacDonald: The people of Canada are fed up with the preferential treatment that Ministers of this Government are giving to their former colleagues, whether it is Macdonald, or Buchanan, or this particular case. Either guidelines exist to prevent that sort of treatment, or they do not. I would like to ask the Prime Minister, in this case, why was his Deputy Prime Minister in a situation in Cape Breton in April, 1981, where he exploited the public trust which the Prime Minister has had the nerve to throw out this morning?

• (1125)

Right Hon. P. E. Trudeau (Prime Minister): Well, Madam Speaker, if the Deputy Prime Minister was exploiting any public trust, the Hon. Member knows or should know that he was doing it in the company of John Buchanan, the Premier of Nova Scotia.

Some Hon. Members: Oh, oh!

Mr. Trudeau: They were there—well, they are laughing at their own well-known Tories. What was dishonourable about the Premier of Nova Scotia being there?

Mr. Wilson: How about the federal public trust?

Mr. Trudeau: Here was a project which was good for his Province. Here was a project which was being announced—

Mr. Fraser: He was not getting a personal benefit out of the deal. That is the difference.

Mr. Trudeau: Well, Madam Speaker, I hear the Member from Vancouver now talking of a personal benefit. Who was getting a personal benefit out of this deal? Certainly not the Minister. If there was any benefit, hopefully it was a political benefit that both the Premier of Nova Scotia and the Deputy Prime Minister were hoping to get from the people of Nova Scotia who had the good sense to see that this was a useful

operation, beneficial to them, if ever it does in fact prove to be feasible.

Some Hon. Members: Hear, hear!

Miss MacDonald: Madam Speaker, the guidelines in question are the guidelines of the Prime Minister of Canada, not of the Premier of Nova Scotia. It is his duty to see these guidelines are enforced.

Some Hon. Members: Hear, hear!

Miss MacDonald: And what he has been doing these last few days is defaulting on that duty, as he has over the last couple of years with regard to former Cabinet Ministers, and with regard to his current Cabinet Ministers.

MONITORING OF GUIDELINES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, since the Prime Minister has defaulted on putting these guidelines into effect, did he at least ever consider going to the Deputy Registrar General and asking that official, who is responsible for monitoring these guidelines, whether any of these activities were in default of the guidelines which he, the Prime Minister, supposedly enforces in this country?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I want to point out to the Hon. Member that I did not suggest they were the guidelines of the Premier of Nova Scotia, although I accept that he must, like everyone in public life, want to be guided by good standards of morality. I am not suggesting they are his guidelines; they are our guidelines. But I am suggesting that his presence there must be some reassurance, even to the Member from Kingston, that this was not a sleazy deal, which is the word she uses. This was something above board, beneficial to his Province.

When I am constantly referred to my own guidelines and the words "preferential treatment", why would the Premier of Nova Scotia give preferential treatment to this abominable former Minister that the Hon. Member seems to be referring to? Why would he be doing that? He would not, Madam Speaker. He would be dealing with this group because he thought it was beneficial to his Province. Therefore, there is no preferential treatment, and if there was, once again it must come from the Province which holds the most money and which is going to spend the money. Therefore, it seems to me that the Minister and the Deputy Prime Minister cannot be accused of giving preferential treatment when it does not come from them, it comes from the Consolidated Revenue Fund of Nova Scotia.

Some Hon. Members: Hear, hear!

INVOLVEMENT OF FORMER MINISTER

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question supplementary to the questions just raised. It seems to me the Prime Minister is introducing a couple of red herrings which do not go to the root of the issue here.

Mr. Nielsen: Just two?

Mr. Broadbent: One is that he keeps asserting the deal was beneficial for everyone involved. Let us say that is beyond dispute and set it aside. Then he points out that Nova Scotia was involved and therefore tries to suggest in some way that that makes it entirely acceptable. Surely, Madam Speaker, the point is that Mr. Gillespie was a former Minister of this Cabinet, not of the Government of Nova Scotia.

• (1130)

To come to the question of appearance, since the guidelines refer with equal emphasis not only to wrongdoing but, in the Prime Minister's own words, provide as follows:

> Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence.

Surely "appearance" is the essence of the case that is being made.

I want to ask the Prime Minister if he does not agree that an impartial Canadian, not a member of any political party, looking at the situation involving a former minister, could conceivably reach the conclusion that there was the appearance of wrongdoing?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think I can assert that unequivocally. If there were really an appearance of wrongdoing, if this was a scandalous thing in its very appearance, if it had been obvious that something was wrong here, why, only two years later do we hear about it? What kind of apperance is that? When it was announced publicly in the Province, when it was then signed, when it was on television, when it was in the news, when there were press releases—there is the appearance—who said, "This is terrible? This is awful?" Who said, "There is wrongdoing there"?

Some day, two years later, because once again both Opposition Parties are looking for red herrings, they dig this up out of the distant—not the hidden past but the known past.

What are the appearances of wrongdoing once again when public figures, including the Deputy Prime Minister and the Premier of Nova Scotia are on a platform making an announcement which is carried far and wide, and suddenly, two years later, these guys over here just realize that the appearance is wrong?

Mr. Broadbent: Madam Speaker, the Prime Minister's interesting rhetoric is all beside the point.

Some Hon. Members: Oh, oh!

Mr. Chrétien: Where were you before?

Mr. Broadbent: The Liberals should just listen to the question. The Minister of Energy, Mines and Resources asked

where I was before. I say to him and to the Prime Minister that this is news to me that has emerged in the last few days.

Mr. Chrétien: Where were you?

Mr. Broadbent: The question of integrity is surely being raised now. The question of the appearance of wrongdoing is being raised now.

QUERY RESPECTING APPEARANCE OF WRONGDOING

Hon. Edward Broadbent (Oshawa): Madam Speaker, I should like to ask the Prime Minister if he does not agree that a decision involving some of his Ministers was reached within the two-year period, in principle, that has been disputed here? Would he agree to that? Would he agree that one of the central Ministers involved—surely the signing Minister is now the Minister of Finance—would he agree that the Deputy Prime Minister, also acting within the time period of two years, publicly made an announcement?

If he agrees with all this, even assuming that we are just now becoming aware of it, surely he must conclude that such a deal, that provides profound financial benefits for one of the former Ministers, is leaving us with the appearance of wrongdoing? That is the issue.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the appearance of wrongdoing assumes that there will be some wrongdoing.

Mr. Broadbent: No, no.

Mr. Crosbie: There was.

Mr. Trudeau: Well, if there has been no wrongdoing, then our case rests.

Mr. Crosbie: Yes there was.

Mr. Trudeau: If there was no wrongdoing, and therefore if the Hon. Member wants to contrive in his thoughts that there is some appearance, and he discovers that later, that is a problem in his mind. But if there is no wrongdoing, there is no wrongdoing.

REQUEST THAT PRIME MINISTER DEMAND RESIGNATION OF MINISTERS

Hon. Edward Broadbent (Oshawa): Madam Speaker, just as in the case of the judges' affair, the Prime Minister is confusing legality with morality, and legality with the parliamentary traditions that used to exist in this country. He always makes that confusion.

The issue here is not, in fact, the honesty of the Minister of Finance; it is not the honesty, I say to the Prime Minister, of the Deputy Prime Minister; it is the appearance of improper conduct. There was a minister of the Crown in Great Britain, a finance minister, who resigned because, inadvertently, a newspaper story revealed some information about a budget. There was no suggestion that the minister of the Crown in Great Britain was involved in wrongdoing, but he was involved in the appearance of wrongdoing.

I say to the Prime Minister that, if his guidelines mean anything, he should act and demand some resignations. If not, he should have the minimum of integrity and scrap the guidelines entirely.

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member makes a parallel with former Chancellor of the Exchequer, Dalton, who inadvertently let out a budget secret. That secret hit the newspaper headlines before the Minister had read his budget. This, according to the tradition, is something that you should not do, and therefore the Minister chose to resign.

What is the parallel with this case? Do we have a former Minister who comes in secret and tries to arrange something under the table which will be beneficial to him? We do not. We have a former Minister who is trying to earn his living out in the private sector.

An Hon. Member: Poor Alastair!

An Hon. Member: At $600 a day.

Mr. Crosbie: Pass around the hat.

Mr. Hees: Pierre, you are breaking my heart.

Mr. Trudeau: Madam Speaker, I, too, am amused by the hilarity over there because I mentioned former Ministers who were trying to earn their living. The laughs came mainly from those who were never former Ministers, particularly the Hon. Member for Calgary who never quite made it to the Cabinet for reasons which may have to do with guidelines or not.

Mr. Andre: I did the honourable thing; why don't you?

Mr. Trudeau: And his seatmate, the Hon. Member for Northumberland, who wished he had made it to that Cabinet, but who never quite made it either.

Madam Speaker: Order, order!

ROLE OF ALASTAIR GILLESPIE

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister who is certainly exhibiting hircine tendencies in this whole situation. What we allege, and what I would like the Prime Minister to answer is this. We say that the Deputy Prime Minister and the Minister of Finance conspired with Mr. Gillespie, a former minister, to breach the guidelines so that Mr. Gillespie could secure a privileged contract and certain favours from the Government. That is the situation as it appears to us. It is a conspiracy of sleeze.

Has the Prime Minister investigated whether Mr. Gillespie or any of his agents, or associates, spoke with or to anyone in the office of the then Minister of Energy, either on his exempt staff or to the Minister himself, about this contract in Cape Breton which involves a process he had been involved in when he was a Minister and before the two-year period was up? Has he done that? Has there been a thorough investigation of that aspect of the matter, forgetting signing the contract which was cleverly left until 23 days after the two years expired. That is an obvious expedient and just shows that they were aware they were ignoring the guidelines.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am back to the words used by the Hon. Member about preferential treatment. Once again, I cannot appeal to Members on the other side, I appeal to the court of public opinion. Where is the preferential treatment given in this particular case by the Minister, the Deputy Prime Minister, or anyone in the Government, when they are giving, once again, not in secret to a former Minister of one of my Governments—they are giving publicly to a consortium which is applying a policy which is beneficial for Canada and beneficial for the people of Nova Scotia and not receiving any undue benefit? They are trying to carry out an enterprise which is asked for by the Government of Canada and by the Government of Nova Scotia. Where is the preferential treatment, Madam Speaker?

Mr. Broadbent: There is the appearance.

Mr. Trudeau: The Leader of the NDP keeps talking about the appearance. Where is even the appearance of preferential treatment when people in the private sector—once again, not once individual who happens to be a former Minister but a whole public consortium including Crown corporations of the provincial Governments, including the private sector, including a public corporation—

Miss MacDonald: They knew where to go.

Mr. Trudeau: Where is the secret? Where are the appearances of wrongdoing when everything is above board and is following government policy?

Mr. Crosbie: Madam Speaker, the Prime Minister did not answer my question about whether any inquiry has been made into contacts between Mr. Gillespie and his agents and the Minister and his agents. He did not answer that question.

POSSIBLE USE OF PUBLIC FUNDS

Hon. John C. Crosbie (St. John's West): Does the Prime Minister not realize that his administration now has the appearance and is, in fact, steeped in patronage, favouritism and sleaze? That is the whole problem that we are asking about. Can the Prime Minister assure us that we have not $750,000 that was being made available in certain circumstances in this situation to Mr. Gillespie, through the favouritism of the former Minister of Energy who is now the Minister of Finance, and the Deputy Prime Minister? Is that not patronage and sleaze and favouring people, the same as the Macdonald favouritism, the Judd Buchanan favouritism, the CMHC directors favouritism? Does he not realize that his administration is steeped now in favouritism and corruption, and that a full inquiry by an impartial body is needed to clear the air, if that is possible?

• (1140)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as usual, when the Hon. Member wants to make sleazy accusations, he shouts them. The sleaze is in his mind and in his mouth when he says—

Mr. Crosbie: Go to the public.

Mr. Trudeau: He is distorting the facts. Whether he is doing it deliberately or not, I leave you to judge, Madam Speaker. But he is distorting the facts when he says that $750,000 is made available by this Government—

Mr. Crosbie: Made possible for him to gain.

Mr. Trudeau: —made possible, Madam Speaker, by virtue of a contract which I understand was negotiated by Gulf, which is common practice, which may happen if the project is worth-while, and which is—and I checked on that—along the lines of arrangements that are constantly made with minority shareholders when the majority shareholders want to buy them out. This is some hypothetical happening which will take place in the future, under a contract negotiated by Gulf Canada, which may or may not result in some reward for work done. We do not know whether it will happen. If it does happen, not only will it not come from the Government of Canada, it will not even come from the Government of Nova Scotia because it is specified in the contract—and the Members know it because they have been quoting the contract—that Mr. Gillespie will not receive money from those public funds. The Hon. Member knows that, and he is making a sleazy accusation.

Some Hon. Members: Hear, hear!

Mr. Crosbie: Well, go to the public on this; call an election on this and see if they understand.

APPLICATION OF GUIDELINES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Prime Minister. If the Gillespie scandal does not qualify—

Some Hon. Members: Oh, oh!

Mr. McMillan: —as a breach of the Prime Minister's own conflict of interest guidelines, what in the Prime Minister's view would constitute such a conflict of interest involving a former Minister? What conceivable set of circumstances would fall under the guidelines if this one does not?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member is asking hypothetical questions. I gave examples of hypotheses earlier when I said that if the former Minister had come, once again, in secret with a deal which was beneficial to him—

Some Hon. Members: Oh, oh!

Mr. Trudeau: Well, do they or do they not want examples? I will not give hypothetical examples because the imagination of those people over there just turns toward sleazy things.

PURPOSE OF GUIDELINES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my supplementary question is directed to the Prime Minister. What is the purpose of the Prime Minister's guidelines if they can be breached by any member of the Crown, knowing full well that he can count on a justification for any wrongdoing or any apparent wrongdoing? What is the purpose of the guidelines when a Minister can get away with the kind of thing that the Minister of Finance did when he was Minister of Energy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the purpose of the guidelines is so that some impartial observer, of which I do not see many on the other side of this aisle, can look at Government conduct and have some test against which to say, "Well, this is reasonable and this is not". My case rests with the public, that this was a reasonable operation, not a hidden one, not one which gave undue advantage to a former Minister of the Crown.

* * *

NATIONAL ENERGY PROGRAM

REQUEST FOR UPDATE REPORT

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. What we appear to have is a number of the main planks of the National Energy Program collapsing around us—the Canada-Newfoundland negotiations the Vancouver Island pipeline, the energy revenue projections to the Government, exports of large volumes of gas, and renewing exports of light crude. It appears that the collapse of the National Energy Program and the collapse of the economic programs which were underpinned by it have now been reduced to chaos.

Would the Minister of Energy be prepared to acknowledge that the Government is responding in an ad hoc manner to crises which arise from day to day? Would he be prepared to indicate when we in the House might get an update to the "Update of the National Energy Program", so that there would be some clear guidance as to where we are going?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I think the question of the Hon. Member is not very clear. I just have to say that, of course, there was a turn in the oil prices in the last few weeks because OPEC nations could not agree on a price.

The energy policy still applies. We have international prices for imported oil and for new oil produced in Canada. We have a different price, 75 per cent of that price, for old oil in Canada. The policy still applies and still works. That we have a large surplus of gas in Canada that we want to export, I think the Hon. Member cannot blame on the national energy policy. When we have gas in sufficient quantities that we can export it, he should be rejoicing. It is because of the energy policy that there was some drilling, that there were some finds in Canada that made that possible.

I do not think the Hon. Member can say that we have to restart everything, but because of the possible collapse of the price of oil we will have to change some of the prices. We are monitoring the situation at this time. When the situation will be clarified because of what is happening in OPEC, we will act accordingly, but I think that the energy policy is still there and that it is still a good policy.

Mr. Skelly: The only thing confused in this House was certainly that answer, and I think that confusion is spilling over into the country as a whole.

OIL PRICES

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I would like to come back to the question, as the Minister pointed out, of the 75 per cent price on oil and the made-in-Canada price. Certainly, if the Government were prepared to have that blended price tracked downward as the price of world oil dropped, Canadian fishermen, farmers and manufacturers would all benefit and, in all likelihood, Canadian goods from Canadian manufacturers would remain competitive in the world marketplace. Would the Minister give us a solemn or ironclad agreement that they will live up to their commitments and maintain that 75 per cent price on old oil and the blended Canadian price, which should be a little less than the Canadian price of oil? Will he make that commitment in the House?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I said earlier that the policy as stated by my predecessor is still the policy. When we see what will be the level of international prices for oil, if there is some need to change the policy we will announce it to the House of Commons. It is premature at this time because nobody can know exactly what will be the level of oil prices next week, next month, or in six months. According to developments we will make the necessary adjustments that will be needed. Of course we are not the only players in that. I am in consultation with the producing Provinces that have an interest in that. I understand there will be some meetings with Mr. Lougheed very soon on that. We have to talk to the producing Provinces because they have an interest in it. After these consultations, we will decide if we have to change the policy or not.

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—APPLICATION OF GUIDELINES ON MINISTERIAL CONDUCT

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Prime Minister. It concerns this whole matter of conflict of interest of Members of his existing Cabinet. The Prime Minister asked a question of the people of Canada: "Who says there is any appearance or in fact any suggestion in anybody's mind in Canada as to impropriety in what has transpired as far as the arrangements with Mr. Gillespie are concerned?" I will tell the Prime Minister that it was Mr. Alastair Gillespie who was quoted as follows:

> Gillespie admits that outsiders—"ordinary people"—might believe his role as an energy minister and the experience he gained there gave him a privilege or special advantage to get the development going.

That is who said it, for one person. I suggest to the Prime Minister that the guidelines are clear. There is a prohibition, an absolute prohibition, against a former Minister making representation on behalf of anybody, let alone himself, to his former Department. Does the Prime Minister not agree that that is in breach of conflict of interest?

Right Hon. P. E. Trudeau (Prime Minister): On the part of whom, Madam Speaker, of Mr. Gillespie or of the Minister who did not even hear about it? What is the Hon. Member driving at?

• (1150)

KNOWLEDGE OF MINISTER OF ENERGY, MINES AND RESOURCES

Hon. Ray Hnatyshyn (Saskatoon West): The Prime Minister cannot avoid answering a simple question as to whether or not that is a breach on the part of Mr. Gillespie of the specific and explicit conflict of interest guidelines set down prohibiting Cabinet Ministers, after they have left their portfolios, from dealing with their original Departments.

Yesterday the Prime Minister suggested that the former Minister of Energy, the Minister of Finance, was absolved of any responsibility because "he did not know of this transaction." I assume that if it was determined in the course of our investigation that the Minister of Finance was aware of any of the circumstances with respect to this project, he would be expected to resign his portfolio.

Has the Prime Minister had a full discussion with his Minister of Energy to determine whether or not he, or any Member of his exempt staff, had any knowledge with respect to this transaction which was announced by the Deputy Prime Minister in April of 1981?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker, I have had discussions, as I said to the House yesterday, with the Minister of Finance. He has checked his agenda, he has checked his books, he has checked his memory and he has checked his files. He was not aware of this arrangement.

Mr. Nowlan: Has he checked his conscience?

Mr. Trudeau: He has checked something that the Member for St. John's West would not know anything about—his conscience.

Mr. Crosbie: What deadly wit.

Mr. Trudeau: Well, it is not deadly, Madam Speaker, but when I address it to a man whose wit is already dead, I think it is sufficient.

Mr. Crosbie: You are the Dustin Hoffman of the Liberal benches. Come on, Tootsie.

Mr. Trudeau: Madam Speaker, we have the Member for St. John's West who wants to get into this but who is not prepared to ask questions.

Madam Speaker: Order.

ROLE OF PETRO-CANADA

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. During this period in question the present Minister of Finance, who is the former Minister of Energy, had in his office a Mr. Mike Phelps. We subsequently learned through the activities of an investigative reporter that his salary was being paid by Petro-Canada.

Given that these guidelines specifically state that Ministers must conduct themselves in regard to Crown corporations that fall within their jurisdiction in the same way as if they were a direct responsibility of the Departments, can the Minister assure the House that Mr. Michael Phelps, whose salary and the mortgage on his home was being paid by Petro-Canada, did not know anything of this transaction or this arrangement or had any discussions with regard to this consortium of which Petro-Canada was a part, and for which the Minister of Energy, Mines and Resources was supposedly responsible to the House and to the country?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I have checked the whole file. I did not see anything in relation to Mr. Phelps. I have checked with Petro-Canada and I asked the President of Petro-Canada if he had informed the then Minister of Energy about this deal with the consortium. The Chairman of Petro-Canada, Mr. Hopper, said that he did not inform the Minister at all, directly or indirectly.

Mr. Crosbie: What about verbally? The shredders have gone berserk.

REQUEST FOR TABLING OF DOCUMENTS

Mr. Harvie Andre (Calgary Centre): Would the Minister review that matter and examine this question? The Scotia Coal Synfuel project deals with the conversion of coal into transportation fuels, gasoline and diesel specifically. The funds for it came from federal money put into an oil substitution

fund which arises out of a 1977 agreement between Canada and Nova Scotia. That agreement deals entirely and exclusively with the use of alternates to oil for the generation of electricity.

In other words, the agreement and the fund are to deal with alternate ways of generating electricity and not for the conversion of coal into transportation fuels. I presume that since this money was used in a way that was inappropriate to the agreement and the authorizing authority of the fund, there must have been some amendments to the agreement and the authorizing authority. Will the Minister make a commitment to the House to table those amendments to the funds authority and to the agreement which authorized them to use this money in an inappropriate way to fund Mr. Gillespie's income problems to which the Prime Minister alluded?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I do not have anything to add to what the Prime Minister said. This money was under the control of the Government of Nova Scotia. It was transferred to them, as the Hon. Member said, following the agreement of 1977. In this proposition, the consortium had the agreement of the Nova Scotia Government that it was a proper use of the money to make oil out of the coal available in Nova Scotia rather than importing oil.

Mr. Andre: That is not what this said.

Mr. Chrétien: I think it was to form an alternative to the importing of oil from abroad. According to Premier Buchanan at that time and the officials of the Department of Energy, Mines and Resources at that time, this program was a good one to find an alternative to imported oil. I guess it was the feasibility study that was financed with the agreement of both Governments, as signed by the then Minister of Energy, Mines and Resources in September, 1981.

For the Hon. Member to pretend now that the money was not spent according to the guidelines, it would have been a breach of the agreement between Nova Scotia and us, and, according to the Premier of Nova Scotia, not only was it desirable to do that within the policy but he was a promoter of that project.

TERMS OF CONSORTIUM AGREEMENT

Mr. John Thomson (Calgary South): Madam Speaker, my question is for the Prime Minister. He is denying that his Government conferred a benefit on a former Cabinet Minister, Mr. Gillespie. My understanding of the terms of the agreement between the consortium and Mr. Gillespie is that, in the event that he wishes to sell his equity interest in the consortium, the consortium will pay him $250,000. On the other hand, if the consortium approaches Mr. Gillespie and asks him to sell his interest, they will pay him $750,000.

In the Prime Minister's opinion, what did Mr. Gillespie do to earn the $250,000 or the $750,000? I would like to suggest that what he did was to arrange a loan to the consortium from the federal Government of $1.9 million.

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member missed a couple of the points which were made earlier in the discussion. He suggests that the federal Government conferred a benefit on Mr. Gillespie. That is the whole point. It did not. The federal Government does not have these funds. They were transferred under the oil substitution agreement. They were transferred to the Consolidated Revenue Fund—

Some Hon. Members: Wrong.

Mr. Trudeau: If they would pay attention over there, maybe they will not be asking the same question over and over again. These funds were in the Consolidated Revenue Fund of the Government of Nova Scotia. That is point No. 1. Point two, the agreement says that none of these funds will be used to pay Mr. Gillespie. Point three, the agreement was not negotiated by the Government of Canada, by the former Minister of Energy or by the Deputy Prime Minister; it was negotiated by the members of the consortium among themselves, so that the minority shareholder—it was negotiated in fact by—

Mr. Crosby: It was negotiated by P. J. Read in the Department of Energy, Mines and Resources.

Mr. Trudeau: It was negotiated by Gulf with Mr. Gillespie.

Mr. Crosby: P. J. Read.

Mr. Trudeau: Well, this is done all the time when a consortium is put together with minority shareholders and when the majority shareholders want to preserve an option to buy them off. If they exercise that option, yes, Mr. Gillespie will presumably receive the funds mentioned by the Hon. Member. He will not receive them from the federal Government. He will not even receive them from the Government of Nova Scotia. He will not receive them under a deal conceived by this Government or even by the Government of Nova Scotia. He will receive them under a deal conceived by the shareholders themselves.

DURATION OF GUIDELINES' APPLICABILITY

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a supplementary question for the Prime Minister. Throughout the Question Period the Prime Minister has been suggesting that the two years elapsed time before raising this case has somehow been crucial to the issue of the appearance of wrongdoing. In his view is there some kind of statute of limitation on the appearance of wrongdoing? Is it two weeks, two months, or two years? Surely the Prime Minister's argument is absurd. I would ask him to comment on that.

• (1200)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the Hon. Member had done his homework he would know that there is no statute of limitations. It is not one year, it is not two years, and it is not five years.

Mr. Broadbent: That is right.

Mr. Trudeau: The guidelines which apply to Ministers do not state any period of time.

Mr. Broadbent: Right.

Mr. Trudeau: Therefore, the only relevance of the two years was whether the Minister himself could conceivably have thought of the fact that this former Minister was under another guideline. Former Ministers are under the two-year rule. Because, in the first day in which this question was raised, the Opposition Members kept speaking of dates and of the two-year guideline, it became apparent that they were not even right on their facts, that it was more than two years before the present Minister became involved in the deal. That does not mean that, if it had been more or less, that the guidelines, as applying to him, would have changed. I am not making his defence on that point.

Miss MacDonald: You did yesterday.

Mr. Trudeau: I am just making his defence on the fact that the eternal guidelines have not been breached because there was no improper influence, there was no privileged access, and there was no preferential treatment.

Miss MacDonald: "Or the appearance".

Mr. Broadbent: Madam Speaker, if the Prime Minister had listened to the question with care, he would find that I was referring to the time of the incident, occurring some time ago, and to the appearance of wrongdoing emerging now, which he seems to think is somehow irrelevant to the argument. We on this side of the House think it is crucial. We think he is wrong. However, I would like to ask the Prime Minister another question.

POSITION OF PRIME MINISTER

Hon. Edward Broadbent (Oshawa): The other assertion which the Prime Minister seems to have been making throughout the Question Period is that there is some kind of equation between proper Cabinet leadership, Cabinet responsibility, and legality, whereas those of us who believe in parliamentary Government know that there is a distinction between morality and legality in political practice.

If he wants to make this equation, does he not realize that a system of guidelines which refers to appearances is really irrelevant? Does he not realize that what he is really saying is that all we need in this country is the Criminal Code? If that is what he is saying, does he not realize that he really does not understand what is required in a parliamentary democracy?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member prefaced his statement by three preambles, each one of which began with "if". The "ifs" should be answered in the opposite way. I do understand that there is a difference between criminality and guidelines, and therefore the conclusion which the Hon. Member drew was false. Once again, the appearance is something which—

Miss MacDonald: One that you can throw out the window.

Mr. Trudeau: The only reason I talk of the lapse of time is that, if it were obvious, then it seems to me someone would have thought of complaining about the indecency of this before. I am not saying that there is a prescription, that there is a statute of limitations, but there is a test which is well known and which I will not insist on—

Mr. Crosby: Time heals all wounds.

Mr. Trudeau: —but which has been used time out of mind: *Quad semper, quad ubique, quad ab omnibus.*

Mr. Crosbie: That's the Jesuit coming out.

Mr. Trudeau: I know that this is beyond the Hon. Member for St. John's West, but I can say—

Some Hon. Members: Oh, oh!

Mr. Crosbie: *Res ipsa loquitur.*

Some Hon. Members: Hear, hear!

Mr. Trudeau: Now I will turn to Greek.

Mr. Crosbie: "The thing speaks for itself!"

Mr. Trudeau: Oh, you don't have to translate it.

Mr. Crosbie: I am translating it for you.

Mr. Trudeau: Thank you. How about translating the Greek, "*Ta zoa étrekhe*"? And that applies to him.

Mr. Crosbie: *Andrezesthe krateousthe.*

Some Hon. Members: Oh, oh!

* * *

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by Hon. Members on Thursday, February 17, 1983, and finds that the petitions meet the requirements of the Standing Orders as to form.

PRIVILEGE

MR. HERBERT—RECORDING OF ADMITTANCE TO AND DEPARTURE FROM PARLIAMENT BUILDINGS

Mr. Hal Herbert (Vaudreuil): Madam Speaker, my question of privilege deals directly with the right of a Member of Parliament to have free and unimpeded access to his or her office at any and all hours of the day and night and not be subjected to any recording of his or her comings or goings.

Last evening, after ten years of free access to my office in the Confederation Building, I was stopped and asked for identification. This in itself is not an issue, although there were somewhat humiliating aspects in that it was carried out in front of other employees who have been aware of my identity for the last decade.

My privilege was, in my opinion, violated when my name was recorded on a list. Inquiries elicited the information that my entry and exit to my office was to be recorded on each and every occasion after 7.30 in the evening. As Your Honour is aware, our committee activities, which are an integral part of our work here on Parliament Hill, continue until ten o'clock p.m. and sometimes later. Whatever security measures may be felt necessary should not apply solely during our evening work period, as if such work times differred from any other time during the day.

Of additional concern is the use to which such lists can be put if they fall into the wrong hands since there is no verification of their authenticity. Quite apparently, since an Hon. Member is not asked to sign in and out, an identity mistake can be made which might not bother anybody in the private sector but which could have considerable influence on the assessment of the conduct of an Hon. Member by his constituents.

Personally, I consider the recording of the times of entry and exit of an Hon. Member in and out of his or her office during regular working hours to be an invasion of his or her privacy and a practice fraught with abuse which could have a direct influence on the election of the people's representatives.

On the assumption, Madam Speaker, that you recognize that I do have a question of privilege, may I suggest that you take the matter under advisement. May I further suggest that, at least during the interim period, no records be kept of the movement of MPs between the hours of seven o'clock a.m. and eleven o'clock p.m. on weekdays.

Some Hon. Members: Hear, hear!

Madam Speaker: First, I do not believe that this is a question of privilege; it concerns administrative decisions. I would welcome a discussion in my office with either the Hon. Member or the representatives of the different Parties.

Mr. Nowlan: It certainly is privilege.

Madam Speaker: I want to say to the Hon. Member that the presence of anyone in the buildings which we call the House of Commons is recorded and has been recorded for a long time. These records are kept in order to ascertain who is in the buildings and how many people are in the buildings for security and fire reasons. We have always kept a record of the number of people who were in the buildings, expecially after hours, because one must assume that most people have left their offices by that time.

As for the Hon. Member being required to sign his name, I am sure that was a mistake. Members of Parliament should not be required to sign their names when they go in and out of the buildings, because the guards are trained to recognize Hon. Members. Perhaps the Hon. Member was unlucky and had to deal with one of the guards who happened to be new or simply did not recognize him. It is quite clear that Hon. Members do not have to sign in and out of their offices. Other people who enter the buildings will be required to sign.

Concerning the records, I can assure Hon. Members that those records are not kept on our files forever. They are automatically destroyed. They are simply kept for the purpose of knowing who is in the buildings on a particular day for fire and security reasons.

Hon. Marcel Lambert (Edmonton West): Joining in the discussion on that particular point, may I indicate that on many occasions it is impossible for the security staff to ascertain who is in the building or who is leaving the building. There are many social occasions when people are going in and out of the buildings between ten-thirty o'clock p.m. and eleven-thirty o'clock p.m. There is no record being kept at that time, nor has there been a record kept, as to who is going in or out, be it stranger, employee, officer of the House, Member of Parliament or Senator.

I would suggest that this is an administrative matter, as Your Honour said. The rules state that administrative matters are to stand referred to the Members' Services Committee. Since Members and their privileges are being affected, I find it strange indeed that this matter was not referred to the Committee for consideration before action was taken.

Madam Speaker: It can be referred to the Committee. If the Hon. Member for Vaudreuil (Mr. Herbert) wants to refer it to the Committee, he is perfectly free to do so.

Mr. Lambert: The Chair.

Madam Speaker: Not necessarily the Chair. The channels through which the Speaker is informed about requirements or requests from Members is through the Management and Members' Services Committee. If the Hon. Member for Vaudreuil is not satisfied with my answer today, of course, he can refer the matter to the Management and Members' Services Committee.

• (1210)

Mr. Lambert: You should ask the Members.

Madam Speaker: I might also ask the Members. It is an advisory committee to me and I may ask them to examine this question. What I am telling the House is that the Members

present have always been recorded, as far as I know. The information that I just received this morning is that every single person who enters the building is recorded, be it for a social occasion or something else. That is a necessity for security reasons and in case of fire. If Hon. Members object to that kind of administrative decision, I am quite willing to discuss it and I am sure that the guards will be happy to comply with any future instructions that we give them. I am just informing the Members of what the situation is at the present time.

Mr. Lambert: That is patently wrong.

Madam Speaker: It is not wrong.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. THACKER—RESTRICTIONS ON IMPORTATION OF JAPANESE AUTOMOBILES

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, I wish to present a petition signed by some 60 petitioners from the City of Lethbridge and region. They wish to voice their opposition to the restrictions placed on the importation of Japanese automobiles. The implications of these restrictions prompted them to avail themselves of their ancient right to petition this House because their personal futures and freedoms are at stake. This is certainly a justification for their desire to be heard and a stimulus for action on the part of this House to consider their grievances.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,640, 4,651 and 4,658.

[*Text*]

PUBLIC ACCOUNTS OF CANADA

Question No. 4,640—**Mr. MacKay:**

What are the ten largest contingent liabilities included in "Pending and Threatened Litigation" in Volume 1, Section 12.7 of the 1981-82 Public Account of Canada and, in each case, what are the amounts of contingent liabilities and the details of litigations?

Hon. J.-J. Blais (Minister of Supply and Services):

	Amount of Contingent Liability (Amount of claim) as at March 31, 1982	Contingent Liability	Description
(1)	$1,000,000,000	Claim related to ownership of land	Plaintiffs are claiming unextinguished aboriginal title over a large area of northern Alberta, including the exclusive use and enjoyment of all the natural resources in the area claimed. Plaintiff have impleaded the federal and a provincial Crown corporation and several major oil companies. They are also asking the Court to declare void all permits and leases already issued for the exploration and extraction of natural resources in this area. In the alternative, if these aboriginal rights are held to have been extinguished, they ask for compensation of one billion dollars.
(2)	$ 181,000,000	Claim related to ownership of land	Plaintiffs allege that the 1909 surrender was invalid because there was no proper surrender meeting, no proper notice of a meeting, and no majority of the Band as required by the Indian Act.
(3)	$ 130,000,000	Breach of agreement	Alleged breached of the Crown's obligation to provide health and social services under the James Bay and Northern Quebec Agreement.
(4)	$ 125,000,000	Claim related to ownership of land	Claim relates to a 1902 surrender. Allegations of fraud, cœrcion, breach of trust and the majority issue.
(5)	$ 95,000,000	Damages	As a result of the importation of tobacco plants and the subsequent outbreak of "blue mould" disease, an action has been initiated against the Crown for its alleged negligence in failing to prevent the above-mentioned outbreak.
(6)	$ 71,000,000	Loss of revenue	Plaintiffs allege that, subsequent to the 1957 surrender of reserve lands for leasing, the Crown failed to exercise the degree of care, stewardship and prudent management required of a trustee, with a resulting loss of revenue to the plaintiffs.
(7)	$ 62,000,000	Claim related to memoranda of agreement	Plaintiffs seek a declaration that five memoranda of agreement to provide funds for a variety of needs are valid and enforceable and seek an order to the defendants to give immediate effect to these agreements.

Order Paper Questions

	Amount of Contingent Liability (Amount of claim) as at March 31, 1982	Contingent Liability	Description
(8)	$ 60,000,000	Breach of trust obligations	Plaintiffs allege that under a treaty the Crown undertook to provide them with a reserve sufficient to allow one square mile per family of five and that this obligation was not fulfilled.
(9)	$ 60,000,000	Civil action	Plaintiff claims harassment, wrongful seizure, false arrest, false imprisonment, economic loss, loss of profit.
(10)	$ 50,000,000	Claim related to ownership of land	Plaintiffs allege that the surrender in 1908 was invalid.

FARM ENUMERATIVE SURVEY

Question No. 4,651—**Mr. Mayer:**

What is the over-all cost of the annual "farm enumerative survey" that is done by Statistics Canada and what is the information gathered used for?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports:

The Farm Enumerative Survey is a general purpose annual survey conducted in the designated Canadian Wheat Board area at an estimated cost of $1.1 million for the fiscal year 1982/83. The statistics produced from the survey are used for many different purposes. Expenditure and acreage data provide a major portion of the data used in the calculation of payouts under the Western Grain Stabilization Act. Farm expenditure estimates are also used in calculation of net farm income which, in turn, is part of the calculation of Canada's national income. In addition, data related to farm crop production are used by farmers, farmer co-operatives and such agencies as the Canadian Wheat Board in planning crop production and marketing strategies.

Livestock information from the survey provides an indication of the future supply of animals and animal products. All segments of the agriculture and related industries are thus provided with unbiased information to be used in planning their production and marketing activities.

Finally, all Farm Enumerative Survey data are of relevance to federal and provincial Departments of Agriculture in the development and management of policies and programs aimed at the food and agriculture sector.

1982 AVERAGE LIVE FED CATTLE PRICE

Question No. 4,658—**Mr. Hargrave:**

1. What was the average live fed cattle (steers and heifers) market price for 1982 as required by the Agricultural Stabilization Act?

2. What was the previous average five year fed cattle market price immediately prior to 1982?

3. What was the previous average five year fed cattle market price prior to 1982 adjusted for the cost of production factor?

Hon. E. F. Whelan (Minister of Agriculture): 1. The average market returns for the 1982 marketing period are estimated to be in the range of $74 to $74.50 per cwt., basis A1/A2 steers and heifers.

2. The previous five-year average market price (same basis) was $65.49 per cwt.

3. The previous five-year average market returns, adjusted for the cost of production factor, has not yet been calculated.

[*English*]

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

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Shall the other questions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—GOVERNMENT ELECTION PROMISES

Hon. Erik Nielsen (Leader of the Opposition) moved:

That, in light of the Government's outright betrayal of the Canadian people and its repudiation of its 1980 election promises to reduce unemployment, combat inflation, avoid inflationary tax hikes and excessive energy price increases, reduce the deficit, and implement an industrial strategy for Canada, this House calls upon the Government to face its responsibility to Canadians and take immediate action to live up to the commitments that it made in 1980 or resign.

He said: Madam Speaker, today is a tragic anniversary in the history of this country. In the words of President Roosevelt after Pearl Harbour: "This is a day that will live in infamy". I refer, of course, to February 18, 1980, the day on which this Government was elected to office. It was a day which inaugurated the most dismal and disastrous three years in the history of our country.

Three years ago today, a country that was prosperous, a country that was buoyant, a country that was full of hope and promise, started on the long, downward path of Liberal Government despair, ineptitude and disaster. Canadians who were gainfully employed three years ago are now walking the streets. Firms that were prosperous three years ago and that

had some hope are now in the bankruptcy courts. The pleasant, smiling countryside with its prosperous farms is now rapidly becoming deserted and full of despair, due to the mismanagement of the Liberal Government sitting opposite.

Young people have been forced out of their homes; others have seen their hopes of security blasted and torn asunder. Older people have seen the Government renege and cut back on their hopes of a worry-free old age, paid for with their own contributions. Not even the widowed mother or orphan has been spared by a Government which spends without stint to realize its own peculiar centralist and socialist objectives, and passes on the bill to Canadians without explanation or without apology.

One must go back to the 1940s to equal the distress and uneasiness which prevails in the economy today. This country has been run headlong into an economic crisis of the first magnitude, due largely to the mismanagement and incompetence of this Government. Brief after brief after brief, from both labour and management, have made it clear that the economy has been staggered by a series of rude shocks deriving from this Government's policies or lack of action.

Nothing is so urgent in the minds of millions of Canadians who have been made to suffer because of this Government's indifference and neglect as to remove this Government from office. Incompetent, inept, untrustworthy, careless in its corruption and heartless in its approach to the problems, this Government has lost the confidence of the Canadian people.

Some Hon. Members: Hear, hear!

Mr. Nielsen: One after another, its policies have proven to be exactly the wrong remedies at the wrong time. From FIRA to the NEP, from the CIDC to Canagrex, they have turned out to be incredibly costly, cumbersome and destructive.

Trust remains a major ingredient in human affairs. Trust has departed from this Government. Canadians do not trust this Government. Foreign countries do not trust this Government. Our friends and allies do not trust this Government.

Yesterday we had one of those little vest pocket lectures which spring so readily to the lips of the Prime Minister (Mr. Trudeau) whenever he is in trouble. Like the squid of the underseas caverns, he retreats first this way, then that way, emitting an opaque cloud in order to befog the issue.

It is hard to believe that a man of the Prime Minister's intelligence fails to understand that when two Ministers sign a contract providing monetary gain to a former Cabinet colleague, that conduct is not condoned in any code of ethics in the world from the Code of Hammurabi to the Judeo-Christian ethic.

I come now to the shabby record of broken Liberal election promises. It is a shocking spectacle, Mr. Speaker. It is the record of a Government which over and over, blatantly and furiously, broke its word to those Canadians who had accepted on trust its sparkling promises, promises about full employment; promises about an industrial strategy; promises about a buoyant economy! Promises! Promises! Promises!

Here was a Government and Party which promised, in the words of one of their former crystal ball-gazing leaders, "A new heaven and a new earth". Nothing was sacred to this Party and to that Prime Minister. In election after election they promised a brighter world and a nobler future. They promised megaprojects. They promised high technology. They promised something for the aged, something for youth, something for the newly married, something for students, something for the scientists and something for the farmers. Those promises now read like a litany of broken dreams.

● (1220)

As Canadians contemplate the wreckage of those bright dreams—the farm foreclosures, the abolition of the Crow rate, the monopolistic food marketing policy of Canagrex, the sprawling empire of Crown corporations responsible to no one but the Prime Minister, the bankruptcies, the unemployment, the incredible expenditures, the demand on Parliament for blank cheques—they can only ask themselves whether they are dreaming.

When I was a young boy I read Robert Louis Stevenson's book "The Wrecker". Members will recall in that book that a group of unprincipled individuals lit bonfires on the beach to lure ships on to the shore so that the sailors could be massacred and their property plundered. That is what Canadians must be thinking of today when reflecting back on the lure of the promises of 1980 and what they are getting today.

Some Hon. Members: Hear, hear!

Mr. Nielsen: No Government in the history of any free Western nation with a parliamentary tradition has ever been so irresponsible or so reckless. No Government has so quickly lost the trust of the people, the confidence of investors and the friendship of our neighbours and allies. The reason is that this Government is totally unpredictable. The only predictable thing about it is that if there is any way of screwing up things, it will do it.

Some Hon. Members: Hear, hear!

Mr. Nielsen: I say that with my usual good feeling. What did they say in 1980? They were going to establish a petroleum pricing and auditing agency. They were going to construct a reversible pipeline to the Province of Quebec. Somewhere along the line that got reversed. The Government's share of increased oil prices through PetroCan would go to the poorer regions of Canada. I presume those are the regions where "Dire Straits" is located.

They were going to boost alternate energy through an alternate energy corporation. That would take in wind, sun, tidal power, biomass and liquid coal. Well, the last one proved a bonanza for at least one former Minister. As for the wind, they have not harnessed it yet, except here in the House every time they speak. As for the sun, it is still shining in spite of them. It is the only thing left in this country that is free.

On January 17, 1980 the Prime Minister promised to double track the CNR. He must have been serious. He is still

promising to double track the CNR. On January 10 the Prime Minister said the Liberal Party would provide hundreds of thousands of jobs. They did that. The only hitch was that the jobs were in Japan, Taiwan, Hong Kong and West Germany.

He said we would expand FIRA so that Canadians would control the economy. FIRA helped the economy like the earthquake helped San Francisco. He said he would set up an international trading company. Probably this would follow along the lines of similar state corporations in the Soviet Union and the satellite states. They have not done this yet because is still some of the domestic economy they have not finished wrecking.

The industrial strategy would encourage workers to become shareholders in the firms in which they work. They should have followed through on that one. So many firms went bankrupt, nobody wanted them but the workers.

There are some relevant quotations from the Prime Minister. They do not have quite the ring of Chairman Mao nor the predictability factor of Nostradamus, but for the student of broken promises they are not without a certain macabre interest. In Toronto on January 12, 1980 the Prime Minister said:

> This Party will not simply stand by and let the recession come.

No. They brought it on.

> We will fight it and overcome it.

The Prime Minister in his own personal Pilgrim's Progress was ready to wrestle anything, anywhere, any time. He would wrestle inflation to the ground. He would fight and overcome. He did this by the simple expedient of jumping into the 707 and taking off. In January, 1980 the Prime Minister said:

> We have an economic program for the eighties which will enhance dignity, create opportunity and provide security.

It did just that, but the people it reached were few in number. They were all either in the Cabinet or were ex-Cabinet Ministers. In February, 1980 in Toronto the Prime Minister really got off a bomb:

> I would want to manage the economy in such a way that interest rates would in fact come down—

Then there was the famous statement by the President of the Treasury Board (Mr. Gray), who said on CITY-TV on February 7, 1980 that he would resign his seat if interest rates did not come down. Somehow, as time went on, his seat became more precious than his own personal integrity.

Then we had the Prime Minister's personal formula. He said:

> We would bring interest rates down by fighting inflation, not by manipulating the dollar.

So much for bright words tarnished by subsequent events. The Prime Minister got off some gems in January, 1980 when he said:

> The deficit will be reduced in a phased and orderly fashion.
>
> We will not add to the deficit by adding new programs.

As the poet said:

> Words, words, words, I know not what they mean.

We are at a point now where this whole nation has expressed a total lack of confidence in this Government. We are at a point now where this whole nation wants them to go. Consumer confidence has dwindled away. Business and industry are consumed by uneasiness and uncertainty. Investor confidence has plummeted to zero.

At the present time the most serious impediment to the recovery of our economy is the presence of this Government. The single most constructive act which this Government could perform in the best interests of this country would be to resign and give Canadians back their inalienable right to elect a Government of their choice.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Corbin): Questions? Comments? Debate?

Mr. Doug Lewis (Simcoe North): Mr. Speaker, it is indeed a pleasure for me to follow the Leader of the Opposition (Mr. Nielsen) in discussing this very serious questions and very serious motion.

Three years ago the Liberal Party perpetrated the greatest electoral fraud in Canada's history. After an election campaign in which every possible deceitful promise was made to the Canadian people, that tired old gang took over again. Today we want to examine in the House some of the promises made to the Canadian people by this fraudulent gang of thugs and bring them forward for the Canadian people to examine once again.

On February 9, 1980, they said that a new Liberal Government will work to reduce unemployment through a program of responsible fiscal and monetary management. What happened? In January, 1983 a record 1.6 million Canadians were out of work with a net loss of 578,000 jobs between August, 1981 and January, 1983. The unemployment rate in January, 1983 was 12.4 per cent compared to an unemployment rate in January, 1980 of 7.6 per cent; and according to the Economic Council, the unemployment rate will be in excess of 10 per cent for the next five years.

• (1230)

Unemployment Insurance benefits in 1982 were equal to $8.5 billion, more than the combined Government spending of the four Atlantic Provinces.

But more serious than the 1.6 million Canadians who do not have a job, Mr. Speaker, are the 500,000 Canadians who are so discouraged that they have given up looking for work, and the 390,000 Canadians who are not working to their full capacity. That is a situation which just cannot be allowed to continue in this country. Forty-eight per cent more workers are unemployed now than in 1979. In the past, unemployment has risen because the number of jobs has not increased as fast as the labour force. Today, unemployment is rising because jobs are simply disappearing. The year 1982 was the first time in a quarter of a century that we had a year-over-year decline in the number of jobs.

In my riding of Simcoe North, the number of people employed in the service and manufacturing sectors has fallen by 16 per cent since that election of 1980. It is bad in the Orillia area, which I just referred to, but it is even worse in Midland and Penetanguishene where there is an unemployment rate of 33 per cent, which is a result of the failure of this Government to live up to any of their promises. Midland and Penetanguishene had ten manufacturing plants completely shut down. RCA, with 1,220 employees, is shut down completely. We went to see the Minister of Industry, Trade and Commerce in the summer of 1982 and he promised help in arranging for the sale of this plant, but he has done nothing. The Liberal Government has done nothing to help RCA and those 1,220 Canadians who want to work. It failed them completely. That is the legacy of the 1980 election promises for the riding of Simcoe North.

This Government said: "We will not simply stand by and let the recession come; we will fight it and we will overcome it". That is a quote from the Prime Minister (Mr. Trudeau) in January, 1980. But, Mr. Speaker, they did not fight it. They did not overcome it. They did everything possible to bring on the recession. That promise was kept in reverse. The Government brought on the recession which Canadians are now fighting.

One of the favourite tactics of this wasted front bench of the Liberal Party is to attribute the poor state of our economy to international factors. Let us deal with some of those international factors. In the United States the GNP has dropped by only 1.9 from its peak in the third quarter. In Canada it has dropped 6.9 per cent. Why do we have to drop that much farther and that much faster than the United States if we are linked to them, as they say? Industrial production in the United States dropped 11.5 per cent by October of last year from a high level, while in Canada the corresponding figure was 18.8 per cent. I ask the Liberal Government again, why does industrial production have to drop so much faster and harder in Canada than the United States if it is an international situation?

Manufacturers in Canada reported in the third quarter that they were operating at the lowest level of their capacity since records were first kept in 1961. I ask Hon. Members opposite, did they promise that they were going to have that effect on the manufacturers of Canada, on the production, and on the jobs which have been lost as a direct result of their inaction, ineptness and lack of caring for anyone who works in this country?

Let me talk about the famous Liberal energy policy. They said: "The Liberal price hike will be less than half of what the Tories plan to inflict on you; we will negotiate an increase of less than 14 cents". That may sound like a specious comment out of the comic section of the newspapers, but it is not, Mr. Speaker. It is a comment made by the present Prime Minister. This is by far the most often broken promise of the Liberal Government. Gasoline prices, which were promised to rise only 14 cents, have gone up 17 times. The price of OPEC oil is going down but Canadian prices are continuing to go up.

The Government did not promise exactly the kind of national energy policy we got, but we got one all right. Canadians got a national energy policy and, brother, did it do something for us. The Government's energy policy resulted in oil rigs leaving Alberta and the cancellation of the Alsands project, which would have meant jobs for hundreds of thousands of Canadians; the cancellation of the Cold Lake project; the loss of the spin-off benefits, not just for Alberta where the oil is in the ground, or British Columbia or Saskatchewan, but for Ontario. We in this Party happen to believe that the energy policy is something which should benefit all Canadians, not from a price standpoint so much as from a job standpoint, because those jobs which could have been there for us in the energy industry are in all Provinces. That is what this Government neglects to consider when it looks at the electoral map and sees there are no seats there for it in Alberta, so it just does not care. In the meantime, it inflicts pain and misery on the entire country.

Mr. Smith: Nonsense.

Mr. Lewis: If it is not true, you tell me where the jobs went.

Mr. Smith: We love Alberta.

Mr. Lewis: Yes, you love Alberta. That kind of love anyone can do without, thank you very much.

I would like to refer to my riding once again. In my riding of Simcoe North, we wanted the megaprojects to go ahead because we have industries that supply the energy industries. We have Fahramet, a company in my riding which produces refractor tubes used in the energy industry. But what happened? As a result of the Liberal national energy policy, it went on work sharing. It cut back on its staff. That is the result in my riding of what the Liberal Government has done about energy prices.

In Canada we now have a $27.36 billion, or whatever it is today, deficit as a result of the mismanagement of the Liberal Government and its failure to keep its promises. We have an interest burden. Interest on our national debt is $700 for every man, woman and child in Canada. That is $1,700 per year per taxpayer. The interest on the debt in 1982-83 equalled 4.8 per cent of Canada's Gross National Product. When the present Prime Minister took office it was 2 per cent.

This country, as a result of mismanagement of the economy by the Liberal Government, has lost its fiscal flexibility. In 1968-69 one tax dollar in nine was needed to service our debt. Today, one tax dollar in three services our debt. As a result of the massive Government borrowing the private sector interest rates go up.

Lastly, when we talk about the deficit we talk about the confidence which people have in the country. The confidence in this Government, Mr. Speaker, is absolutely gone. The Minister of Finance (Mr. Lalonde) this week had the nerve to ask us (a) to let him introduce a Bill without any financial information, a Bill to borrow money; and (b), without any

notice to go ahead and introduce his Bill so he could borrow some $19 billion. Both Parties on this side, Mr. Speaker, have rejected that offer because he comes forward with no financial statements, no projections. Oh, yes, he has offered us projections to March 31, and I would venture to say that, given that the Minister of Finance has only six weeks in which to goof on those predictions, probably his prediction for this year is as close as any prediction any Minister of Finance in that Government has ever made. That is not saying very much, but we are saying it because he has only six weeks to goof, so that is probably going to be the closest prediction. But once again, it is a broken promise to the people of Canada who put that tawdry group in office on the basis of their election promises.

• (1240)

I have a minute or two, Mr. Speaker, and I want to talk about bankruptcies. Just what has happened to the Canadian economy as a result of the Liberal Government's inept handling of the financial situation in this country? Personal bankruptcies have climbed. There has been a 46 per cent increase in the number of personal bankruptcies since 1980,—thanks to the way this Government has handled the country's affairs. Those bankruptcies cover the manufacturing section, construction section, all areas of the economic sector, all as a result of the failure of this Government to do anything about the economy.

In closing, Mr. Speaker, I say that this Government has made promise after promise which it will be reminded of over the next few months and in the next election. There is no question but that it is going to be with a heavy heart that every Member on that side seeks re-election if he or she has the nerve to go back to the people and say: "Yes, I am the candidate who promised you lower energy prices. I am the Member of Parliament who sat here from February, 1980 and watched interest rates skyrocket, bankruptcies climb, watched foreclosures and powers of sale. I am the Member of Parliament that you could not get hold of when all those problems were occurring. But I am back here and I am promising once again to give you all of those things." I tell you, Mr. Speaker, and I tell the Members of the House on the opposite side: this time it will not wash.

The Acting Speaker (Mr. Corbin): Order. Questions and comments. The Hon. Member for Scarborough Centre (Mr. Kelly) on a question.

Mr. Kelly: Mr. Speaker, the Opposition Parties seem to be advancing the thesis that if a government is low in the polls, as this Government is at about 30 per cent, then it has lost the moral right to govern and should resign. I am wondering if the hon. gentleman subscribes to that thesis.

Mr. Lewis: I am sorry, Mr. Speaker, I did not understand the question. If the Hon. Member would repeat the question, I am certainly prepared to answer it.

Mr. Kelly: Based on what he said and what his predecessor said, it would appear to me that the Opposition is developing the argument that any Government low in the polls, as this Government is at 30 per cent, has lost the moral right to govern and should resign. I am wondering if he subscribes to that.

Mr. Lewis: Mr. Speaker, the suggestion from the Hon. Member on the other side that there are any morals on that side of the House threw me off, and that is why I did not quite understand the question. I want to assure the Hon. Member that polls have nothing to do with how you govern, but morality and trust do, and you just do not have it on that side.

Mr. Kelly: Mr. Speaker, I would suggest that he and others on that side do in fact subscribe to that theory, which they are pressing very hard: so if there is any intellectual honesty on that side of the House—which I think is an important ingredient in any debate in this Chamber—I am asking him if he felt that way back in 1979 when his Government's standing in the polls was at 23 per cent.

Mr. Lewis: Mr. Speaker, first of all I must confess amazement. Perhaps the Hon. Member was not here for Question Period and did not see the lack of morals on that side. Perhaps he did not notice that. I should tell him that the lack of morality is all on the Liberal side of the House.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I would like to put a question to the Hon. Member on the judgment he is making of other people. I wonder if he would explain to this House what is more immoral than making moral judgments of others?

Mr. Crosbie: No wonder they support the Government.

Mr. Lewis: Mr. Speaker, I can see you shaking your head and I share your amazement at the question after what just occurred in Question Period.

Mr. Kelly: Mr. Speaker, I never had the opportunity to engage in this particular aspect of the proceedings of the House and I beg your indulgence and that of other Members while I try to become acquainted with this new system.

The Hon. Member for Simcoe North (Mr. Lewis) was attacking the energy policy of the Government by insisting, on the one hand, that our oil prices were so high that they were hampering the consumer mercilessly, yet insisting on the other hand that oil prices were not high enough because the oil rigs had left the country in despair of getting higher prices. I ask him which of these two criticisms reflects his policy or that of the Conservative Party. Are oil prices too high, when you are wearing your eastern consumer hat, or are they too low, when you are speaking from the western perspective? Make up your mind, if you have one.

Mr. Lewis: Well, the one thing about this Party, Mr. Speaker, is that we do have a western hat, whereas the Liberal Government, as everyone knows, has no western hat and no northern hat; and in fact when you take questions from that particular Member you wonder what they have under the hat they wear in Ontario.

Hon. Paul J. Cosgrove (Minister of State (Finance)): Mr. Speaker, I count myself fortunate to have the opportunity to enter this debate on the third anniversary of the election of this Government on February 18, 1980. It was my intention to take some time to comment on the constructive alternatives and policies that the mover of the motion, the Leader of the Official Opposition (Mr. Nielsen), put in his remarks to support his criticism contained in the motion. However, I am somewhat taken off guard because, if you review his speech and the speech of the Hon. Member who has just spoken, there is, of course, not one single sentence with one single idea, one single constructive criticism, offered by the Opposition. Therefore, I am really caught short because I have nothing positive or constructive to respond to in the comments of the speakers thus far.

• (1250)

It is important in any government, in any mandate, to reflect on what I perceive as being some very high points and, indeed, some very low points in my experience, which in this Parliament has been exactly three years. My election to this House for the first time, therefore, was on February 18, 1980. I found myself fortunate to have been part of this Parliament which after a long time finally adopted, and is in the process of implementing, a constructive, comprehensive national program for the development and protection of the energy resources that are so important to all Canadians.

History will recall no doubt that in this century the initiative taken by the Government, given a mandate by the people of Canada on February 18, 1980, will go down as one of the most important economic initiatives of any Government at any time. The first objective of the plan, to secure adequate supply for future generations, has been achieved. The second objective was to achieve that at a fair price, and that has been accomplished.

The Opposition are critical, in part, of some of the pricing policies of the Government but they did not indicate that their policy, as I understand it, is to charge a price at least 10 per cent higher than that which prevails under the National Energy Program. Indeed, some Members of the Party opposite have argued that the price should be even higher than world price, that we should lead in soaking Canadians in the area of pricing. We have not heard any policy from the Conservative Party but I have perceived this from public statements by individual Members of that Party.

That was a high point of the last three years of this Government of Canada. Probably equally important and certainly as important and fulfilling to me was the opportunity to be part of a Government that was responsible for patriation of the legal framework of this country and the return of the Constitution. More important in that process was the granting to all Canadians in future of the Charter of Human Rights, which is second to none in the world. Those words come from the Leader of the New Democratic Party. The Charter grants rights and protections for every Canadian from coast to coast into the future, and it is second to none in the world. For me it has been a thrill to be part of this Parliament and of the process that resulted in that achievement. It is no mean achievement by this Parliament.

I was in the Chamber on the evening that the results of the referendum in the Province of Quebec were announced. That referendum was the springboard in the energy and activity that resulted in the return of the Constitution. I was here when we received the information that the majority of people in that part of Canada said they were Canadians first. Following that, all Canadians through their representatives, federal and provincial, joined in seeking the return of the Constitution to give us a basis from which to address the future, not as it affects the individual Canadian through the Charter of Rights but through the representatives of federal and provincial Governments, and to proceed to the next challenge. That is the continuing and most important challenge of this Parliament, the achievement of economic recovery in the country and the formation of an economic base that will emerge hand in hand with the legal and social services that have been achieved through the Charter of Rights.

The third and equally important highlight is my small role as a Member of this Government and of this Party in signalling to the Canadian people that this Parliament would address leadership in the process of economic recovery. We did that by signaling to Canadians that restraint was important. I knew that the Prime Minister (Mr. Trudeau) and senior Ministers of the Government have, through intergovernmental meetings, attempted to draw the support of the Provinces. I think of their meeting in January or February, 1982 on the restraint program.

Unfortunately, I suppose, it was a little too soon. When the Government found out it could not carry the support of the Provinces, it introduced a program of restraint in the budget of 1982. At that time it adopted a restraint program which applied, first of all, to Members of this House, to Members of the other place, to those who assist this House, this Government, agencies of the Government and any agency that has contact with the Government. We said that restraint would have to be one of the first steps in a long program of economic recovery. The program has been dubbed the six and five program. On the initiative of this Government and supported by the Official Opposition, it was felt that that was the place to start economic recovery, to show that if we had any excess of financial ability it should be used in productive ways and that other people should be willing to make sacrifices. We started that program in the House of Commons. I predict that in years to come it will be identified as a very significant start on a program of economic recovery in the country.

Like all industrial countries and like all developing countries in the last few years, we have reached a watershed. The old economies do not work and the old systems are creaking. The world economies have reached a watershed. We know the challenge of this country and other industrialized countries as well as the developing countries is to establish a new restructuring. Better ways must be found to make the economies work.

In summary, Mr. Speaker, those are the high points to me. I count myself privileged to have been a Member of the House involved in these very important initiatives and to be a Member of the Government with some input into the decisions and leadership demonstrated in this short three-year period.

There were also low points, Mr. Speaker. I will not dwell on them because the Opposition has spent the last 45 minutes painting an unconstructive, doomsday scenario. You would not think that anything was possible or that there was any hope for Canadians if you believed that doomsday scenario.

I offer this observation on the low point in the hope that it might be instructive and constructive. I compare the operation of this House and its federal system of government with my personal experience in municipal government in Metropolitan Toronto. As Mayor of the borough of Scarborough and a member of the Metropolitan Toronto Council, I found that we addressed problems quickly. I suppose it is the nature of the animal that the system of local government seems to be able to respond more quickly than the federal Government. I cannot describe the depth of frustration, for example, in watching this House take six months to attempt to get $300 million of assistance for the housing industry while I was housing Minister.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

[*English*]

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Blaker): Order, please. When the House rose at one o'clock, the Hon. Minister of State for Finance had the floor.

Mr. Cosgrove: Mr. Speaker, before the adjournment of the House for the lunch period, I was reminding Hon. Members and those observing the debate in the House of Commons today that February 18, 1980 was the initiation of this Government and that we were at the three-year anniversary of the mandate of the Government. Also I indicated that, in my view, this Thirty-second Parliament of Canada would be recorded as one of the most productive and significant in the history of all Parliaments of Canada.

I did that, drawing to mind three initiatives taken by the Government. The first was the securing of energy resources for Canadians in the future, brought under the control of all Canadians at a price which was affordable and which was 10 per cent less than the price of the Official Opposition, in a national program which is successful, even at this point of our mandate, and beyond our expectation of achieving conservation by Canadians in energy at a rate and degree we did not think would be possible when we began the program.

Second, this Parliament will be remembered because Canada received its own constitutional ability, with Governments sharing power in the country, to make agreements in the future as to how legal structures and laws will be amended to suit Canadians. Of course, a major component of repatriation was the inclusion of the Charter of Rights and Freedoms, described by the Hon. Leader of the New Democratic Party (Mr. Broadbent) as the best Charter of Rights in the whole world.

Finally, the Government is in the process of addressing economic recovery. I reminded Hon. Members that the first step was the issue of restraint. We felt that all sectors of the Canadian economy and its people, but more important this House and we as Members, had to demonstrate leadership in the area of restraint, and we did that. The six and five program, as it has come to be known, was supported in the House by the largest majority of Members, including the Tory Party and the Liberal Government. The program was a start toward bringing some realism to the recovery of the economy which for Canada, being a trading country, was very important. I am referring to the issues upon which everyone reflects these days—the issue of productivity and the issue of the efficiency of our economy to compete with world markets.

I concluded my remarks by indicating that my experience was previously in municipal politics and by comparing it with the way in which the federal Government and the Parliament of Canada operate. Unhappily, the comparison was a disappointment. I have been a Member of the House for exactly three years. I have been disappointed by the slowness of the House in addressing economic problems in Canada. I fear for many sectors of the economy if we take as long for them as we did to get assistance for the housing industry, which has relied upon the Government for years and years for support. We tabled in the House a Bill to put $300 million into the construction of apartments, and it took until March to get it out of the House and build apartment buildings. Why, when that industry was in such trouble, did it take so long? Why did the industry have to go into turmoil?

Mr. Lewis: Because you were incompetent.

Mr. Cosgrove: I will tell the House why. It was because the Opposition stonewalled it. We had to use closure to get that money into the economy.

• (1410)

Now we are addressing the issue of economic recovery that is before us. We are addressing the plight of the unemployed in this country who are looking to this Parliament for some small assistance in refunds of income tax which they have paid. They are not working now and want refunds of the money which they earned.

What is this Parliament doing? We are asking that this Parliament give some urgency to that issue. We, as a Government, ask that this Parliament sit evenings to consider that

matter. We should be sitting on weekends to consider the plight of the unemployed. Where is the sense of urgency in this system in addressing the plight of the unemployed? I find it very disappointing. It is extremely disappointing in comparison to the role that elected politicians play at other levels in this country. I do not wonder at the frustration of Canadians who observed Question Period today, while the economy and helping those who need help go unaddressed.

Mr. Lewis: Gillespie needs it all right.

Mr. Cosgrove: This is a negative motion. There is not one whit, word, sentence or paragraph of constructive suggestion from the Opposition; nor has any Opposition Member said anything constructive.

I have indicated that this Government, for example, has put over a billion dollars into the housing sector in the last 18 months. The $3,000 home grant has been responsible for over 150,000 sales of houses in this country, a good part of which involves new construction which, in turn, contributes to the work force.

We have taken many other initiatives. I think of the employment initiatives of this Government and the $500 million which drew support from the Provinces in the form of millions of dollars and is creating jobs across the country.

Last evening I had the opportunity to review a number of projects under the NEED Program that are having positive effects in communities in the Province of Ontario, where I reside. There are programs for building bridges, repairing recreation centres and firehalls. These are projects which are necessary for many communities, but more importantly, they are creating jobs. This Government is about the task of assisting those people in Canada who are looking for work.

Mr Lewis: Gillespie and Macdonald.

Mr. Cosgrove: This Government is being assisted in that effort with funds from the provincial Governments. We are being assisted with funds from the municipal level. All of these levels of Government are contributing in a positive and co-operative way to the provision of jobs. Employment is our most important challenge.

I repeat that this is a negative motion. There is not one indication in it of anything right about this country. There is no hope to be found in the Opposition resolution which is before us today. No one from that side will admit, for example, to the housing starts which have increased to an annually adjusted rate of 165,000 in January. Will they admit to the increase in the sale of passenger cars of 37 per cent from July, 1982, to a total of 66,800 in December, 1982? Will they admit to the Conference Board of Canada index of consumer confidence jumping 36 per cent, from 54.8 per cent in the second quarter to 74.7 per cent in the fourth quarter of 1982? Will they admit to senior business executives indicating optimism for the prospect of the economy, according to the Conference Board's survey?

Will they admit to Canada's trade surplus jumping to $21.6 billion in December, 1982, which is a 157 per cent increase from the previous record of $8.4 billion in 1980? Will they admit to the year-over-year rate of increase of the CPI having declined to 8.3 per cent in January of this year? Will they further admit that non-COLA wage settlements fell to 7.3 per cent in the fourth quarter of 1982? Will they admit that the Bank of Montreal has reduced its prime rate to 11.25 per cent? Will they admit to those things, Mr. Speaker? Will they admit to anything positive about the economy? I doubt it.

In summary, this Government has shown leadership which will be recognized with the three items I have referred to. This Government has identified economic recovery not only as its challenge but as the challenge to all Canadians. The Prime Minister said in his television address that the recovery will be faster, longer lasting and more firm if, in the process of recovery, Canadians can form a new partnership and new hope for the future in working together. I wish all Hon. Members of the House would join in that optimism.

The Acting Speaker (Mr. Blaker): Questions, answers or comments.

Mr. Friesen: Mr. Speaker, the Minister received an extra two minutes for his speech. I hope that does not detract from the ten minutes we have for questions.

I listened carefully to what the Minister said and I took accurate notes. I believe he will find that I quote him accurately, if he checks the blues. He said that he was proud to have been a part of this Parliament which obviously, written in the past perfect tense, indicates that he is already anticipating his eminent departure from this place. He said that the Charter grants rights to Canadian citizens. I would ask him if the Charter grants rights or did Canadians already have those rights?

Mr. Cosgrove: Mr. Speaker, I am flattered that the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen) would deign that I am an eminent Member of this Parliament.

Mr. Friesen: Imminent, not eminent.

Mr. Cosgrove: Possibly there may be some imminent departures, but not so imminent, no doubt, as the present Leader of his Party.

I am somewhat puzzled by the Hon. Member's question, which I guess reflects the malaise of the Conservative Party. The Conservative Party participated in the debate which resulted in the Charter of Rights being supported by his Party. Now he has a question. Obviously, he did not support his Party. He has misgivings about what his Party voted for. He has misgivings that the Charter of Rights is not a good Charter. If he would specify those misgivings, I would be very interested to listen to his suggestions about how the rights of Canadians can be better secured than by the present Charter.

Mr. Friesen: The Minister is afraid to answer that question because he knows, as a result of the Question Period today, it

is obvious that Canadians do need protection. I am afraid that the Charter may not give as much protection as we need from this kind of Government. I would like to ask the Hon. Member a question concerning his reference to the pride he took in "leadership in economic renewal" as Minister responsible for housing. There are a number of sites in my constituency where there are excavations which now have grass and weeds and water in the bottom of those excavations because the housing policy was changed many times within six months. Is that his idea of economic renewal?

Mr. Cosgrove: Mr. Speaker, as I indicated, the Government has directed over a billion dollars in the last 18 months from other sources of its operations to a variety of housing initiatives in this country. The Hon. Member must be living in another world if he does not recognize that the housing needs of Canadians are changing, that the needs of Canadians, depending upon age groups and other considerations, are changing all the time. The Government must be responsive to changing markets and changing needs. Using the Member's own riding, for example, the allocation to non-profit and co-op housing increased while I was Minister responsible for Canada Mortgage and Housing. Those people looking for low and moderately affordable accommodation had to be served. There was an overabundance of expensive apartment accommodation and we had to address the needs in the particular markets. Therefore, we had a variety of programs by which to address those needs. I have indicated the Canada rental supply plan, the Canada mortgage renewal plan and the non-profit and co-operative housing plan. These were all flexible and addressed needs as they arose in a changing housing environment.

• (1420)

Mr. Lewis: Mr. Speaker, before asking my questions I would note that the Minister of State for Finance (Mr. Cosgrove) did indeed have a distinguished career as a municipal politician. He ran twice for the seat he now holds and then won it on the third occasion, and we hope to send him back there. However, in his present capacity as Minister of State for Finance, I wonder if he could assist the House with some simple mathematics.

In December, 1979 the price of heating oil was 70 cents a gallon. In December, 1982, after the completion of Liberal promises to hold down the price of energy, it was $1.40 a gallon. Could the Minister announce to the House the difference between $1.40 and 70 cents, to give us some idea what percentage increase that would be?

Mr. Cosgrove: Mr. Speaker, I would like to comment on the Hon. Member's observation about my attempts to seek election to the House of Commons. What he says is quite true. As a matter of fact, it was a remarkable experience. Over the period of 15 months, I attempted to run on three occasions. I lost by 30,000 votes on the first occasion, by 10,000 on the second, and I won by 10,000 votes on the third attempt. I happen to represent the largest riding in Canada.

Mr. Lewis: That is their problem.

Mr. Cosgrove: I persisted because I was concerned, for example, about the housing policy of the Government in office.

Mr. Wilson: How about the energy policy, Paul?

Mr. Cosgrove: I am not so sure if the Hon. Member was a part of that Government, but I was concerned about its housing policy which would do away with non-profit and co-op housing.

However, on that point, I do not apologize. I thought the 10,000 majority that I received in order to come to the House was adequate. Certainly it was larger than the 66 votes which the Hon. Member received when he squeaked by to get into the House.

Mr. Lewis: I told the truth. That is the difference.

Mr. Cosgrove: Concerning the area of oil pricing, I do not know if the House Leader of the Tory Party was present when I indicated before lunch that no matter what the prices are under the policy of the Government, which is to restrict prices to 75 per cent of world price, it is 10 per cent less than the Official Opposition policy which was passed at the last national conference. I am sorry, I am not referring to the convention which was just held in Winnipeg, because the Tories did not deal with policy at that convention. However, the year before they did deal with the issue and recommended that the price be increased by 10 per cent over that which is the policy of the Government.

Mr. Bosley: Mr. Speaker, I would like to ask a short question of the Minister, who has made quite a lot of his concern for the unemployed. If I quote him correctly, "We should be sitting weekends to address the problems of the unemployed", I suspect that many of us would agree.

Mr. Fisher: It would not hurt. You would not sit in the evening the other day.

Mr. Bosley: However, this week Liberal Members have refused to let committees sit in certain circumstances, so let us just put that on the record.

I take it that since the Minister believes the House should be sitting in some special committee form, he is saying, in effect, that the decision by the Government to refer the question concerning economic growth to the Macdonald Commission and to give it three years to report is a decision he does not support.

Mr. Cosgrove: Mr. Speaker, that is a very witty question by the Hon. Member.

An Hon. Member: It is a serious question.

Mr. Cosgrove: He has surprising, flexible, delightful wit and can use it to effect in the House. However, I must reiterate that that is a difficulty with the House. There are witty questions when what is at stake is the future of over one

million unemployed who are waiting to receive funds to assist them because they are unemployed. Instead of solutions, we hear witty questions.

Mr. Lewis: And witless Ministers.

Mr. Bosley: Mr. Speaker, let me ask the question in a more straightforward manner. The Minister is having some difficulty understanding a straight question. If this side of the House were to support an urgent joint committee on unemployment, would the Government side of the House support abandoning the Macdonald three-year delay?

Mr. Cosgrove: Mr. Speaker, in my personal view I think the House should first address the plight of people who are unemployed in Canada—

Mr. Thacker: Why don't you do something?

Mr. Cosgrove: —and receiving very modest benefits, who are trying very hard to find employment and are looking for additional income.

The way in which the House can most effectively assist those people with their incomes at this time is to address speedily the legislation presently before the House, which the Government has asked the House to consider, for example, in the evenings, but which was blocked by the Hon. Member's Party. That is the way in which we can address the problem.

Mr. Fisher: They were out campaigning.

Mr. Cosgrove: A long-range study, a restructuring of the economy, which is the mandate of the Commission on the economy, is not the answer to the unemployed nor to those people who are looking for cash in hand at this point.

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, the motion before us today is a rather interesting one, and we intend to support it. We support the intent of the motion, which states:

That, in light of the Government's outright betrayal of the Canadian people and the repudiation of its 1980 election promises to reduce unemployment, combat inflation, avoid inflationary tax hikes and excessive energy price increases, reduce the deficit, and implement an industrial strategy for Canada, this House calls upon the Government to face its responsibility to Canadians and take immediate action to live up to the commitments that it made in 1980 or resign.

That is a solid motion, but it is a little out of balance. What it requires is an amendment. Therefore I move, seconded by the Hon. Member for Beaches (Mr. Young):

—and that this House further recognizes the failure of Her Majesty's Official Loyal Opposition to fulfil its responsibilities in this Parliament and recognizes that when its members formed the Government in the Thirty-first Parliament, they broke as many promises as the present Government, but in a shorter period of time. Since there is no appreciable difference between the Government and the Official Opposition, they should both follow the example of the former Leader of the Official Opposition and resign.

I would like to discuss the first part of the motion in the context of some of the difficulties we have had with the present Government. I am astounded that anyone could be proud to be identified with some of the programs which have come forth, especially the National Energy Program. Over the last three years, the National Energy Program and the remarks of the Prime Minister (Mr. Trudeau) and the many Ministers of Finance to the people of Canada have been complete disasters. This situation has extended back even beyond the life of this particular Parliament and has been created by the attitudes, I would say, of the individual who leads the Liberal Party and who acts as Prime Minister in the House.

I would like to recall some comments made by the present Prime Minister prior to the 1979 election. At that time there was unemployment in the country, difficulties experienced by farmers, concern over the proliferation of nuclear energy, about which he made some interesting comments.

First, he said that farmers were nothing but chronic bitchers. He directed that comment, in public, to people who were suffering from some very serious problems. To the unemployed who met him in Vancouver, he stated that if the unemployed wanted jobs, they should "get off their arses and go look for them".

With regard to nuclear energy, there was also concern over the incredible waste of money which the Canadian people had been saddled with over a period of time. Nevertheless, when people expressed legitimate concerns, such as the question whether the Japanese were planning to dump nuclear wastes in the ocean, the Prime Minister turned around and told those people: "Look, you are going to get nuclear power whether you like it or not".

I submit that the kind of attitude which has been displayed over the terms of office of the person who leads the present Government shows that he is not the kind of individual who should lead the country and draw people together at this very difficult time. However, he did not learn from his defeat in 1979. In reality, the Conservative Government was not elected on its merit in the Thirty-first Parliament. It was elected as a rebound action from the Liberal Government being thrown out of power and, I would assume, the Prime Minister being thrown out of power.

• (1430)

But we went on further. The Prime Minister had some very interesting comments to make in this Parliament, and we had one of the best examples of it today. There is very serious concern about the behaviour of the former Minister of Energy, Alastair Gillespie, and his access to Department of Energy officials, officials who worked for him in the past, and his connections with Hon. Members and colleagues in the Cabinet. Then to be involved in a very lucrative arrangement in the Province of Nova Scotia is beyond all question a very serious, serious matter in this House. The flippant answers of the Prime Minister will add nothing to resolve the issue of the confidence of the Canadian people in that Government and, frankly, it will not be resolved.

It is interesting to recall the significance of the finger being waved at individuals. Certainly there is concern out there, but that kind of response should not happen.

We can go back to the appointment of Michael Pitfield to the Senate. I would like to point out that that act, in the minds of many people, is absolutely disgusting but is consistent with the Liberal Government's policy of "We will take care of our own". The conduct of the Prime Minister, his contempt for the Canadian people, his contempt for the Parliament of Canada, is just astounding. He says that the people do not care but, mark my words, they do care. The 30 per cent in the polls indicates that they care. The absolute contempt with which the present leader of the Liberal Government and the Liberal Members' support of that leader leads me seriously to question anything they have done.

Without dwelling further on the transgressions of the Prime Minister through this Parliament, which have been very serious, we have had questions raised in the issue of the urea formaldehyde foam with certain individuals and certain Government organizations. There has been no satisfaction given, no attempt to come clean.

We had problems with the uranium cartel, the setting up of that cartel, that implicated individuals in the Government and political appointees within the Government service. That was never addressed fairly in this House. Again we are faced with the same kind of problem today and that question I am convinced will not be dealt with fairly.

Over a period of time we have also seen the Prime Minister deal with Parliament in a very contemptible manner, and not just the Prime Minister but Members who serve in his Cabinet and other Members of the House. We have found a great many vital issues that face the people of Canada removed from this Parliament. Those issues are outside of Parliament. They are resolved by the Liberal Government outside of Parliament.

We have had a very difficult time with the transportation system in the country. That has largely been dealt with outside of this House of Commons. We have dealt with problems of unemployment and problems of the nature, the structure and the operation of the economy. Those have been stalled and will be dealt with outside of the House of Commons.

The Bertrand report in which serious allegations were made against the major oil companies in Canada came forward, but was it referred to the House of Commons or to the people who represent the people of Canada for a decision? Not a chance. It was shuffled off into a commission which has trotted back and forth across the country until, literally through exponential decay, public interest has disappeared.

We have a population in this country now who has no confidence in the Liberal Party as a result of the long historical trend in its behaviour. They have no confidence in the Prime Minister and they have no confidence that that group respects this Parliament. That is a very serious situation.

Unfortunately, that leads to a problem, and I pointed out that the motion probably needed amendment and balance to point out the role of the Official Opposition in the House. I would like to take a few minutes to point out that the people of Canada are not being well served by the Official Opposition. In fact, we have spent a great deal of time in this House in character assassination. That is a function of the very serious problems that we have had in this House, where one group says: "In the last election we got crucified for making commitments, and therefore we will make no commitments to the Canadian people; we will concentrate on eroding the confidence of Canadians in the people who govern this country". That is the appeal of the Conservative Party to the electorate.

I would go back again to the issues that have been dealt with in this House. The Conservative Party refuses to fulfil its responsibility as the Official Opposition in this Parliament. It refuses to put forward alternate policies and suggestions. The people of Canada in selecting a Party in the next federal election are faced with the possibility of getting rid of the Liberal Party but unfortunately the Conservative Party are offering forward no constructive option.

I would point to the Hon. Member for St. John's West (Mr. Crosbie) as an example of probably the most typical and strongest argument on this matter. When leaving the lock-up one day when they were considering the budget, he announced that the Minister of Finance had come forward with a terrible budget, and I completely agree with him, it was a disaster. Nevertheless, when he walked out of that lock-up and the press said: "Sure it is bad, but what would you do?", his comment was: "If I told you what we would do, we would never be elected". That will stand for all time as a great quote on the Conservative Party's position on serving the people of Canada.

When we go back and look at the matter of urea formaldehyde foam, for months the Conservative Party fought in this House, telling Members how they were at one with the people who were suffering out there, but when it came down to making a proposal, what would they would do? Had they done that, that would have acted as a lever to move the Government, but their only position was that there is too much UFFI and it is the Liberals' fault. They refused to put forward a position.

That has also happened on the bail-out of Dome. The Leader of the Official Opposition said that he did not know what they should do, that they should probably refer it to a parliamentary committee. That was another cop-out.

The Conservative Party as the Official Opposition in this Parliament has failed miserably in its responsibility to the Canadian people to put forward alternatives. There are certain questions of moral responsibility, of appropriate activity for Cabinet Ministers, that are certainly valid questions in this House; but there is a tendency on the part of some people to see it boil over into character assassination for long-term political gain, rather than to clarify what is appropriate behaviour in this House and establish relevant, pertinent guidelines for conduct. That should be the end result of the current exercise.

Mention has been made in this House of the former Minister of Energy's program. I used to think that when the Prime Minister changed the Cabinet it was to remove an individual from the Finance portfolio who had done less than a noteworthy job—three failures in an attempt to come up with a

rational budget. It was probably not just the removal of a Finance Minister who has been judged by many people to be incompetent; it was probably to remove an incompetent Energy Minister.

I want to speak for a moment on the National Energy policy as we are in a very interesting situation. The National Energy Program that was put forward in 1980 as a vehicle through which certain Government commitments were made proposed a number of key points: fair prices, fair treatment, security of supply. It went along for about a year and a half. The Government pushed through in a very vigorous manner Bill C-48, which was the legislative platform for that national energy policy; but by the time that Bill was part way through they found that they had to gut it. The Liberal Party, in concert, I would say, with the oil companies, gutted that Bill.

It moved forward again, but the basic assumptions in it were wrong. Then we had the national energy update in which it was admitted that revenue projections and certain activities were not going to be fulfilled; for instance, the collapse of the megaprojects. We found a situation where the economy would not benefit during this period from the National Energy Program, that revenue projections were not going to be sustained, and basically the assumptions and the circumstances upon which that program was built had changed and were in fact no longer appropriate. Therefore the Government was forced to change it.

We are in a situation today where we can point to numerous situations that have changed again. The recent decision of the National Energy Board approved very large exports of natural gas to the United States in the face of the Americans attempting to force down the price of gas. Essentially we are going to give away the resource in order to try and get some kind of cash flow going.

• (1440)

The Government came up with a proposal to export 40,000 barrels of light crude. Members of Parliament were told that we had 900 years' supply of oil and, therefore, could export it at almost any price. Very shortly after that we moved into a situation where we were told by the same oil companies that the projections they had made were wrong, that there was a very short supply and, therefore, we should put the price up.

We are now faced with the same kind of situation. The oil companies say that we have a surplus of oil in the Western Basin, that we should export that oil, but in fact we have a long-term shortness of supply so we should jack up the price to the world price. We have the Minister saying today in a waffling, mealy-mouth way that he intends to bow down to blackmail from the oil companies and pressure from the Provinces. They will no longer live up to their commitment to maintain a blended price for Canadian oil below the world price based on the old oil 75 per cent of world price.

We have a situation where the Government is backing away from firm commitments. It has seen the megaprojects collapse. It is trying to pump as much cheap gas as it can into the United States in order to bail themselves out. A very poor decision. We have a situation where we are again exporting light crude. A week ago Thursday the Minister said in Vancouver that they are reviewing the whole matter of a natural gas pipeline to Vancouver Island. I ask somebody on the Government side to stand up and come clean. One of the main issues was fairness in the national energy policy. Is it fair to the people of Vancouver Island who have seen the price of energy become one of the main factors, along with interest rates and business bankruptcies, in making fishing a very difficult activity in which to make a living? The difficult transportation system has driven up the cost of living.

Is the Government prepared to be fair to the people of Vancouver Island? It is certainly willing to build a pipeline East. It made a commitment of a $150 million basic grant for a pipeline to Vancouver Island. Now the Government is waffling out of it.

It is also committed to conversion costs on the Island to assist people to convert from very expensive oil to an alternate energy program that will be maintained at taxpayers' expense at 65 per cent of the equivalent price of oil. It is not fair to the people of Vancouver Island. The Minister and the Government should live up to the commitment to provide these people on Vancouver Island with the alternative.

The main point is that the National Energy Program has collapsed. The National Energy Program update has collapsed. There is no doubt that the Minister of Finance (Mr. Lalonde) must be pulling out his hair wondering where he will get all the money to fund the deficit and fund Government programs which are being strained to the nth degree. The Government made some very wrong projections on the economy. It made all the wrong projections on the source of revenue for energy. Because of the entire depressed nature of the economy, revenues are away down. However, demands continue for basic social institutions, health programs, Unemployment Insurance and income-support mechanisms. There are certainly difficulties in those areas. By and large it is based on incompetence.

It is unfortunate because the Government had a choice over the years to develop a broadly based industrial strategy in this country, but it failed to do so. It had a chance to strengthen our manufacturing sector to ensure that Canadians, instead of the Japanese and Europeans, use our raw resources and would realize the employment benefits from the value added. This has been a disaster in our forest industry where the Government has failed to act in an appropriate manner. It has not acted in an effective manner in the shipbuilding industry. Basically it is a question of incompetence.

There is no doubt that the motion before us this afternoon is appropriate. This Government has treated Parliament with contempt. It has treated the people of Canada with contempt. It has been absolutely incompetent to the point of being immoral in handling some of the basic, critical issues that have faced Canada over the last three years. I am certain that the people of Canada will not allow this Government to proceed into the next Parliament. There is no doubt that the disillusioned people of this country will react in the same way as they did in 1979.

The lack of balance in this resolution is that it fails to assign appropriate blame to the Official Opposition, whose conduct in this Parliament has been as bad as that of the Government. As my proposed amendment states, there is no appreciable difference. Therefore, they would be a poor choice to replace that particular organization on the Government benches at the present time.

The Acting Speaker (Mr. Blaker): Questions, answers, comments?

Mr. Crosbie: For debate, Mr. Speaker.

The Acting Speaker (Mr. Blaker): Debate will come in a moment.

Before recognizing the Hon. Member for the purpose of debate, I would like to deal with the amendment suggested by the Hon. Member for Comox-Powell River (Mr. Skelly). I will read that amendment and then indicate what I think is probably lacking in terms of procedural acceptability.

The amendment suggests that after the Official Opposition motion, there ought to be a comma and the amendment would read as follows:

—and this House further recognizes the failure of Her Majesty's Official Loyal Opposition to fulfil its responsibilities in this Parliament and recognizes that when its Members formed the Government in the Thirty-first Parliament, they broke as many promises as the present Government but in a shorter period of time. Since there is no appreciable difference between the Government and the Official Opposition, they should both follow the example of the Leader of the Official Opposition and resign.

I have considerable difficulties with that amendment. In the first instance, I find that the language in the amendment is argumentative rather than related to the motion put by the Official Opposition. I am not sure that Parliament foresees in its procedures an opportunity for Hon. Members to enter into particularly partisan points in the way that this is expressed.

I wanted to say that and yet at the same time explain to the Hon. Member for Comox-Powell River that my duty is not to consider whether a particular motion is partisan, obviously, but to see whether it fits within the Standing Orders of the House of Commons. I would refer the Hon. Member to Standing Order 58(3) which reads:

Opposition motions on allotted days may be moved only by Members in opposition to the Government—

In that regard this amendment qualifies.

—and may relate to any matter within the jurisdiction of the Parliament of Canada—

I begin to have questions obviously.

—and also may be used for the purpose of considering reports from standing committees—

The essence, the nature and the purpose of an Opposition motion on an Opposition day is to fulfil its function of addressing itself to the business of the governing of the country. I find that the amendment proposed by the Hon. Member for Comox-Powell River does not address itself to the issue of governing the country or the issue that is put forth in the motion made by the Leader of the Official Opposition (Mr. Nielsen), but rather is addressed to the Official Opposition in the House of Commons.

I will, if the Hon. Member for Comox-Powell River sees fit, cause further research to be done. I wanted to offer him that opportunity to ask that the Chair research this matter further.

On the face of it, and in view of Standing Order 58(3), I have to find that this amendment is out of order. In my view, it does not fulfill the implicit understanding of the purpose of an amendment to an Opposition motion, as is referred to in Standing Order 58(3).

I realize that I have not referred to any precedents in that regard. If the Hon. Member for Comox-Powell River wants me to cause the Table Officers to seek out the necessary precedents, I will do so. If he feels he can accept my ruling at the moment, we can proceed.

Mr. Skelly: Mr. Speaker, in order to facilitate the House and your responsibilities here this afternoon, I will simply accept the ruling at the present time. I felt it was an objective, honest, forthright statement of what we, as Canadians, have observed in here, and, again, I would abide by your ruling.

• (1450)

Mr. Maurice A. Dionne (Northumberland-Miramichi): I believe you have made a wise ruling, Mr. Speaker, and I think you should look at the main motion in the same light. It is just as fallacious as the amendment proposed thereto, and does not deserve to be credited with any amendment.

The Acting Speaker (Mr. Blaker): Order, please. That intervention certainly does not help the Chair. When I used the word "partisan", obviously the House of Commons is a partisan institution, and I did not mean in any way to derogate from the right of the Hon. Member for Comox-Powell River (Mr. Skelly) to use the forms of the House in that regard. I simply meant that an Opposition motion should really be addressed to a criticism of the Government—that is all I meant—and not necessarily to a criticism of another Opposition Party. If that is acceptable, we will proceed, but I did undertake to offer the Hon. Member for Comox-Powell River the opportunity to have further consideration of the appropriateness of his motion, if he so saw fit.

Hon. John C. Crosbie (St. John's West): Mr. Speaker, I am glad that you saved the intervenor from New Brunswick—I have forgotten the name of his district for the moment—from the embarrassment of dealing any further with his suggestion about this main motion. And I am glad that you saved the Hon. Member for Comox-Powell River (Mr. Skelly) from the same embarrassment.

The New Democratic Party, Mr. Speaker, at the moment, remind me of a flea or a nit trying to crawl up the leg of a noble animal such as the Newfoundland dog or Labrador retriever. They want to try to persuade the public that we are not the real Opposition in this House, that somehow they are the real Opposition—they who put the Government in here; they who moved the motion which put the Government here,

and their Leader who crawled into bed with the Prime Minister (Mr. Trudeau) on the Constitution. The two Parties are head to head, cheek to cheek, toe to toe and knee to knee. I am going no further because there are certain standards of decency which are observed in this Chamber. So the Hon. Member for Comox-Powell River was saved from a lot of embarrassment.

When these nits get on the back of our legs we take up the other leg and give a little flick and the nit or the flea goes back to its accustomed spot, which is where the NDP are going after the next election. They are very much interested in the leadership of our Party. We have had many marvellous Leaders and we may have many more marvellous Leaders, but I am too modest, Mr. Speaker, to pursue that theme.

The Minister of State for Finance (Mr. Cosgrove) spoke in this debate and he is certainly a good example of a man with his mind open at both ends. His mind is completely open and the wind whistles through the hollow space. He did not deal with the motion at all. The motion deals with the Government's repudiation of its 1980 election promises, and I will back that statement up. The motion deals with the question: Has the Government a mandate when it has completely turned its back on its solemn promises to the Canadian people and has operated now for three years in direct contravention of what it told the public?

We have all seen in the last three years what the Prime Minister stands for. He stands for whatever he thinks the public will fall for. We saw this here this morning in Question Period, with the Prime Minister trying to make believe that there is no moral crisis afflicting his Government in the area of the conflict of interest guidelines. As long as he thinks the people will fall for his explanations, no matter how specious, he will put them forward, and about the worst advice I can give him is to be himself and to keep on being himself.

What was the public asked to give the Liberal Party a mandate for in the last election? There is not too much evidence of what they were asked to do by the Liberal Party, or of the promises the Liberals made, because they did not make all that many promises. However, unwisely on January 12, 1980, the Prime Minister, who was then the Leader of the Opposition, the Leader of the Liberal Party, spoke in Toronto at a Liberal campaign college. None of them graduated because going to college has not helped them much, except to win elections. At this particular college, he outlined the platform of the Party to 500 Liberal candidates, campaign managers and Party workers from Ontario. After outlining his platform, he said, and I quote:

> It would be the height of irresponsibility for any Party to make promises in the heat of an election campaign that could not be acted upon.

That is a very fine sentiment, of course. We, of course, completely agree with. It would be very irresponsible for him to do that. But what promises did he in fact make? He went on to say this, before he outlined the five themes which persuaded the Canadian people to vote for him, and I quote:

> There is a prior commitment that I want to make clear. Liberals will do what we say we will do. And if we can't do it, we won't say it.

That was a revolutionary departure for these poor cretins at that policy conference to take in. They had never heard that before. But this is what the Prime Minister said:

> Liberals will do what we say we will do. And if we can't do it, we won't say it.

Let us see if they did what they said. Have they observed the mandate they were supposed to have had? The Prime Minister also said, and I quote:

> Our program for the 1980s consists of five major commitments:

The first commitment is, and I quote:

> —to manage more rigorously the nation's finances in order to make more effective use of the taxpayers' money.

Has the Government met that major commitment? Between January, 1980 and now, what have the increases been in Government spending? In the year 1979-80 when the Prime Minister made that promise, the public accounts spending was $50.4 billion. This year it is going to be at least $80.4 billion. That is an additional $30 billion of spending. Is that managing more rigorously the nation's finances?

The deficit in the year 1979-80 was $11.4 billion. That was bad enough. It was a large deficit. It was the twelfth we had had in a row. But this year it is going to be $27.2 billion; that is almost two and a half times as much. When the Prime Minister promised to manage more rigorously our finances and to make more effective use of the taxpayers' money, our interest costs in that year were $8.3 billion. This year they are going to spend in excess of $17 billion. That is double. Is that managing the public money more rigorously? Is it making more effective use of the taxpayers' money when the interest bill is doubled in three years. This year $17 billion is being spent which does the public no good at all. It is just paying interest on the past debt. That was the first major commitment, and we can see from what I have said that it was completely broken.

Second, the Prime Minister said—and this is how he got into office—"We are going to achieve energy security at a fair price for all Canadians". Has he achieved energy security? Only in the sense that this year there is a greater supply of oil in the world than demand because of the fantastic recession we have had, but not in any other way. The tarsands plant and the Alsands plant have not gone ahead. The Cold Lake heavy oil plant has not gone ahead. The Beaufort Sea project is stumbling along. The Hibernia oil field off Newfoundland is just bumbling along because of the Government's greed and refusal to give the Province of Newfoundland a fair deal. And on and on it goes. We have had no increase in energy security.

By the way, in connection with that particular main plank of his platform, the Prime Minister also said this on February 12, 1980, and I quote:

> The Liberal price hike would be less than half of what the Tories plan to inflict on you; we will negotiate an increase of less than 14 cents.

That is 14 cents a gallon. That was a deception beyond all deceptions, Mr. Speaker, because the public knows what has happened to oil and gas prices since the Prime Minister made that promise. In December, 1979 gasoline was selling at $1.14

a gallon. In December, 1982 gasoline was selling at $2.15 a gallon. The price has doubled.

In our budget, Mr. Speaker, we did not impose any tax on heating oil because we know the lower-income people generally use oil for heating. We know the Atlantic Provinces are heavily dependent on heating oil. The infamous 18-cent tax did not apply to heating oil at all, only to transportation fuels. But what has this Government done to help the lower-income Canadian on heating oil? Why, it was 70 cents a gallon in December, 1979 and it is $1.40 today. That is an increase of 70 cents a gallon, double the price. That is what this Government did to give Canadians energy security at a fair price. The Liberals have gouged them in every way you could conceive on energy prices. They have imposed more taxes than one could even dream of. Most of those increases are in federal Government taxes.

• (1500)

That was the second great plank of the Government's platform. Then, of course, the Prime Minister's third great policy was to develop, and I quote:

. . . industrial policies that will provide jobs, spur growth and increase Canadian ownership and control of the economy.

Well, in regard to that latter bit about increasing Canadian ownership and control, the Government has increased our ownership in the oil and gas industry minimally but at a cost to Canadians of interest rates that went sky high because of the Government's new energy policy and its anti-American rhetoric and the rest of it. It cost Canadians tens of billions of dollars in unnecessary interest rates to do that. But what is the good of Canadians owning our economy when the economy is diminishing, not growing? What price Canadian ownership then?

Well, Mr. Speaker, what about the industrial policies that will provide jobs? Do you know, Mr. Speaker—and this is why the Government should resign today—what has happened with jobs under this Government since it came into office just three years ago? We have added to the unemployment rolls 652,000 people. In January, 1980, there were 949,000 Canadians unemployed. As a result of three years of this Government, with the promises it made to provide jobs, the official rate is now 1,598,000 unemployed, an increase of 652,000. That is 652,000 Canadian families betrayed by this Government which promised it was going to develop industrial policies to provide jobs and spur growth. Spur growth, Mr. Speaker? Last year the Gross National Product went down 5 per cent. In other words, we Canadians, have 5 per cent less to share among ourselves this year than we had a year ago. Our Gross National Product did not increase, it did not stay the same, it went down 5 per cent last year. That is called spurring growth. In addition, there has been a net loss of jobs since the summer of 1981, just 16 or 18 months ago. We have lost 578,000 jobs in Canada. Is that spurring growth? Is that the industrial policy which will provide jobs? Surely to God, Mr. Speaker, this is a total betrayal of this Government's commitment to the Canadian people.

Well, Mr. Speaker, the public might think to themselves: could there be any further betrayals of our interest? Why, yes, there certainly are further betrayals because the Prime Minister at the same meeting said this:

We must endorse the right of every Canadian to have a job.

That is what that monumental mountebank, that hypocrite who now leads this country said, and I quote him again:

We must endorse the right of every Canadian to have a job.

Well, there are 1,598,000 Canadians out there wondering what that means. What is the good to them of a Prime Minister who endorses the right to have a job and then does nothing to keep his promise? The hypocrite!

The fourth plank in that program, Mr. Speaker.

To build greater economic strength in each region of the country as the basis for over-all Canadian prosperity.

Well, Canada is devastated from coast to coast. British Columbia, one of the most booming regions of Canada, has been devastated in the last several years. It has almost as high an unemployment rate as Newfoundland. Newfoundland has been devastated even more than it was already by a Government which has done everything it can to inflict pain upon the Government and people of that Province by cutting back DREE spending and economic assistance, by doing everything it can to damage that Province because they want a fair deal on the offshore mineral resources. That is what this Government has done for the regions of this country.

The fifth great plank was this, Mr. Speaker, and this is the greatest betrayal of them all. I hope the Minister of Public Works (Mr. LeBlanc) will listen to me. He is supposed to be a man of some sensitivity but he is having his ears filled now with some specious nonsense by the Hon. Member for Ottawa Centre (Mr. Evans). I want the Minister of Public Works to listen. This was the fifth plank in the Prime Minister's platform:

To enhance the security of the individual by helping those who most need assistance.

That was the solemn pledge to the Canadian people on January 12, 1980, by your Leader at the campaign college in Toronto. The Liberals were going to enhance the security of the invdividual by helping those who most need assistance. He went on to say this, Mr. Speaker:

And most important of all, we must guarantee the income security of our older citizens. Retirement should be a time of peace rather than a time of fear.

Can you hear the violins being played while the sanctimonious Prime Minister assured our older Canadians that retirement should be a time of peace rather than a time of fear? What did he do then? He led the Government which reduced indexing, which took away from the income this year of 1.1 million Old Age Security recipients. He put the boots to 200,000 Public Service pensioners. That is how the Government enhances the security of the individual. That is how it helps those who most need assistance. Well, who have the Liberals helped? Why, they have helped Alastair Gillespie. We have seen how the Prime Minister's heart was rended today for Alastair Gillespie. Poor Alastair was forced to the private

sector. The Prime Minister said here in the House today that poor Alastair had to go out and be like an ordinary Canadian and look for a job, "and we had to fix poor Alastair up." That was the implication. This Toronto industrialist, Alastair Gillespie, our hearts were supposed to cry for him when we have 1,598,000 people who the Prime Minister has not fixed up with some fancy deal through the Minister of Energy, Mines and Resources (Mr. Chrétien) and the Acting Deputy Prime Minister; this sleazy, tawdry affair that we are exploring in this House today.

Mr. Nystrom: Let us pray.

Mr. Crosbie: The Liberals are going to enhance the security of the Liberals who are heaped upon the CMHC Board of Directors. It is not good enough that they should get $150 a day; their pay is going up to $450 a day. For Sylvia Sutherland, a defeated Liberal in Peterborough in the last election—that is her only qualification for being a director of CMHC—$150 a day was not good enough to attend meetings here in Ottawa; she has to get $450 a day.

Mr. Gauthier: Don't attack people who cannot defend themselves.

Mr. Crosbie: The retired President of CMHC, Mr. Hession, said that $450 a day was "pretty low" for directors of Crown Corporations. Imagine, pretty low! Yes, it is prettry low, low in the sense that it is pretty damn mean. It is pretty tawdry. It is a scoundrelly thing to do to give the directors of CMHC a 200 per cent increase and to reduce the incomes of old age pensioners and Public Service pensioners. That is who the Liberals are helping, their friends and pals. That is the security they are enhancing. Those are the people they think need assistance most. Donald Macdonald, the corporate lawyer from Toronto who is supposed to save the Liberal Party from Mr. Trudeau and Mr. Turner, is to get $850 a day on his Royal Commission. Why? Because poor McCarthy and McCarthy's overhead costs would go to hell if he did not get this from the public Treasury. This is the hero who is to save us from John Turner. This is the Party, Mr. Speaker, and I quote again, which will:

> —not simply stand by and let the recession come. We will fight it and overcome it.

When are they going to start fighting and overcoming the recession? Ronald Reagan is going to pull us out of our recession temporarily, to some extent this year, but the Government of Canada has done nothing to pull us out of anything. The Prime Minister went on to say this:

> All this we will do. And more. So that is our commitment.

Well, that is the point of our resolution today, Mr. Speaker. The Government has not met those commitments. It has repudiated those commitments. The Liberals have got themselves here in office and they have done nothing but roll in the trough. I said the Prime Minister's conduct today was hircine, it was goat-like. It had the smell of a goat when he attempted to defend the indefensible here today. The Liberals have become a coalition of looters, Mr. Speaker, despoilers, favour seekers, patronage granters, patronage receivers, murky influence peddlars, jesuitical justifiers. Did anyone ever see such jesuitical twisting and turning, as we have seen the Prime Minister do in the last several days when he was trying to justify the immoral plundering of the public purse by the cutpurses of the twentieth century led by a dacoit who will defend anything his Ministers, his former Ministers or the Liberal Party associates will attempt to do.

• (1510)

That is why we have moved this motion, Mr. Speaker. It is not because we expect the Government to pay any attention or because we think there are millions watching this Chamber today, but because we want to have on record what we think of the disgraceful spectacle we face in this Chamber week after week, day after day and month after month.

I say to the Prime Minister that if he wants to give the people of Canada a chance to judge the conduct in the Lalonde-MacEachen scandal—the Maclonde scandal—let us have an election now. Let him call an election now. We do not need a leader in this Party to clean your clock in an election. We will bollix you. Give us six weeks and we will devastate you. We will wipe you out. You will be lucky to have a remnant left. Go to the public on your betrayal of your commitments and we will stun you into insensibility. You will not survive. There will be none of you here for the rest of the twentieth century, and it is just about time.

The Acting Speaker (Mr. Blaker): Questions and answers or debate.

Mr. Crosbie: What about a question? Where are the questions?

An Hon. Member: It is not worth it.

Mr. Crosbie: Chicken.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I listened carefully to the Member for St. John's West (Mr. Crosbie) and I think a good title for his speech would be: "Variations on an unfinished theme". I could not believe my ears, Mr. Speaker, here in the House of Commons, when, as the Hon. Member said earlier, millions of people might be watching the proceedings they probably seldom heard such arrant nonsense. It is very easy for the Opposition to say more or less what they like, except that when people have to make up their minds in a year or two, they will have to vote for the party they think is the most responsible, and if they remember this speech by the Member for St. John's West, I think it would make a rather peculiar impression during an election campaign. Imagine, a political party that says it does not need a leader and does not need ideas to be elected. Mr. Speaker, such a party would be disaster for this country.

I would like to give some statistics on what has been done by this Government in the past three years, but first I would like to refer to the motion put by the Opposition party, which says, and I quote:

> That, in light of the Government's outright betrayal of the Canadian people and its repudiation of its 1980 election promises to reduce unemployment, combat inflation, avoid inflationary tax hikes and excessive energy price increases, reduce the deficit, and implement an industrial strategy for Canada, this House calls upon the Government to face its responsibility to Canadians and take immediate action to live up to the commitments that it made in 1980 or resign.

Mr. Speaker, if I may draw a parallel between what was said earlier and what the situation is today, I would like to refer to what is happening in my riding in connection with the mining companies Iron Ore, Sidbec-Normine and Wabush Mines or else companies such as Quebec North Shore and others in the private sector that are having problems. If I wanted to see things in black and white, Mr. Speaker, as the Opposition preferred to do just now, I could say that Iron Ore's problems were brought about by its President, Mr. Brian Mulroney, a well-known figure whom I know very well and for whom I have a great deal of respect. But I will not follow the lead of the Opposition. I am not going to say that Iron Ore's problems were brought about by the President of Iron Ore. It is a matter of economics, and when they say that we have increased unemployment in this country, I could answer that unemployment in my area is due to Mr. Brian Mulroney, because we have a town that is about to disappear and people who have been laid off. It is very easy to make fancy speeches and say whatever comes to mind, under the cover of parliamentary immunity, without taking responsibility for one's statements. It is easy to indulge in crass rhetoric and to establish a relation of cause and effect between a weak economy and high unemployment, but I think that if we are to be the least bit reasonable and realistic, we must make comparisons that take the economic situation into account. I really deplore the fact that in the House, everything the Opposition says boils down to entirely haphazard discussions in which no connection is made with socio-economic questions and in which there is no rhyme or reason or logic. Instead of proposals and alternative solutions, there is only the same old refrain we have been hearing for well-nigh twenty years, which is that everything this Government has done badly, and that its decisions have always been the wrong decisions.

Mr. Speaker, this crass rhetoric is one reason why I am tempted to say that the Official Opposition may not be ready to form a new Government, because it has no real solutions to propose. All they do here in the House is repeat the same old thing, day in and day out.

Mr. Speaker, if we compare Canada's position to that of the United States, we see that all things being equal, Canada's public finances are in better shape than those of the U.S. If we examine the proposals made by Mr. Miterrand when he ran for office, these were measures to reduce unemployment, strengthen the franc and upgrade the industrial sector. Two years later, France has record levels of inflation, record levels of unemployment and the value of the franc has plummeted.

The Official Opposition had all the answers. It is very easy to be in the Opposition and to say that if the Opposition were in power, it would settle most of the country's problems. In France, the former Opposition has been in power for nine months, and has done what it could during that time. There are no miracles. A responsible Government must tell the people that it cannot work miracles. But when I hear people say in the House that nothing at all has been done, well, if it is not rhetoric, it is very close to being a lie.

I would like to say a few words about expenditures that were made by the Department of Industry, Trade and Commerce in 1981-82. For industrial expansion alone, which means in the private sector, grants totalled $98 million in 1980-81 and $119 million in 1981-82. Guaranteed loans totalled $231 million in 1980-81 and $131 million in 1982. In other words, the amount of money spent on grants to help private enterprise was greater than the amount spent on guaranteed loans. With respect to defence industries, Mr. Speaker, there were $142 million in 1980-81 and $262 million in 1981-82; for the development of export markets, Mr. Speaker, $17 million in 1980-81 and $24 million in 1981-82; for shipbuilding and modernization, $102 million in 1980-81 and $143 million in 1981-82. The Opposition will note that the amounts have steadily increased.

For research and development in the field of energy, the amounts vary between $4 and $6 million for both years. For the Department of Regional Economic Expansion, $180 million in 1980-81 and $206 million in 1981-82. The Federal Business Development Bank was allowed $484 million in 1980-81 and $460 million in 1981-82. The National Research Council obtained $3 million in 1980-81 and $4 million in 1981-82. The grand total, Mr. Speaker, is $5,234 million in 1980-81 and $8,189 million in 1981-82.

Of course, if we went into details, we would realize that some positive achievements were made. The Official Opposition should recognize those facts and suggest whatever should be done to extend the effects of such fundings. We would be interested in hearing such suggestions from the Official Opposition, but we never do. And this is what Canadians would like to hear. What are the proposals brought forward by the Official Opposition. We would like to compare them with our government policies so that a better choice may be made. Such is the advantage of democratic debates: we know exactly what is going on so that the best choice can be made advisedly. It is too bad but the Hon. members opposite have never heard about alternatives.

To give still further facts which are not only related to figures, we could point out some plans and complementary agreements signed since 1978 but I will only go back to 1980. I will give you an exemple in Quebec and in Ontario. In Quebec, under an agreement signed on June 20, 1981, with respect to

the development of transport, the federal government will pay $3,600,000; for forest development, $110,400,000. Some $24 million to promote the tourist industry, $105 million to upgrade the pulp and paper industry, $25.5 million from the Federal Government to build a newspaper mill in Amos, $5.5 million for Quebec's Société Interport, $60 million to modernize pulp and paper mills in Ontario, $33 million for eastern Ontario, $10 million for rural development in northern regions, and $21 million for Sault Sainte Marie's infrastructure. I wish I had enough time to give concrete examples of what is being done by the Department of Industry, Trade and Commerce to help our industries become more competitive and put our private sector on a sound basis. It is very important for our private sector to operate on a self-supporting basis, for it will then be able to seek ever expanding export markets, create more jobs and generate revenues to pave the way towards better days for the Government and all Canadians.

• (1520)

Mr. Speaker, in the Drummondville area, the Soprema Company has just announced a $3.7 million investment in a roof sheeting plant. It is an international company based in France and it will receive a $1 million grant from the Federal Government.

What I find astounding in this debate, Mr. Speaker, is the bad faith of Members opposite. When the Minister of Industry, Trade and Commerce and Minister or Regional Economic Expansion (Mr. Lumley) signed the most important contract for the private sector of Canada, the Bombardier contract, the Progressive Conservative Party raised objections about the way the Canadian Government had awarded the contract. Our Minister of Industry, Trade and Commerce deserves praise for taking calculated risks with a view to landing that contract. We all know that even the Americans were extremely shocked and critical about the way we had managed this deal, but still we did succeed in keeping the contract and getting people back to work. When it was announced that the Department of Industry, Trade and Commerce, through the Minister, had just signed the contract, Hon. Members on the other side raised hell about it. And yet, that is the best example of a Government which has made a significant contribution by signing that agreement; we will now be able to make progress in the field of new technology and open up new markets while competing against countries such as France and Japan. That is what counts, but Members opposite cannot find anything constructive to say about it.

Perhaps they should stop making empty speeches and give us more logical and more responsible arguments, and indeed tell us just what they would do if they were on this side. I would also like Members of the Opposition to tell us whether they would have signed the Bombardier contract if they had been in office. Yes or no, Mr. Speaker, would they have given jobs to the people in the regions of Montmagny-L'Islet and Valcourt? Or would they have helped promote the establishment of a new technology in the United States? I hope they will give me an answer to that because I think it is important.

Mr. Speaker, the Hon. Member for St. John's West should have remained in the House to follow the debate on this important issue of fisheries. During the three years I have been a Member of this House, the Minister of Fisheries and Oceans has made wonders for Eastern Quebec and Eastern Canada, streamlining all our infrastructures, making it possible for our fishermen who live far away from the national capital to benefit from capital investments and thus compete on world markets with such countries as Norway, Finland and Sweden. That was something important that we felt we had to do and which we have done. Moreover, the Minister of Fisheries and Oceans (Mr. De Bané) announced yesterday a $200 million investment plan to update the fisheries, without waiting for the opposition to move a non confidence motion. So much so that the Kirby report which was made public yesterday contains the Task Force's 57 recommendations to improve the industry so that it may expand considerably and use advanced technology to compete with other countries.

Mr. Speaker, I suggest that any sincere person would realize that these are positive steps on the part of the Government, and should stop repeating in the House platitudes and vain arguments. It would be nice, for a change, to hear from opposition members a non-biased and rational debate, as well as suggestions to improve the situation. What is lacking most in the House, Mr. Speaker, are new and creative ideas. That's what is missing! They rely on the Government to take action, and they never have any new initiative or solution to put forward.

Mr. Speaker, it is important to note what the Minister of Transport (Mr. Pepin) has done over the last three years to rationalize the sea, air and rail transport operations within his Department. Let us look at what is happening to Interports in Montreal and the corporation of the Old Port in Quebec City. Projects worth millions of dollars have been initiated in both cities, and they are being funded either by the federal government alone or else in a proportion of 60 to 40 p. 100 by the federal government and the Province of Quebec. I shall just mention the Centre des Congrès.

We can boast of outstanding achievements, Mr. Speaker but readily admit that the present economic situation is difficult for everyone. Yet, compared to other countries, Canada is doing quite well in the middle term. It is true that the Canadian dollar is weak compared with the American dollar, but we should perhaps be telling Canadians that our dollar is now at its real value, except that in relation to the French franc, the British pound or the German mark, our dollar is very strong on European markets. We must realize it. We should stop cultivating our guilt complex and our negativism, because we are doing well in certain areas, but tend to look only at our failures. Talking about our successes, Mr. Speaker, I should perhaps add for the benefit of the Opposition that we are now merging the operations of the former Department of Regional Economic Expansion with the Department of Industry, Trade

and Commerce into one large Department to ensure a better regional presence so that we may help small and medium-size businesses and provide assistance to those who want to expand their present business. Mr. Speaker, there soon will be before the House a bill merging these two Departments, and I hope that we shall have the support or at least the views of the Opposition on this matter and that their proposals or additional ideas will help make our proposal even better. The merging of these two Departments is an important step in the Canadian government's efforts to provide assistance to various kinds of businesses.

Mr. Speaker, I know that our time is very short, and realising that the oppositions motion aims at asking for the Government's resignation or calling an election, I wish to point out that we certainly have an unemployment problem, but as I said earlier, we cannot blame the situation on the Government, just as I would not blame the board of directors of certain companies in my region. It is quite wrong to say that the Government has no industrial strategy as we shall see when the Government introduces a complete revision of our industrial legislation in the very near future. The Members opposite say that inflation is rising, Mr. Speaker, but I believe that is because they have not seen the latest figures. We are fighting inflation and all of us, as Canadians, shall win that fight. In the last three months, the price index has gone down and inflation has shown obvious signs of weakening.

As for interest rates, Mr. Speaker, we see that the bank rate has already gone down to 9.5 per cent, which puts the mortgage rate at 11.5 per cent, while these same rates were reaching 18 and 20 per cent one year ago. These are very encouraging signs, Mr. Speaker, and the Opposition had better have another look at the figures they quoted, and try to understand them.

Mr. Speaker, I invite the Opposition Members to show much more creativity and responsibility, and any solution they may suggest in this House would be greatly appreciated because Canadians have no use for people who cry over spilt milk, what they need are people who can suggest solutions or provide answers.

• (1530)

[*English*]

Mr. John Bosley (Don Valley West): Mr. Speaker, I should respond directly and immediately to some of the comments of the previous speaker. Our motion is intended to take the form of a report card on the Government's record on the third anniversary of its election.

The Hon. Member's defence of the Government's record over the last three years does not refute any of the items in the motion. He did not make any reference to the items that the Government promised to deliver, nor has he in any way indicated that the Government has delivered on those promises. The consistent response from the other side is that they want to hear what the Opposition would do if we were in their place. Those Members do hear what the Opposition would do if it was the Government. Various Members from this side, including the Hon. Member for Etobicoke Centre (Mr. Wilson) and others, do make suggestions to the Government when we are debating economic issues. Therefore, I suggest that the Hon. Member is wrong in his analysis. The purpose of this motion is to indicate that this Party had the courage to go to the people in 1980 and tell them precisely what needed to be done in this country in economic terms. Members opposite went to the people and said different things, I believe. The Member for Mississauga North (Mr. Fisher), a Liberal on the other side, is even shaking his head at that statement. I take it that what he is saying is that the Liberals went to the people and told them the same things that we did. That clearly is not true.

Liberals clearly told the people different things from what we said. But let me remind the Member from Mississauga North of some of the promises that the Liberals made. The question for debate today is surely not what this Party would do if it was in power today. That is a matter that will be debated on other days when there are economic policy projections discussed in the House. It is a matter that will be debated in the next election. The Hon. Member knows that. The question for today, three years after their election, is whether the Government has delivered on the promises it made in the election campaign. It is no defence for the Liberal Government to attempt to explain what it has done by telling us about all the money it has given to people.

Mr. Munro (Esquimalt-Saanich): Spent.

Mr. Bosley: The money it has spent. That is in fact proof that the claim the Liberal Government made that it would exercise fiscal restraint has not been honoured.

Canadians are becoming increasingly aware that the country cannot be put back to work simply by having the Government take more money from the private sector or anywhere else and spending it on job creation programs, however well intended. There is a trend line which Members opposite have to face. Every year that the deficit goes up, unemployment goes up in lock step with it. There is a relationship between those two facts. Simply, the more money one takes from the system where it is being spent efficiently and puts into the bureaucracy for however well intentioned programs, the greater the loss to the national system. The pursuit of that policy will only result in more unemployment.

The Government cannot defend its failure to keep its promises by talking about what it has spent its money on. The consequences of that spending has been that the Gross National Product has fallen as a direct consequence of Government policy. The same Liberal Party campaigned against our budget on the basis that it would allegedly put 100,000 people out of work. They said that this was unacceptable and there must not be a policy that would put 100,000 out of work. That claim was not right in the first place. However, the Liberals turned around and implemented a policy that has put in excess of

650,000 people out of work. Therefore, it is true that the Government honoured its promise not to put 100,000 people out of work. It honoured its promise by putting 650,000 people out of work. Some honour!

I would like to talk about the restraint that the Hon. Member opposite refuses to discuss or defends by talking about what the Government spent its money on. The Hon. Member for St. John's West (Mr. Crosbie) gave some examples of that lack of restraint, but I would like to put some of those figures into context.

I realize that the Hon. Member opposite does not like us to repeat Liberal promises and discuss their performance; that is his privilege, but I will repeat some of their promises. They promised to "manage more rigorously the nation's finances in order to make more effective use of the taxpayers' money". Further promises were made, as Members opposite will know, to restrain Government spending increases in line with real growth in the GNP. I subscribe to that policy. It is essential that the Government of Canada get its spending increases beneath actual growth in the GNP for the next while. However, what has the Government done? If Members opposite and other Canadians reread the budget of the Member for St. John's West, they will discover that those spending projections that we campaigned on were $17 billion less than what the Liberals have spent. They said that in their campaign promise, we were going to spend too much. How can they go to the people with any integrity to say that they will spend less than the listed figures of the Progressive Conservative Party and then come to the House, spend $17 billion more and show their faces in public? Not only the Liberal Party gets hurt when it fails to deliver on its election promises. I believe the attitude shown by that Party over the last number of years has led Canadians to mistrust politicians. As a result of their behaviour, not only the Liberal Party and the economy suffer, the credibility of Government itself suffers.

The spending increase in 1979-1980 was 10.3 per cent. In 1980-1981, it was 15.4 per cent. The spending increase in 1981-1982 was 19.6 per cent. The spending increase in 1982-83 was 20.5 per cent. Those are the Government's figures. How do they compare to the commitments of the restraint on which that Party went to the people to ask for their support? They do not compare. In fact, one should not have to go any further than that to prove the case that the current Government either did not mean what it said or knew it was not telling the truth.

Let me return to other issues. I would like to read the promise made by the Government at the time with regard to megaprojects which were to get us out of the dilemma. Others have already referred to the commitment on heating oil prices and other energy prices which the Liberal Government so radically broke. Members opposite have referred to the Conservative Party's commitment to 85 per cent of world price. You may remember that the Liberals went to the people and said that this was too high and that they would go to only 75 per cent of the world price. What they did not tell the people, however, was that they would add whopping taxes on to 75 per cent of the world price. The result of that has been that the consumer pays more today for heating oil and every other commodity of its kind in this country to the federal Government than he or she would if our budget were in place. All the rhetoric in the world does not disguise the effective numbers.

• (1540)

Let me just put back on the record, while the Hon. Member for Mississauga North shakes his head, the fact that heating prices have risen from 70 cents a gallon to $1.40 a gallon, and we would not have imposed taxes. The Hon. Member for Mississauga North will know, if he looks back to our budget, that today heating oil would have cost in the order of 90 cents or 95 cents a gallon under our policy. There is no way he can disguise that fact. It is simply a matter of going back to the old budget and reading current figures.

I would like to speak on megaprojects and the Liberal promise. The Liberals said, "We must increase the economic might of Canada by strengthening each of the regions. We will make the big projects happen, whether developing fisheries in the Atlantic, rebuilding railways in the West, developing new manufacturing strength in Ontario and Quebec or expanding British Columbia's resource and trade potential".

The report was out last week that Ontario will face another job loss of at least 25,000 jobs in the next six months as a consequence of these—I was about to say "people", but that would be less than parliamentary—of these policies. Since that time, as everyone in the country knows, the major oil projects, the Alsands and Cold Lake projects, have been cancelled. Esso Resources' Judy Creek tertiary recovery project is gone. The Syncrude oil sands plant expansion has been postponed, and the list continues.

We Canadians—not only me, a Conservative Member of this House—were promised that we would see those developments placed back on stream. The Minister of State for Finance (Mr. Cosgrove), who was formerly known as the Hon. Member for York-Scarborough, earlier said that "this Parliament will be remembered as one of the most significant Parliaments in our history, or, to be more precise, the most significant Parliaments ever". It most certainly will. It will be remembered as the Parliament in which the Government of the day, having promised economic recovery, virtually deliberately destroyed the economy of the country. It will be remembered as the Parliament in which the Government of the day, when campaigning, said it was in favour of free enterprise, but when in office, moved the country toward national socialism faster and further than it has ever been done. It will be remembered as the Parliament in which a Minister of the Crown could say today, "We Canadians should be grateful because housing starts have been brought back up by Government programs to 165,000 units". Again I quote the Minister.

I think it is only appropriate to remind that same Minister that during the period of time in which he had responsibility for housing, because of the economic policies of the Government, housing starts fell from over 200,000 to 128,000 a year. We are supposed to be grateful for the fact that today we are

back to 168,000, when we need and have always needed 225,000, when we campaigned with respect to the need and the rightness of encouraging housing development in this country through a mortgage interest deductibility scheme. The people of Canada were told, "That is not needed and unfair. Housing will grow all by itself".

Mr. Evans: Have you seen the demographics?

Mr. Bosley: However, it was not true, and as a consequence of those—oh, this would appear to have excited some interest on the other side. It always does when Hon. Members opposite are reminded that they campaigned against helping the housing industry by providing mortgage interest deductibility.

Mr. Fisher: And the people agreed with us.

Mr. Bosley: They told the people, in campaign terms, that the continuation of making people pay for their housing mortgages out of after-tax money was fair. It is not fair. Canadians know it is not fair.

The Acting Speaker (Mr. Dionne (Northumberland-Miramichi)): Order, please. I must remind Hon. Members that they are allowed to speak in the Chamber only from their place in the Chamber.

Mr. Bosley: Mr. Speaker, I think that this is my seat.

The Acting Speaker (Mr. Dionne (Northumberland-Miramichi)): I was not speaking to the Hon. Member.

Mr. Bosley: I appreciate that, and I also know to whom you directed the comment. If the Hon. Member for Ottawa Centre (Mr. Evans) prefers to stand behind the curtain and yell, that is all right. That is his privilege. He does not worry me.

The Liberals promised that housing would be made affordable and that there would be more housing for Canadians as a result of their policy. I repeat that the consequence was that housing starts fell from above 200,000 units to 128,000 units. I repeat that tenants in my constituency are facing a 0.2 vacancy rate as a consequence of these policies, because of the lack of recognition of what it will take to get the housing industry, which is the backbone of economic development in a manufacturing society, going again.

There are one of two things which should be done in relation to this question, and the Government can take its pick. First, there should finally be a recognition that property taxes are paid by people out of their after-tax income, and they should be allowed a deduction. Second, there should be a recognition that interest on mortgages is also paid out of after-tax income to people who are charged income tax on it as an income item. In other words, the Government makes housing pay double tax.

Mr. Fisher: That is ludicrous.

Mr. Bosley: The sooner the Government stops doing that, the sooner it will wind up with a rejuvenated housing industry, and the problem could be resolved in one of two ways. The Government could either allow people a deduction for their property taxes and mortgage interest so they would not bear this double tax burden, or it could allow people a deduction for their property taxes to eliminate that double system. Because people who give mortgages are being paid with after-tax money, that mortgage income could be non-taxable, which would immediately lower the rate of interest on homes. It would immediately spur the housing industry and the sale of white goods, such as refrigerators, and carpets and all the rest. Those are the Government's choices. Instead of that, the Government, having promised Canadians that it would do something to help the housing industry, once again decided against that method in favour of a program of giving out grants. As necessary as they are to those who need them, every program like that, as every Canadian is learning, has a built-in efficiency rate of 50 per cent because it effectively costs one dollar to administer for every dollar, that is given out. I remind Hon. Members opposite that we made that exact point when the lottery Bill was in the committee. The Minister openly admitted that that program, like others, would cost 50 cents to administer for every 50 cents it gave out. That is exactly the kind of program which is now in place. The country does not need the interface of Ottawa. Let people help themselves through tax incentives. Let the system be just and let Canadians get on with building the country, because Canadians will put Canadians back to work in a much better fashion than would any Government in Ottawa.

Mr. Roger Simmons (Burin-St. George's): Mr. Speaker, as my good television friend, Gomer Pyle, would say, "Surprise, surprise, surprise". Those tired old Tories are at it again. Look at their number, on a Friday afternoon. They amount to one-third of the number on this side, maybe? One-half, maybe? Let it never be said that those in that happy band of warriors over there, with all the answers for the economy, are not fighters. I watched my good friend, the Hon. Member for Don Valley West (Mr. Bosley) this afternoon. He is a fighter. I watched with interest my good friend, the Hon. Member for St. John's West (Mr. Crosbie). He is a fighter. They are fighters. They fight, they fight and they fight. Sometimes they even fight people who are not Tories.

I have watched with great interest the concern of the Tories in the past few days during Question Period and at other times, their concern on such issues as those addressed here in this particular motion, issues involving full employment, industrial strategy and energy prices. It has been most instructive to watch how that concern has been exercised, in particular, to watch the new parliamentary Leader of the Tories—

An Hon. Member: The interim Leader.

Mr. Simmons: —the best streetfighter of the lot, the Hon. Member for Yukon (Mr. Nielsen). After Winnipeg, and there was a bit of theatre, if we could go into it—

Mr. Crosby: I thought Chrétien was a streetfighter.

• (1550)

Mr. Simmons: If I ever saw the Tory follies it had to be Winnipeg, but that is another story—Tory follies, western edition. After that, the man who is now Leader of the Opposition—and do not think that happened by accident either, he was the obvious choice for the job—had his hands full after Winnipeg, of course, as you will have seen in the House this week. Just think of all those Tory MPs who had to be put into line.

That reminds me, and I must tell you for totally relevant reasons, I assure you, Mr. Speaker, about the day in January when I successfully stormed the British Parliament at Westminster, in broad daylight, with some wounds to show for it. Let me say that what I am about to say on this subject is so relevant that I submit that ever after you will be inclined to quote this moment in time as an absolute model for precise and totally unfettered relevancy in debate. I did not go to Westminster dressed for an accident so I had to borrow some clothes. I came back across the Atlantic with a shirt from my good friend the Deputy Government House Leader, the gentleman from Don Valley East (Mr. Smith) and a sweater from my good friend, the Hon. Member for Capilano (Mr. Huntington), the gentleman who is making so much of a contribution to the Procedures Committee these days, the former Minister of Small Business in the Clark administration. Indeed, he was the former Tory national caucus Chairman until quite recently, a demise not totally unconnected with the Tory follies in Winnipeg.

This brings me back to the subject of the Leader of the Opposition, the Member for Yukon. People are calling him, especially after Winnipeg, the kneecapper, kneecapper Nielsen, I cannot say that—I suppose it is "knielcapsen" for short. Let us look at his performance in the House this week and see how consistent it is with the concern in this particular motion for economy, for inflation, for reduced deficits, for employment, for an industrial strategy in this country, because that is the acid test. If the gentleman from the Yukon is putting his money where his mouth is, if the gentleman from the Yukon is pursuing in debate in this House the things he says he is interested in and that his Party is interested in, I have some real difficulty believing these words in this motion, as good as they are, as supportable as they are in terms of the individual concerns expressed. I have some real difficulty relating that to the Party that has been applauding like so many trained seals the mud-slinging of the Leader of the Opposition this week.

Winnipeg—what a night that was! My friend, the Hon. Member for Cumberland-Colchester (Mr. Coates), wrote a book, "The Night of the Knives". He had better get busy again. That title will not do for this time. I guess it should be "Machetes in broad daylight" or something of that nature this time. Dalton Camp should recall that night, although I thought he had a rather selective memory when he was lecturing the minority on television from Winnipeg.

Now, folks, if it were permissible in Parliamentary terms—

Mr. Munro (Esquimalt-Saanich): Mr. Speaker—

Mr. Simmons: Oh, my good friend the Speaker is a very folksy person. I say, if I could, Mr. Speaker, to the few people who are left watching this program this afternoon on television, if you really want a yardstick on the people who authored this motion and who support this particular motion, I would say to you, compare this motion to Winnipeg and ask one question only. Can you imagine, if that is what they do to their own on national television, what they would do to you, the taxpayer, behind closed doors? What would they do to you if the public were not watching? I know the rhetoric, I know the statements of concern, I know how they say they would look after the people of this country. Thank you very much. If they look after the people of this country the way they have looked after themselves in the last few weeks, I for one taxpayer do not want to be looked after. Thank you very much, I will look after myself.

I speak from experience because I did listen with great interest to my good friend, the Hon. Member for St. John's West who regaled this House, as he always does, for the last hour or so, a man who has been at different times on both ends of the kneecapping exercise. After all, why is he not the finance spokesman now if he knows as much about the economy as he professed to know earlier this afternoon? We all know the answer to that particular question. That Member, the former Tory Minister of Finance for Canada who was also a Tory Minister of Finance in Newfoundland, this man who rose in his place today and talked about concerns for people who are unemployed, concerns for people who are poor, concerns for people who, through no fault of their own, are in desperate financial straits, that same man, when he was in a position to do something about it, did something about it, and I know because I was there. I sat opposite him in the Newfoundland House of Assembly and I will tell you one of several things he did. He, as Minister of Finance, wiped out, did away with, terminated, abolished a long standing Liberal program called the mother's allowance. This was a particular monthly stipend made available to mothers in Newfoundland and Labrador who had not necessarily access to other income. The Member for St. John's West, who exudes all kinds of compassion today, was very short on compassion that day in the Newfoundland legislature when I and others pleaded with him, "Do not do it, do not do it to the mothers of Newfoundland and Labrador", but he did it. Did he tell you about that this afternoon, Mr. Speaker? Did he use that as an example of the kind of compassion he has been known for over the years?

I am sure, Mr. Speaker, that you will pardon me if I am slightly less than ecstatic about this particular motion because resolutions in Parliament are like other things and objects and people in real life, you judge it by the company it keeps, and this motion keeps terrible company. This motion is keeping absolutely terrible company. It keeps the company of a man from St. John's West who did the absolute opposite of what this motion advocates. So I have difficulty keeping company with that kind of motion for very good reasons, for reasons of experience, long bitter experience at the hands of that particular gentleman from St. John's West.

Why is it that every time I read this motion about inflation and employment and industrial strategy, quotations from the Holy Writ come to mind? I think of quotes like "moat in your own eye" or maybe "physician, heal thyself". Why is it that I find myself asking, if it is as simple as the Tories say, where were they, what did they do when they were in Government in 1979? Where was the Member for St. John's West during the several years he was Minister of Finance in Newfoundland? Why is it that the public debt in Newfoundland more than trebled during his tenure? It went from $900 million to $2,800 million in the five years he was Finance Minister. It took 23 years to go to $900 million, and in the next seven years it went from $900 million to $2,800 million at the hands of the fellow who is now going to solve all of our problems, with one particular motion. Physician, heal thyself.

The Tories are all marvellous talkers, wonderful, marvellous talkers, great talkers and abominable hypocrites, expert deceptionists, practised illusionists. Remember, when we were dealing with the Constitution not many months ago, the hue and cry from the Opposition? They were clean out of their skulls. They asked why we were spending so much time on the Constitution when the economy was begging for attention. Unemployment needed to be addressed. Do you remember that? Let me say for the public record that it was a fair criticism. It had no grounds in fact, but it was fair. It was a fair criticism for an Opposition to take.

• (1600)

Let us apply that same yardstick to them. The Tories say they are concerned about the economy. Let us be fair to them. They have talked about their concern in this motion. They said we should get on with it in terms of addressing inflation, unemployment and bringing in an industrial strategy. It is all there. I do not argue with the issues they want addressed. They have demonstrated on paper that they have a concern for the issues in that motion.

That is real concern, concern for unemployment and energy prices. On a Friday afternoon when most ordinary sensible people are getting ready for a leisurely weekend, the hard-working, the long-suffering Tories are here looking after the problems of the economy. If they have their shoulder to the wheel on a Friday afternoon, let us find out where the shoulder was on Thursday afternoon and Wednesday afternoon. Let us look, for example, at *Hansard* for Wednesday and Thursday and see how many questions the Tories put during a one-hour long Question Period on the economy, on inflation and on industrial strategy. How many questions were there? I see one on the Gillespie affair. The Leader of the Opposition asked the Prime Minister (Mr. Trudeau) another question on the same affair; the old knee-capper really got down below the belt there, didn't he? Anyway, it was on the same subject.

How many questions were there on Wednesday or on Thursday regarding unemployment? I ask them, how many questions were there on energy? I ask them just to make a rough guess. Give me a ballpark figure. How many? I have gone through *Hansard* for Wednesday and Thursday. Just give me a rough guess, fellows. How many questions were there on any of the subjects addressed in your motion?

Let me be completely fair. I would not want to leave here suggesting that all the questions were on the Gillespie affair, because that is not true. I want to say to my good friend the Minister of Transport (Mr. Pepin) that not all the questions on Wednesday and Thursday dealt with that. I have not looked at today's questions. I was not in the House for all of Question Period today. I want to be fair.

On Wednesday and Thursday the questions were not all on Gillespie. My friend, the Hon. Member for Durham-Northumberland (Mr. Lawrence) asked a question on another subject altogether, RCMP files. Never let it be said that the Hon. Member for Yukon and the Hon. Member for Durham-Northumberland engage in the same kind of mud-slinging. Oh, no. RCMP files. The Gillespie affair.

Mr. Munro (Esquimalt-Saanich): The Lalonde affair.

Mr. Simmons: I ask the Hon. Member for Esquimalt-Saanich (Mr. Munro) how many questions there were on the economy. Will he make a rough guess? I will help him. It is fewer than ten in two days. It is fewer than five. Does he want to try yet? It is fewer than three. It is fewer than two. It is fewer than one. There was not one question on Wednesday or Thursday from the crowd that is now going to cure the ills of the country, help all the poor people and put everybody back to work with one motion.

How many times have they raised the issue in Question Period in two days? Not once. They were too busy trying to knee-cap. They were too busy trying to mud-sling. They were too busy doing what they are best at. That is why they are known unofficially as "Her Majesty's Permanent Opposition."

Now we have this pious rhetoric. This pious, pompous bit of nonsense from the crowd that never had any foresight. In terms of political instruction, even if they do not care a whit about the country, just in sheer, elementary, political terms, why did they not cover themselves by asking one or two questions so that they could keep on fooling the people? Why did they not do what they do best, continue to fool the people? At least they could have asked one or two questions to distract, but no. They were too busy trying to distract attention from their own internal Party squabbles by pointing the finger the other way, to be concerned about the economy, jobs and employment.

Don't give me this on a Friday afternoon when I would be better off at home taking a nap or something. Don't give me this pious rhetoric. Don't waste the taxpayers' money telling us one thing on a Friday when you spend all day Wednesday, all day Thursday and most of Friday doing the exact opposite. At least be consistent.

Finally, we have been saying for years that these are the things that need attention. Significantly enough, on February 18, 1983, three years after the people of Canada gave the Tories the message, they got the message. They finally understand the message we have had for three years. The message is

employment, development and fair prices. We have had that message for some time.

I congratulate them on this important and happy anniversary for us and for them because three years ago today, they got back where they belong. I congratulate them on this happy anniversary for finally getting the message that people are concerned about fair prices. I say, *Il vaut mieux tard que jamais*—better late than never. Welcome to the club. Why do they not get their act together in their own Party, come into the House and do the job they were elected to do, provide constructive and responsible opposition to measures which this Government introduces which, in the opinion of the Opposition, may not be in the interests of the country as a whole? I hope they refine and re-find themselves. They need a little refining and a lot of re-finding. I hope they do both. I hope they then come in and do the job they have done so well over the years and which, with my best wishes, they will continue to do for many, many years to come. May I say to them, through you, Mr. Speaker, happy anniversary.

The Acting Speaker (Mr. Blaker): Questions and answers?

Mr. Fisher: Mr. Speaker, I wonder if the Hon. Member would comment and follow up on his theme a little bit by observing that 134 Members were elected to this House to serve in the Opposition, 129 of whom have not bothered to show up this afternoon, including the whole of the New Democratic Party.

Mr. Simmons: I thank my good friend for his comment and question. We are too painfully aware of the difference between words and performance from the Tories. The last part of my speech today dwelt on that particular theme. If we could take them at face value, it would be easy to deal with them. I am not saying we would agree with them. I do not believe we should aspire to the day when the Government and the Opposition agree on every issue. That would be bad for the principle of Government in this country. However, I would hope that we could aspire to the time when we had in the Opposition a group of men and women who at least do not give their support to a motion which shows their very hypocrisy. That is my plea this afternoon, that these people will come in here with constructive measures. They would be surprised. Sometimes they would have my support and the support of others on this side.

Mr. Bosley: Mr. Speaker, I would ask the Hon. Member to finally complete his story about London since it would be the only part of what we heard so far that would be relevant in any way.

Mr. Simmons: Mr. Speaker, there are many stories. The official one is this. He wears glasses, I wear glasses and my good friend the Acting Speaker wears glasses. There was a time when people were civil enough so that you could go about this country with your glasses on and count on them to be civil. These days you have to be a bit more inventive, so I put my arm in a sling. And who knows, my nightmare might come true and one day I might get up and put my wrong arm in the sling. Then the jig will be up. The truth is, I was with the Procedure Committee immediately in front of the British Parliament. I went over a low barrier. I got over, but the coat did not, and here I am with my new look.

• (1610)

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I would ask the Hon. Member for Burin-St. George's (Mr. Simmons) whether he has read the notice of Supply Proceedings and the Opposition motion.

Mr. Simmons: Oh yes, Mr. Speaker, as a matter of fact, for the benefit of my good friend, the Hon. Member for Esquimalt-Saanich, I am going to read it for him. It reads as follows:

> That, in light of the Government's outright betrayal of the Canadian people and its repudiation of its 1980 election promises to reduce unemployment, combat inflation, avoid inflationary tax hikes and excessive energy price increases, reduce the deficit, and implement an industrial strategy for Canada, this House calls upon the Government to face its responsibility to Canadians and take immediate action to live up to the commitments that it made in 1980 or resign.

I believe that is the fourth time I have read it, but just now I did so for the Hon. Member's benefit. That is the motion, Mr. Speaker. I was fully aware of it and I found it to be very hypocritical. I appeal, particularly to a gentleman with the integrity of the Hon. Member for Esquimalt-Saanich, to divorce himself from this particular motion, not because he does not believe it, I am sure he does believe it deeply, and I commend him for having beliefs, but because his Party's actions this week have betrayed him and betrayed the intent of this motion. What they have done this week is to address everything but any concern for the economy. I do not argue with him for holding beliefs, but I take exception to the fact he is not putting his money where his mouth is. He is not standing by his beliefs when he allows his Leader this week to mud-sling when he should have been speaking on behalf of the Canadian people.

Mr. Munro (Esquimalt-Saanich): I was happy to learn that the Hon. Member for Burin-St. George's (Mr. Simmons) could read. The fact remains, however, he does not understand what we are doing today, Mr. Speaker. I can explain it for him. I am sure you understand it, Mr. Speaker. We are castigating the Government for failing to live up to its promises. The motion says quite clearly:

> —the Government's outright betrayal of the Canadian people and its repudiation of its 1980 election promises . . .

I agree that the matters following that are matters of concern to Canadians and to our Party, and they are of even greater concern to us, Mr. Speaker, because they represent promises which were made to the Canadian people in 1980 which have not been fulfilled. This is an expression of the concern which the Hon. Member says we do not have. Of course we have concern. I believe the Liberals should have concern also, Mr. Speaker, that they have failed to live up to the undertakings and promises they made three years ago today. And as for the concoctions of irrelevancies which we have just been subjected to, particularly the "London" story,

as I was waiting for that story to finish, I was wondering whether we might have been able to find one of those deck chairs somewhere which we could have brought in here, then we could have had the third "Ronnie" sitting with his hands on his knees talking about those irrelevancies, embroidering on them, and getting further and further away from the subject of his discussion. But I quite understand that perhaps a deck chair on the floor between the two sides of the House of Commons might be a little extraneous. However, I really found it extraordinary that the third "Ronnie" should have showed up at this particular time and accused the Progressive Conservative Party of fooling the people.

We are talking about the three year old record of a group of Liberals who claim to be the Government, and who claim to be governing, and who were fooling the people. I do not know whether this character who has just been speaking went to that campaign—

Mr. Fisher: Order. Watch your language.

Mr. Munro (Esquimalt-Saanich): Well, "character" is a perfectly good word, Mr. Speaker. I do not know whether he went to this campaign college in Toronto in January, 1980, where the policy for the campaign was being outlined, and where the present Prime Minister (Mr. Trudeau), in addressing the pupils on the occasion, said:

> There is a prior commitment that I want to make clear. Liberals will do what we say we will do. And if we can't do it, we won't say it.

Whereupon he went on and elaborated five different elements for these scholars who were assembled on that particular occasion. These were things which his Government would do if he could bedazzle the Canadian people into electing him and his Party. And lo and behold, the Party was re-elected. It has subsequently, Mr. Speaker, with all due respect to you, failed utterly to live up to the promises made on that occasion. I will just take, for example, the very first one, which reads:

> We have an economic program for the 80's which will enhance dignity, create opportunity and provide security.

Let us take those three points in order. Enhance dignity? We have been witness this week to a spectacle in this Chamber which virtually makes me ashamed of being a Member of Parliament, that we should be governed by a group of people who can so deny, repudiate, turn their backs on their own rules of conduct and behaviour, and still stand there and in the most casual way attempt to excuse their actions. The performance of the Deputy Prime Minister (Mr. MacEachen) in April, 1981 at Port Hawkesbury, sitting beside a former Minister of Government, and announcing a program, and obviously embracing the associated company with that program, is a complete—

Mr. Evans: The Tory Premier of Nova Scotia.

Mr. Munro (Esquimalt-Saanich): I am not talking about him. He at least had faith that everything had been done correctly by the Government of Canada, but he was very, very sadly deluded in that, was he not? Oh, he certainly was, Mr. Speaker. There they were, the Deputy Prime Minister and the former Minister of Energy announcing an energy program which, I suspect, would involve paying royalties to South Africa. And if only they had known that. So you have two hypocritical actions there, one involving a former Minister before the two years were up, according to guidelines which his own Prime Minister had written and to which he subscribed, getting involved in a program which might very well require the payment of royalties to a Government with which they would rather not have to do business. That is dignity? That is the "dignity" to which this House has been subjected during this past week, and it makes me a little ashamed, Mr. Speaker, to find that the Canadian Government, any Canadian Government, could be associated with such an undignified procedure.

The Prime Minister also claimed in this school that he was going to create opportunities. And what do we see about creating opportunities? The unemployment rate at the time in 1980 was 7.5 per cent and the total number of unemployed was something in the order of 838,000 at the end of 1979. Whereas today, Mr. Speaker, twice that number are unemployed. The opportunities that were being created were the opportunities to go on the unemployment rolls. I do not think that is what the electorate really believed when they swallowed this. Creating opportunities to go on Unemployment Insurance?

• (1620)

The third offer was to provide security. Security of what kind? I do not know whether you are aware, Mr. Speaker, that since that particular time the growth of bank deposits in savings accounts has risen at an extraordinary rate. If I can quote from the *National Finances* published by the Canadian Tax Foundation for 1981-82, in 1979, the amount of personal savings have increased from about $30 billion in 1979 to about $80 billion today. That is not a reflection of economic security, that is fear. The general public does not know where it can, with confidence and security, place its funds.

At one time it was thought possible that if you had money to invest, you could invest it in the energy field. I do not know whether you have been following the trends in the energy field on the stock market, Mr. Speaker, but there are only one or two companies going in the right direction. Dome has gone down, and there are a good number of others. There are a number of loyal Canadians who would like to be able to invest in their country.

This was not a public undertaking to provide security, but it was an undertaking given to candidates and they went out and said, "Don't you worry, we will provide security." What has the Government done? It has squandered the revenue of this country in a manner which has never been seen before. This statement I have been reading from goes on to say that the program for 1980 consists of five major commitments. One was to manage more rigorously the nation's finances in order to make more effective use of taxpayers' money. Well, what were we debating yesterday, Mr. Speaker? We were debating a Bill to authorize this Government to borrow $19 billion. Now, I do not know whether this Bill has ever been contested

by the Chair as being an omnibus Bill and it should therefore be split up into two different Bills, one for the 1982-83 year, and the other for borrowings for next year. That is a possibility. It ought not to be presented in this form. Nonetheless, $19 billion is being sought. I wish I could find the figures on the borrowing. They are around somewhere amongst all these papers, but I would say it is something of the order of $45 billion to $50 billion which this Government has sought to borrow in this Parliament, while at the same time making the statement that it would manage more rigorously the nation's finances.

Mr. Gauthier: Over three years? Come on.

Mr. Munro (Esquimalt-Saanich): In three years. I now come to the commitment to achieve energy security at a fair price. The figure which comes to mind on the purchase by PetroCan of Petrofina is about $1.5 billion. That is part of the debt that your children and mine have to pay down the road, $1.5 billion to acquire a series of storefronts to match those acquired earlier for a somewhat smaller sum on the West Coast through the purchase of Pacific Petroleum. All the Petrofina stations have been repainted, and it cost $1.5 billion to repaint them, put up the signs, the Maple Leaf, and everything. But not one drop of new petroleum resources was acquired in that purchase, Mr. Speaker. Just the storefront, that is all. This is the manner in which you achieve energy security at a fair price. Fair price, Mr. Speaker? We find that in December, 1979, when that infamous resolution was passed down here—

Mr. Dionne (Northumberland-Miramichi): You mean the day you could not count?

Mr. Munro (Esquimalt-Saanich): I was here. In December, 1979 we were paying 24.6 cents a litre for gasoline at the pump. That translates into a language which other people understand as $1.12 a gallon. Well, today, in Ottawa, it is about 42 cents or 43 cents a litre for regular.

Mr. Dionne (Northumberland-Miramichi): It is 43.3 cents.

Mr. Munro (Esquimalt-Saanich): All right, 43.3. So we have an increase of 18 cents. Now, that is odd, is it not? Eighteen cents a litre. I remember hearing something about 18 cents a gallon at one particular time, and now we find it has gone up 18 cents a litre. Now, where are we? The national average was 25 cents a litre in December of 1979 and it is 47 cents a litre in September of 1982. I guess we get into the 18 cents business there, too. Rather strange. That is 22 cents a litre more on average.

• (1630)

I really wonder how these gullible people could have been soaked in by these promises—the promises about which we are speaking today—the promises that have been repudiated.

The fourth commitment was to develop an industrial policy that will provide jobs. Jobs for whom? For the Japanese? If we look at the statistics for unemployment in 1979 we would see how they were going to provide jobs. At that time 838,000 Canadians were out of work. Today, Mr. Speaker, at least 1,600,000 are out of work. Is that what they call providing jobs? The only way the Government seems to be able to provide jobs is to throw money around.

The Liberals were going to build greater economic strength in each region. I should like to give you some figures for the amounts of money that has been poured into the various Provinces through the Regional Development Incentives Programs. Newfoundland got $30 million; Prince Edward Island, $22 million; Nova Scotia, $79.8 million; New Brunswick, $81.2 million; Quebec, $530.1 million; Ontario, $94.7 million; Manitoba, $100 million; Saskatchewan, $33.6 million; Alberta, $35.3 million; British Columbia, $10.8 million; and Yukon, $0.4 million, for a total of $1 billion. That is since 1970, Mr. Speaker. Those figures hardly fit the promise to build greater economic strength into each region of the country as a basis for over-all prosperity.

The fifth undertaking was to enhance security of the individual by helping those who most need assistance. In last week's debate we heard what happened about that. The pensioners found that their pension cheques have been reduced from the undertaking that was given them to index to the CPI; instead they must conform with the six and five program.

An Hon. Member: What about GIS?

Mr. Munro (Esquimalt-Saanich): The GIS was left alone. The indexing of public servants' pensions was also reduced to conform with the six and five formula. Is that the best we can do for the security of the individual, to help those who most need assistance?

The Acting Speaker (Mr. Blaker): Are there any questions and answers?

Mr. Fisher: Mr. Speaker, I have a brief question for the Hon. Member who referred to our definite ambition to help those who most need help. He will know that amongst people who file income tax returns at this time of year are low-income parents, single parents and the unemployed. These people definitely need help and the Government has indicated that it would like to get the refunds out to them as quickly as possible.

In light of his concern for the same people, could he tell us why his Party deliberately refused to extend debate on the income tax legislation last Monday night when we wanted to get that legislation through?

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, the income tax measures ought to have been brought forward many months ago. Hon. Members opposite have been changing their minds so damn often that we do not know quite what is going to be in the income tax forms.

Excuse the outburst, Mr. Speaker, but with all due respect I feel that it was necessary to use an expletive like that. The income tax forms for the collection of income tax ought to be before the House in January or even in December.

What worries me about the collection of income tax and the refunds is that people who file on a quarterly basis have to pay their tax before they receive the revenue. I do not think that is fair.

Mr. Fisher: Mr. Speaker, I should like to remind the Hon. Member that those tax measures were introduced in November, 1981 and more were brought in in June, 1982. The Finance Committee met to discuss them in the fall of 1982, and there has been extended debate both in public and in this Chamber, on those measures.

If we take the Hon. Member at his word, he could hardly claim ignorance of those measures after 15 months. If he does claim that, he should not be here.

Why did his Party refuse to speed up debate so that we could legally mail refunds to those people who need them the most?

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I cannot understand why the Government did not bring in that measure earlier. I suppose it is difficult to bring in income tax measures until they decide how much the deficit will be. In November 1981 it was $13.3 billion and now it is $27.2 billion. They cannot make up their minds how much the deficit is going to be, let alone what measures apply to income tax.

Mr. Simmons: Mr. Speaker, I should like to put a question to my good friend, the Hon. Member for Esquimalt-Saanich. I should like to tell him that one of the three people watching is my grandmother, and first he should restrain his expletives in response to my question.

He said he remembered the time when gas was 18 cents a gallon. Many of us remember that. I wonder if he also remembers and will put on record—and if he cannot, I can—that in the budget brought in by the former Minister of Finance, the Hon. Member for St. John's West (Mr. Crosbie), one of the appendices clearly sets forth a pricing schedule, which would have meant that gasoline prices and heating fuel prices at the pump in 1983 would be higher than they actually are at present.

Would the Hon. Member respond to that question without expletives?

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I apologize to the Hon. Member for Burin-St. George's (Mr. Simmons) for having used a word with which he was not familiar.

I would be very pleased if the Hon. Member would send to me in the mail—and not by Canada Post, please, because it might take too long—a copy of this particular fabrication.

Mr. Simmons: Of course I will do so, Mr. Speaker. Not tomorrow but on Monday. The Hon. Member has waited three years without reading the information, so I am sure he can wait another 48 hours or so. I will also send it to the people in my riding through my Householder. I have seen some of his Householders and I commend this kind of information to him because it would make an improvement on what was in his last one.

The Acting Speaker (Mr. Blaker): May I explain a difficulty. It is often a courtesy to recognize an Hon. Member from the same Party by which the motion under debate was originally put forward so that it might be given the opportunity to complete debate before the end of the day. However, another tradition is that ordinarily we alternate speakers between left and right. Under the circumstances and unless I hear some other proposition, I would have to recognize the Hon. Member for Ottawa Centre (Mr. Evans).

Mr. John Evans (Ottawa Centre): Mr. Speaker, in a sense of fairness to the tradition I would be prepared to stop at ten minutes to five and split the time with the Hon. Member for Lisgar (Mr. Murta).

I have a few things to say about the motion before the House. I would like to look at the situation which faces us and at the options which are available to the Government to try to assess what it is that we are up against and why, in light of that, I think the motion is totally and wholly out of order.

• (1640)

We have been told on a number of occasions—and I firmly believe Canadians have come to realize it—that the economic disorders of the country are not solely those of Canada, and that the economic situation which Canadians are experiencing is not solely the responsibility of Canadians. We are an export nation. We depend very heavily for our Gross National Product, for our national income and for our livelihoods, on our ability to sell. What we have sold the most and sold best has been natural resources and the processed materials from them. It is well known on the West Coast that the lumber industry or the forest products industry is suffering, not as a result of policies of the federal Government or of provincial Governments, but as a result of the fact that these products cannot be sold in foreign markets. Also the mining industry is suffering today, not as a result of policies of the federal Government or provincial Governments, but as a result of the fact that we cannot sell nickel or iron ore in world markets because the markets do not exist as a result of world recession.

The same conditions, to a greater or lesser degree, as we are experiencing in Canada are being experienced by every western industrialized nation in the world. It does absolutely nothing for the psychology or understanding of Canadians for the Opposition to put forward a motion which inappropriately and falsely lays the entire blame on Government or Governments in this country for the economic situation we face. We certainly have a role to play. I defy Hon. Members opposite to say that the Government is not doing in a positive way everything within its means to resolve the problems we are facing.

We can trace the difficulties back for many years in all western industrialized economies. We were told in the 1970s that inflation had to be brought down. In fact, the Opposition demanded that inflation be brought down. It realizes, as we

realize, that if we let inflation get out of control, it creates massive uncertainty, cuts back on investment, reduces economic growth and drives up interest rates in the system. These kinds of conditions are not conducive to rising standards of living or being able to maintain present standards. For example, in 1975 Government policy implemented through the Bank of Canada began to restrain the economy or to do something about the inflationary problem. Other countries have followed suit with precisely the same policy because it was the only way to deal with the inflationary problem.

Inflation is simple. It is too much purchasing power chasing too few goods and not enough economic output. In this situation prices rise, and we have a productivity problem and an output problem. This is inflation.

Under a standard economic arrangement where markets are free to adjust, which does not exist in this country, United States, France or Germany—but it does exist in Japan to a certain extent—when demand falls, the incomes of all people in society would fall somewhat to reduce their incomes in line with the demand in order to combat inflation or to bring demand into line with output. This would stop inflation, but we have a system in which there are a great many rigidities and structural problems with labour-management relations and the way we do business in the country, privately, governmentally and otherwise. Our system adjusts to a reduction in demand. The only way to solve inflation is to reduce demand, so that we quit putting upward pressures on prices. The way our system adjusts to that kind of situation is that it leaves the majority of people with the high incomes they had prior to the fight against inflation and throws other people out of work. We have a compensation system in Canada which yields precisely that result. When recession hits, when demand falls, the majority keep their incomes and remain stable. It has no impact on their standard of living, but the minority gets thrown out on the street. This is the way our system works. I do not think that is how it should work.

The Japanese compensation system provides for greater flexibility of wages in management and labour, so that everyone shares in the income loss somewhat but no one suffers a dramatic decline in their standard of living. Our system does not operate that way. It operates in the manner I have described, and we see 1.5 million people thrown out of work. This is the way our system responds to the fight against inflation, which is necessary.

There is only one method of handling it. If we do not believe that the people thrown out of work should be asked to bear the entire brunt of a recession, or a fight against inflation, then governments have a responsibility, which all of us have recognized, to ensure that there is a social safety net to catch these people before they are left destitute. We have done that in Canada. I might add, in a non-partisan spirit, that this has been done by past Liberal Governments with the introduction of unemployment insurance, welfare programs, medicare and pensions, all designed to cushion people affected by the adjustment process I have just described.

We are faced with a situation that is real. We know what it is. Also we are faced with some very real options. The Government can respond to this problem by reinflating the economy; in other words, printing more money, selling bonds to the Bank of Canada, taking that money and spending it, investing it, or giving it to people to ensure that their incomes remain above a minimal level. This would generate inflation again, and we would be right back into the same cycle. Also, the Government can increase taxes on those people who continue to have jobs in order to provide the funds necessary to subsidize those who do not have jobs. This is possible.

If we did that today, we would probably drive the economy further into recession because we would reduce the incentives to produce and grow. That is not a possible option. The only other option left to a Government faced with an economy in which the psychology is so badly shaken that individuals will not invest on their own and consumers are saving at high rates, is the classics Keynesian one—the Government borrows funds from the public and puts them into the marketplace to stimulate demand, or it can put those funds into the hands of individuals who are out of work and suffering, and let the deficit rise.

The Opposition screams that the deficit is out of control. There are many ways of analysing the deficit. Some people at the University of Toronto and in other places have analysed the situation and made a distinction between the structural and the entire deficit, that during a serious major economic downturn, deficits should rise; but just as true, during times of economic expansion, deficits must be reduced. I suggest that in this period of time, when deficits have risen, it is exactly what should happen in a society that has a system like ours and that adjusts like ours if we are not to allow people to become destitute, re-ignite the fires of inflation and raise the taxes to the extent that it will drive the economy further away from growth.

• (1650)

Effectively, we are running a deficit now because we are borrowing against the future. Deficits are tax liabilities for the future. Those deficits are justified and the actions are correct if they are incurred to invest in the future and to generate greater income for the future and provide more jobs for the future. That is precisely what the Government is trying to do with the deficit. We are trying to invest in capital infrastructure and in human capital through the skills and training programs. We are trying to invest and expand the potential of people and capital for the future which will generate the income and allow us to reduce the deficits.

Let me just say that we certainly have achieved some of our objectives and we will achieve more. We will achieve the objective of reducing unemployment. Finally, with respect to inflation, as of today it is down to 8.3 per cent. If you look at what inflation has been over the last six months on an annualized basis, it is 4.6 per cent. Annualized for the last three months, November, December and January, the inflation rate in Canada is running at 2.2 per cent. Inflation has come down. This is an achievement which will help bring down interest

rates and stimulate the economic growth, and that is how we will attack the unemployment problem.

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to begin by saying that I appreciate the Hon. Member for Ottawa Centre (Mr. Evans) relinquishing part of his time so I may participate and wrap up this debate this afternoon. I would also like to congratulate him on his speech. It was certainly one of the better speeches that was made this afternoon. Certainly, many people would agree with the general theme of his remarks.

I would say, however, that one of the things he obviously did not mention—probably because of lack of time—is that inflation is primarily caused by governments. The Government has shown its record for creating inflation. Obviously, we cannot insulate ourselves from world recession which has taken place, but the Government has played a major role in our experiencing higher inflation than necessary. That is what concerns Canadians the most at this time.

The National Energy Program is a good example of Government mismanagement which has caused a tremendous amount of money to leave the country.

The Hon. Member also failed to mention the fact that the economy has just not performed. The Organization of Economic Co-operation and Development, OECD, indicated in its 1982 estimates that Canada's real economic growth performance was the worst of any country in the industrialized world. Our growth as a percentage of GNP was minus 5 per cent. This is clearly part of the problem. The Government could obviously have played a geat role in this area but has not done so. Canada's performance was behind the performance of countries such as Iceland, Sweden, The Netherlands, Luxembourg, Greece, Portugal and Turkey. Surely the Government must take some responsibility for the economic mess we are in when one sees these figures. These figures are given to us by what must be considered an independent and objective body that examines 24 countries in the world. It found Canada to be at the bottom, twenty-fourth.

Canada has a history of being a great democracy. It is probably one of the greatest in the world. Democracy involves free elections and people expressing their opinion in an election campaign.

Mr. Simmons: Mr. Speaker, I will make my point of order very brief.

Mr. Munro (Esquimalt-Saanich): Sit down.

Mr. Simmons: I recognize that the Hon. Member has very limited time. Since there will be no time for questions, I wonder if he would permit a brief question.

Mr. Munro (Esquimalt-Saanich): Sit down.

Mr. Murta: Before the interruption, Mr. Speaker, I was saying that Canada is a great democracy in which people are elected after telling their voters what they intend to do if elected. The motion that we are debating today results from the 1980 election campaign. During that campaign the Prime Minister (Mr. Trudeau), and the country, knowing full well that we were entering a recession, made to the people a series of statements that were as far from the truth as could be imagined.

One statement the Prime Minister made was, "This Party will not simply stand by and let the recession come." Obviously, the Prime Minister knew the recession was coming. He also said, "We will fight it and overcome it". He went on to say that the Liberals would fight to lower unemployment when the Conservatives planned to increase unemployment by 100,000 people. When he knew the recession was coming, he made a statement like that.

At the present time, in January of 1983, the unemployment rate is 12.4 per cent. In January of 1980, it was 7.5 per cent. At the present time we have some 1,598,000, almost 1.6 million Canadians out of work. That is some 650,000 more than in January, 1980.

It was statements like that that have been discussed today. The Prime Minister, knowing full well what would happen and that this country was possibly entering a severe recession which would make times much worse, purposely neglected to tell the Canadian people what was to happen. In effect, he sugar coated the pill for the Canadian people. Unfortunately, they swallowed it and elected the present Government.

That is what this debate is really all about. Unless the Government owns up and tries in a meaningful way—much in the way the Hon. Member for Ottawa Centre indicated—to deal with the economy in a sensible fashion, not only will the Liberal Party be hurt by its statements, the whole democratic process of the country will be in jeopardy. People just do not believe what politicians say any more. I thank Hon. Members for their indulgence and I will bring this debate to an end.

The Acting Speaker (Mr. Blaker): It being five o'clock, it is my duty to inform the House, pursuant to Standing Order 62(11), that proceedings on the motion have expired. This House stands adjourned until Monday at eleven o'clock a.m. pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 21, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Tuesday, February 15, 1983, consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute Law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, I rise this morning to speak at second reading stage on Bill C-139. The first thought that occurs to me is that I am participating in what fundamentally is an anti-democratic exercise. We have a Bill here that is 295 pages long and we have just heard the Clerk of the House indicate that the motion would move this Bill to a Committee of the Whole.

Inside this Bill are an enormous number of tax changes which attack our society, which create unemployment and which are not good for this nation. If we were moving this Bill into a standing committee we could call witnesses to provide us with testimony on the possible impact of each of the provisions of the Bill. By moving it into a Committee of the Whole, I am quite certain that the Government will ultimately invoke closure. We will not even be able to debate, with the kind of sureness that is required, each of the individual clauses and each of the individual tax measures. We certainly will not be able to call witnesses to tell the Canadian people and Members of this House what the possible repercussions are of each of these individual tax changes.

It reminds me of the omnibus energy Bill. That was such an abomination of democratic principles that we were forced as an Opposition to ring the bells in this Chamber for two weeks before the Government agreed to split the Bill into different parts and to move it to committee where witnesses could be heard.

Mr. Speaker, we are elected to come to this Chamber, hopefully with a sense that collective wisdom will prevail. We are not all experts on all aspects of Canada and the Canadian economy. Very few of us can feel comfortable with the diverse range of topics that go from national defence to atomic energy to farming to manufacturing, and on and on and on.

• (1110)

Some time today we will be asked to vote on this piece of legislation which is 295 pages long. It includes complex tax provisions which will affect all aspects of Canadian society. We have the certain knowledge that it will move into Committee of the Whole where we can talk about it more and question the Minister. However, experts and average Canadians will be denied the right to appear before a parliamentary committee as witnesses to provide information to Parliamentarians on what might be good in the legislation, what might be bad and what needs changing.

When the Government adopts processes of this kind regarding legislation that is so important, it is no small wonder that the country is in trouble. If you have bad processes, you have bad conclusions. If you have good processes, there is no guarantee of good conclusions, but the odds go up that the conclusions will be better.

As I stand in this Chamber and try to review the 295 pages of this Bill, I ask myself what principles are contained in this legislation. The first one that leaps out as I read through it is that this Bill will attack employers. Employers are the job creators. Many of the provisions will make it more difficult for companies to stay alive and employ people. In the present climate with over 1.5 million Canadians unemployed, why bring in a piece of legislation which attacks the employers, the job creators?

A principle of this Tax Bill will disallow future legitimate business costs. Businesses which want to grow and expand must borrow money. The interest cost on that money is a legitimate business cost, but this legislation says that some parts of it will not be legitimate. A trucking business that wants to expand must buy more trucks and a construction business would buy more construction machinery. According to this Bill, the cost of that machinery will no longer be a legitimate business cost in the same way. When you say to the employers of this nation that their interest costs, equipment costs, are not legitimate business costs, you are telling them not to grow, expand or hire more people. If you get an unemployment rate of over 12 per cent, with more than 1,600,000 Canadian unemployed, you should not be surprised. It is because the Government is attacking the employment creators through legislation such as this.

This Bill also attacks employees. It says they shall not benefit from their work the way they used to do. It is a discouragement for people to seek a job, a discouragement for them to put their heart and soul into their work. First it attacks employers and then employees. I repeat, Mr. Speaker, you should not be surprised to find 1,600,000 Canadians

unemployed. This Bill attacks all Canadians. The minute you put a six and five cap on deductions in the income tax system, you increase the tax take. You take $1 billion this year and $2 billion next year out of the pockets of Canadians and hand it over to Government. Therefore, Canadians cannot make purchases which would create jobs. A farmer cannot stay in business if no one buys his produce. No one can stay in a manufacturing business unless we have people willing to buy what the manufacturer makes. This Bill will be taking a great deal of money out of the pockets of the consumers of this nation, the buyers of this nation, and if the consequence of that is not increased unemployment, then tell me what it is. I suggest it is increased unemployment. If people are not buying, there will be no jobs.

• (1115)

One other aspect of this Bill and other legislation is that it is a specific attack on Canadian families. It is a specific attack on the principle of marriage. In a most clear-cut provision previously in our tax system we have declared that any adult Canadian is entitled to own one piece of property and to dispose of that piece of property without paying tax. But this Government, the Liberals on the other side, have decided that if a person signs a marriage licence they have half of the rights of all other adult Canadians. They have a shared right, a half right, simply because they signed a marriage licence.

As for the Child Tax Credit provisions, we cut Family Allowances in this Chamber the other day much to the objection of the Conservative Party. We replaced it with a one time only $50 bribe. It does not go on forever, it occurs only once. That extra $50, Mr. Speaker, is given to someone who makes $10,000 a year, and it is also given to someone who makes $40,000 a year. That is not just, Mr. Speaker. It is not right. We have nothing in this provision to strengthen the traditional family in this country and we are doing much to hurt it, even destroy it.

On the weekend I held a public meeting and many people attended. Many of those people were disturbed about specific provisions in this tax Bill. They were disturbed about the general thrust of policy over the last three years. I feel, Mr. Speaker, that what has been destroyed by this Government is the spirit of Canadians, the sense of confidence which Canadians have had in their country.

One day in this Chamber one of the Hon. Members opposite stood up and told Canadians what it was to be a Liberal. At the public meeting I held on the weekend a Liberal was described as someone who put Party first and Canada second. A Conservative was described as someone who put Canada first, family second and Party third. It is time we got back to that kind of philosophy.

Hon. David Crombie (Rosedale): Mr. Speaker, throughout the many decades that this House has been in session and, indeed, the British House before it, there were certain standards set which allowed the people to assess whether tax changes are fair or unfair, whether they make sense or not. One of the reasons there has been such vigorous opposition to this Bill on this side of the House and, indeed, I believe the Government will shortly find also in the country, is that most of the rules which have been established for tax changes in this country are broken by this legislation. They are not complicated rules and standards; they are simple standards which ordinary people can understand and which, ordinarily, Governments can understand.

Let us look at three principles and see what this legislation does with them. First of all, Mr. Speaker, all tax changes at any level of the Government, by any Government, should first of all satisfy one principle: they should be clear, certain and understandable. There is good reason for that. The tax changes are not clear, certain or understandable. It breaks that relationship with the Government, without which we cannot operate. It is absolutely essential that people understand what the tax changes are, that they will be clearly comprehensible and the people are certain they will be in place.

• (1120)

This particular Bill brings together the three budgets of November, June and October which have been brought down in the last 13 months and resulted not only in legislation that has been not only unclear and not understandable, but has created a litany of uncertainty. In fact, we have had changes, revisions, delays and reversals to the extent that even today people are not sure whether the Minister is talking about the budget of November, 1981, the budget of June, 1982, the budget of October, 1982 or the pre-budget discussions for the budget to come when he stands to speak in the House.

This Government has almost accomplished the unaccomplishable. It is now talking about four budgets at one time. People have no idea what the changes are and how they will be affected by them. Indeed, they are aware that the changes they know of will hurt them adversely. Not only is the content of the legislation unclear, uncertain and incomprehensible, but the language that these changes are described in is incomprehensible to the ordinary Canadian.

Last week, the Hon. Member for Simcoe South (Mr. Stewart) gave a number of examples of the wording of this legislation. If a Member picks out any one page and asks the next ten people in their riding if they can say what it means to them, the answer to that question will be no. The Government should remember that when it levies taxes, it is taxing ordinary people and not lawyers and accountants. The tax changes as they are described in this legislation are simply incomprehensible to the ordinary Canadian.

First, this legislation is not certain, clear or understandable. The reason the legislation should be clear and understandable is to allow for some predictability. In a free economy and a free country, tax changes are supposed to set a framework in order to allow for an investment environment which will provide incentives and job creation. There should be no doubt in anyone's mind that the Government's lack of certainty and understandable tax policy has substantially led to the creation of the conditions under which we have now had 450,000 jobs lost since the first budget of November, 1981. The Government must bear responsibility for a large part of the situation

because no one could understand what the investment policy or the state of the economic climate has been for the last 15 months.

Tax changes should be just and fair. The main theme which has been evident throughout all of the speeches which have been made in the House, and indeed in editorials and statements from ordinary Canadians who were commenting on these budgets, clearly is that this legislation is not just and fair. Tax changes should be just and fair and perceived to be so. The theme which has been prevalent throughout speeches from all sides of the House has been that the tax changes hurt low and middle income people more than any others.

Second, there has been a shift in tax policy toward those who are self-reliant. This shift discourages people who are self-reliant and it discourages initiative.

Third, a tax regime has been created which has particularly left small and medium-sized businesses on their backs and gasping. This legislation is not just and fair. These are not tax changes which help low and medium-income Canadians. These are not tax changes which allow people who are self-reliant and have initiative to maintain that incentive. This is not a change in taxation which will allow us to support small and medium-sized businesses. Indeed, the reason the budget of 1981, the budget of June, 1982 and the budget of October, 1982 have been condemned time and again is simply because they have not only been confusing and unclear, but unjust and unfair.

• (1125)

The third principle which has been used for centuries to effect tax changes in a parliamentary system is that they must be seen to be linked to more general policies of Government, particularly as they relate to the economic environment. Tax changes do not exist in isolation; they are related to what a Government's economic program is. They are related to what a Government sees for the future economic growth of the country.

If you look through every page of the Bill, Mr. Speaker, including the explanatory notes, you will find nothing there about industrial strategy; you will not find much about improvement of productivity; you will not find much about the investment climate; you will not find much about human resources development; you will not find anything whatsoever about business confidence; you will not find anything about research and development; and you will find nothing about resource development.

There is nothing in these tax changes that in any way speaks to the Canadian people about the Government's economic program. These are tax changes related simply and only to the private imaginings of the people who work in the Finance Department and are unrelated to what happens in the streets, in the towns, in the villages and in the neighbourhoods of the country.

The reason that the Government is being challenged by this Opposition, and indeed is being challenged in all parts of the country, is that these tax changes are not clear and understandable to the people. They create difficulties for investment. They are not tax changes which are fair and just and they are not tax policies which are linked to some kind of economic recovery, economic renewal and economic growth in the country.

That is why we not only oppose these changes vigorously but, I can assure the Government, 25 million Canadians oppose them as well.

Mr. Fred King (Okanagan-Similkameen): Mr. Speaker, ten minutes is not sufficient time to discuss Bill C-139 in detail, so that will not be my purpose. Much less is it enough time to consider the damage caused to the Canadian economy by the policies and actions of the two most recent "Ministers for Gillespie", but we shall try.

In Madrid today the Conference on Security and Co-operation in Europe, stretching its session into the third year, has as one of its aims to negotiate what they call confidence-building measures to reduce tensions between participating nations. What Canada needs today is a Government which is devoted to incorporating confidence-building measures into its philosophies, its politics, its actions, its motives and, most specifically, into its fiscal responsibilities. There is very little to generate confidence in the Government's management of national affairs.

This focus of blame on the Government of Canada cannot be dismissed as simply the rhetoric of Opposition Members. In its January, 1983 "Pre-Budget Statement to the Minister of Finance", the Canadian Chamber of Commerce observed, as set out on page 2 of that brief:

—uniquely Canadian factors which, in our view, have served to make the recession here in Canada more severe than it is in the United States or many of the countries in Europe.

On page 3 the brief goes on to say:

We believe that the most important "made-in-Canada" elements of our recession are the twin losses of consumer and business confidence.

On page 4 the brief reads:

—unprecedented weakness in business confidence ... has resulted in extreme weakness in investment spending ... while economic conditions were the most important factors causing the drop in business confidence, it is also clear that government policies have been a major contributing factor ... nearly 50 per cent of Canada's senior executives cited "government policies" as representing major impediments to increased investment.

In relation to taxing, the brief states on page 5:

—governments have been too optimistic in their assessment of the level of taxation that can be supported by the resource industries. As a result, overtaxation has undermined the ability of these industries to undertake the investment needed—

Confidence results from trust, trust that comes from a feeling that all will be dealt with fairly by the Government which has been entrusted with writing the rules under which we all live, individually and corporately.

• (1130)

The brief of the Canadian Chamber of Commerce indicated the unease which pervades society stating that:

—business confidence in the Government's commitment to private enterprise as the main engine of economic growth in Canada is extremely low.

Also, as the Hon. Member for Rosedale (Mr. Crombie) just stated, tax legislation must be understood and understandable to allow confidence to be in place.

Let us consider the confusion about the automobile standby charge which began within the Department of Finance. It lacked the proper information for employers until December, 1982. It has left a substantial and unreasonable tax burden on many employees for whom there could be no withholding of tax because there was no information. The request of the Commercial Travellers' Association of Canada for delay in implementation until 1983 is not unreasonable. But the bases of the standby charge are inequitable. The initial cost of vehicles and the cost of their operation reflects the purpose for which employers buy or lease vehicles. It is not right that employees should be charged a share of exaggerated costs which do not reflect upon their use of the vehicles.

Farmers today are banding together in the Canadian Farm Survival Association. They find the Government acting to put impediments in the way of their very intent to survive. In October, changes to the Farm Credit Corporation prescribed a penalty for the farmer who might wish to pay off a loan to take benefit of lower interest rates which now prevail. One Okanagan farmer advised me that he would save $400 per month by refinancing at today's interest rate.

June Menzies, speaking to the National Farm Products Marketing Council in Vancouver, said the following:

It is important for everyone to remember that the foundation stone of the whole food system is the primary producer—in this country, the independent, commercial, family farmer who owns the farm and lives on it.

Also she added:

Urban-dominated policy decision, if ill-informed or misinformed, could lead to his destruction.

She further observed that sensitivity was part of Government leadership. What evidence do we have of sensitivity on the part of this Government to what is happening in the agricultural community today? Can it be found in the evidence that there was a Canadian farm bankruptcy increase of 55 per cent to 405 in 1982? Fortunately only five of those bankruptcies occurred in British Columbia where the Government of that Province takes a more enlightened view of its responsibilities to agriculture and to society.

The changes being made to the Unemployment Insurance Act will involve farmers in compulsory deductions and premium payments for employees working as little as 15 hours in any week. This change is resented by farmers generally. The tree fruit industry in British Columbia is particularly concerned because there are so many extremely short-term workers involved in producing and harvesting crops. Surviving farmers selling their family farms to provide for retirement will find that they are adversely prejudiced by the new rules for property reserves and may very well be forced to pay taxes on money not yet received.

On a personal note, my father, who is 93 years of age, left last week for a holiday in Hawaii. He would have been grossly penalized by the actions of this Government. The implications for the longevity, good health and happiness of my father are difficult to assess.

An Hon. Member: Perhaps it was the apples.

Mr. King: Yes, it could have been the apples, but what can be said is that his retirement comfort for the past nearly 30 years has been enhanced because he sold his orchard after 45 years of struggled farming, and when he sold it, he was not subject to the penalties to thrift and planning which the Government now places upon Canadians.

In a letter addressed to myself dated June 16, 1982 the then Minister of Finance explained some of the tax changes and indicated that:

The resulting revenue gain has been used to lower tax rates generally to the benefit of all Canadians.

Where is this benefit to all Canadians? Is it in the $27.2 billion deficit, the legacy of debt we leave for our children, the legacy of debt which the Government has run up through waste, patronage and carelessness? Is the benefit to all Canadians found in the competition on the part of Government for capital investment dollars that would better be put to productive use in Canada? Is the benefit to all Canadians to be found in the pressures of inflation and higher than necessary interest rates caused by year after year extravagances? Or is it to be found in the removal of incentives to work and achieve, which the Minister describes as benefits to Canadians?

Every action of this Government seems intent upon exacting some penalty on Canadians. The average citizen works, struggles and creates as he makes his way in the world, paying his bills, raising his family, pursuing the goals of home ownership and comfort in retirement. Especially evident is the way the Government puts blocks in the way of such individual achievement of legitimate goals.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, listening to the debate which has taken place on this piece of legislation over the course of a number of days reinforces in my mind the problems which Canadians have in understanding the tax structure.

I listened to a number of Members express concern about the complexity of the system. Many of them admitted, I think quite justifiably, that even they were having difficulty understanding it, although it be true that many of them were involved in the actual drafting of the legislation or, if not in the actual drafting, certainly in the passing of the legislation which existed prior to these amendments being brought forward.

I want to take a moment to talk about four points which strike me as important in this debate. The first one which is important to understand is that the present tax system is inherently unfair. The tax system places far too heavy a burden on those with limited means, those who are struggling daily simply to meet financial commitments to themselves and their families. They are being asked to carry a far larger share

of the total tax burden than they reasonably can afford. I will return to this point in a moment.

The second point is the one I made a moment ago concerning the complexity of the Canadian tax system. I know of nowhere else where tax forms are so complex or where rules are so badly written as to make it virtually impossible for average Canadians, educated in the school system of the country, to understand what is expected of them when they fill out their tax forms. It has reached the point where, for the vast majority of Canadian families, tax time is not only a horror story, inasmuch as they might end up paying more than they can afford, but the very prospect of going through countless pages in an effort to find what it is they must pay and to what they are entitled by way of deduction is so onerous and frightening that a new business has been created in the country—the filling out of tax forms.

• (1140)

I might say that I am sure other Members do as I do, and as I have done for a number of years, and that is provide through the constituency office a service, particularly to senior citizens. On occasion I provide this service to other than senior citizens. I assist people in filling out their tax forms. I confess that over the years it has become a complex matter. People arrive in my office with their tax forms in hand complete with their T-4s, T-3s, T-6s and other receipts. I have great difficulty in personally analyzing and coming up with something I feel confident will adequately reflect their tax situation.

My father, who is now retired, devotes a great deal of time to helping people. He has been an executive member of a credit union for years, and as such was involved in financial matters on a daily basis, and even since he has retired he is involved daily in financial matters. He takes the forms not only of those who cannot afford professional help but those who are unable to fill out their own forms, and he does it for them. He said to me just yesterday that the one thing that puzzles him is what that amount really means which is on the new tax form. It is supposed to reflect last year's income. He said: "I have not found anyone yet who can provide information, with the benefit of last year's forms, which would relate to that number appearing on this year's form. No wonder people are confused and do not understand."

My father has taken a number of courses in order to keep up with the changes. If someone has a mind and a bent for that kind of work and still has difficulty understanding the form, then you can well understand, Mr. Speaker, the terrible problems that confront other citizens who are working eight or ten hours every day struggling to pay their bills. At the end of the year they have a form handed to them in which they have not been schooled and about which they have received no real information but they are expected to absorb the contents and fill in the forms.

You cannot talk about a tax bill without considering the whole priority of Government spending. The reason for the tax changes is that the Government's spending priorities have been wrong over a substantially long period of time. You cannot help wondering as you look at the way this Government goes about establishing its priorities who gives the Government advice—

Mr. Thacker: Who keeps the Liberals in power?

Mr. Deans: —who it is that suggests to the Government that it is appropriate to take from those who have little to give to those who have more than they reasonably need.

Mr. Thacker: Who puts the Liberals in Government?

Mr. Deans: Yet this Government continually does that, egged on as you know, Mr. Speaker, by the Conservatives who are constantly preaching that people at the higher income levels need more, and to hell with those at the lower levels.

Then, of course, there is the need to look at the whole question of the Government's fiscal policy and the role of the Government in supporting the Bank of Canada's idiocy of the last two years. This support, I might say, as you are well aware, sir, was given not only by the Government of Canada but also by Conservative spokesmen. They supported a policy which time after time after time, as the Bank of Canada operated supposedly in the best interests of this country, has driven people out of their homes as a result of the insane high interest rate policy. Yet the representative of the Conservative Party on financial matters rose and said he believed that the Bank of Canada, and by implication the Government, was pursuing the right policy. You cannot look at the tax structure without considering that, too.

The four criteria for an analysis of the tax papers before us—the unfairness of the system, the complexity of it, the Government's spending priorities and the Government fiscal policy impact—add up to a terrible burden on the citizens of this country. This is a Government that has taken advice from all the wrong sources. It has followed policies that inflicted terrible hardship and it has followed policies that will inevitably, by virtue of what we have before us, add to the tax burden of the majority of Canadians. This action will make it no easier for Canadians to maintain themselves in the years to come than in the years just past.

Think about the questions I could ask, Mr. Speaker. How do you encourage a construction worker to work away from home on a project which may in the long run prove to be beneficial to the country if you are going to add a tax to his board so that he will be paying tax as if it were somehow or other income?

I see you are rising, Mr. Speaker. Let me add one final comment. How can you encourage small business development if interest rates, as a result of this Government's policy, will only drive those small business people out of business?

This Bill must get to Committee now. This Bill has to be analyzed more carefully because it will cause more harm than good.

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Mr. Speaker, I appreciate this opportunity to

speak on Bill C-139, an Act to amend the statute law relating to the Income Tax Act.

I believe it is in the interest of the Canadian business community for the Government to eliminate the high amount of uncertainty that presently exists with regard to tax changes. The federal Government's budget of November, 1981 was not an equitable document. While the June, 1982 budget did eliminate some of the more onerous aspects of that disastrous budget, this past October budget—and I refer to the Minister of Finance's (Mr. Lalonde) Economic Statement as a budget—has still not completed the task that is so essential in relieving the stress of this recession. The Minister of Finance has produced a document that still does not eliminate those provisions introduced by his predecessor that have contributed to such high unemployment and so many bankruptcies in this country.

Interested groups and individuals from my federal constituency of Hastings-Frontenac-Lennox and Addington have contacted me about particular aspects of the continual changes that have occurred in our income tax laws which serve to penalize the working man. It has been brought to my attention that, with the changed definition of "temporary employment", construction workers who incur legitimate expenses travelling from their permanent place of residence to the construction site where they are employed are now going to have to pay tax on this allowance.

All construction workers understand that their employment is temporary, based on the duration of the particular construction job. Construction workers are prepared to travel to their work wherever it occurs. The decision to tax the allowance for room, board and travel because the construction job has lasted more than two years is unrealistic. Workers in my riding are fortunate to be able to find employment at Ontario projects, such as at Bruce Peninsula and at Pickering. It is unrealistic for many of these workers to move to these sites due to the costs involved, allowable deductions for moving expenses notwithstanding, and the fact that the work is temporary and the individual can be laid off at any time. This is one example brought to my attention which illustrates the point that the Government's stated objective of implementing equity in the tax system in actual fact penalizes the working man.

• (1150)

I find that I am constantly reminded of the Liberal budget motion of 1979 which was moved by the former President of the Treasury Board and seconded by the former Minister of Finance. It stated:

—condemns the Government for its budget which will place an unfair and unnecessary burden of higher gasoline prices, higher fuel oil prices, and higher taxes on middle and lower income Canadians—

—condemns the Government for its outright betrayal of its election promises to lower interest rates, to cut taxes, and to stimulate the growth of the Canadian economy.

It is obvious that this Liberal Government's economic programs of the 1980s, as contained in the November, 1981 budget, which Parliament still finds itself addressing today, totally lacks reality, penalizes working Canadians, discourages investment, and has created an economic recession. There is no doubt in the minds of the majority of Canadians that fiscal responsibility does not exist in the federal Government. In the November, 1981 budget, Canadians were told the deficit would be $10 billion. Then, in June of 1982, they were told that it would be $19 billion; the October, 1982 budget stated $23 billion, and now Canadians are being told $28 billion. Will the next announcement be $35 billion or $40 billion?

Now the Minister of Finance is asking Parliament for the authority to borrow a further $19 billion without giving any projection of need or any complete financial statements to back up this request. This is no way to run a country. If the average Canadian attempted, in any small way, to run his or her personal finances or small business the way in which the federal Government runs this country, he or she would certainly be bankrupt. The federal Government has been morally bankrupt for years. It cannot declare financial bankruptcy because it has nowhere to file.

The federal Government's high interest rate policy has forced a vicious cycle on Canadians. It has driven Canadians out of work. A record 1,598,000 Canadians were officially out of work in January of 1983. The Government's unemployment policy cost Canadian taxpayers approximately $8.5 billion in Unemployment Insurance benefits in 1982. For this cost, the federal Government informed Parliament that it must borrow $19 billion. This expensive borrowing supports the Government's high interest rate policy which will drive more Canadians out of work and force more Canadians through the high interest rate and high unemployment cycle once again.

The Minister of Finance insists that his October Economic Statement is not a budget. Glancing through Bill C-139, it is no wonder that small businessmen in Canada are experiencing great difficulty. This thick volume, comprising 295 pages of numerous provisions and the constant changes to the Income Tax Act, requires an army of accountants to decipher. It is painfully obvious to all Canadians, except those Liberal Members on the Government benches, that a simplification of Canada's tax laws is urgently required.

If the federal Government is serious in its desire to create a constructive program by which to help alleviate the unemployment in this country which leads to the kind of poverty the Prime Minister (Mr. Trudeau) feels Canadians are all the richer for, it will seriously undertake a program to uncomplicate the Income Tax Act. It has been recognized by many very competent income tax accountants that the Income Tax Act is much too complicated. Imagine how the struggling fisherman, farmer or small businessman feels when confronted by these same tax laws. Their simplification is long overdue.

It is clear that the huge federal deficit now facing the country is preventing a recovery of this country's fortunes in a time of economic recession. I do not believe that Canadians would be so troubled by changes to the income tax system if there were some indication that the money was being wisely spent. That is not the case. The numerous corporate bail-outs, the billions of dollars spent as well as the billions of dollars wasted, provide no indication that the Canadian taxpayer is

receiving value for his taxes. The $34 million which was spent on the Maislin company is a glaring example of how the Liberal Party rewards its Liberal friends. The Pitfield Senate appointment and the $800 a day to be paid to Donald Macdonald are also examples of the kind of pork-barreling Canadians cannot afford today.

Bill C-139 does not address these problems. It is specifically the failure on the part of the Minister of Finance to provide effective leadership on the broad economy which prevents him from dealing with the individual problems concerning each and every Canadian.

Recent legislation of the federal Government which reduced pensions paid to Public Service and old age pensioners and limited Family Allowance increases demonstrates the federal Government's so-called restraint program which penalizes the very old and the very young but rewards its friends. Here we have a Government promising a just and equitable tax system but adopting a proposal which clearly discriminates against low and middle income Canadians. It was not competent management which led Canada to being twenty-fourth out of twenty-four OECD countries in economic performance.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, today we are dealing with the Income Tax Act, and many other Hon. Members have referred to it. I would say that the Government has much for which to be thankful. We have what it takes. When I look at this volume containing 295 pages, when I see what is happening to the economy and when I realize that there are 1.5 million people unemployed, I wonder why at this particular time we are dealing with a Bill which would, in effect, take money away from the economy and hinder employment in the private sector. For that matter, the Government will not even have enough, because of its deficit, to go into the public sector.

The question of capital gains is very important to many people in the sense that the capital gains tax itself has penalized those who, over the years, have been acquiring some assets. Without the benefit of any pension schemes, in effect, their only assets and only pension scheme amount to the farms or businesses they own.

At one time we argued against the inclusion of this particular tax because it is necessary to acquire capital in a country like ours. Why should it be that we must go to the United States or other foreign countries to borrow money when, in fact, that wealth could be accumulated here? We would not have to take money out by way of dividends later on. For that matter, we would not pay back as much interest, which is particularly important at a time when our dollar is so devalued. Therefore, if we cannot eliminate this tax and if the Government has to have money, the least it can do is to index the value of the property that it is taxing. If the personal indexing of individual income is a fair principle, then it also should apply to property.

• (1200)

Even if that cannot be done, the least that could be done is to provide an over-all exemption of an amount of $100,000. What happens in many cases where the businessman or farmer retires is that he simply sells off one asset and perhaps moves into a community and buys a home. Under the several examples that were provided here last Tuesday by the Hon. Members for Kindersley-Lloydminster (Mr. McKnight) and Assiniboia (Mr. Gustafson), out of a $60,000 sale he would end up with $15,000. That does not even begin to buy a home, so how can one retire on that? Why is it necessary constantly to change the regulations is such a way that people cannot even plan for their retirement?

Not only does it apply to businessmen or farmers, it also applies to people who have been employed and who have termination benefits. It is not possible to plan anything because one year the regulations say one thing and the next year there is another budget which changes the regulations. The third year the screws are tightened again, and before it is finished every possible exemption will be eliminated to the point that retirement benefits are going to be taxed. The only group that will benefit is perhaps the taxman, or the axeman, if you like. People who have over the years been relying on that retirement benefit are now being penalized. What kind of a society is this? Is it intended to confuse people, or what is the purpose of that type of a society?

I want to move on to another particular section. I am not a lawyer, but I heard the Hon. Member for Moose Jaw (Mr. Neil) the other day complaining about the Bill's complexity, and he is a lawyer. When I think of the forward averaging Section, Section 155.(1) provides:

> "155. (1) subject to section 156.1, every individual whose chief source of income is farming or fishing, other than an individual to whom subsection 153(2) applies, shall pay to the Receiver General"
>
> 106. (1) Subparagraph 157(1)(a)(i) of the said Act is repealed and the following substituted therefor:
>
> "(i) on or before the last day of each of the first 12 months in that period, an amount equal to 1/12 of the amount estimated by it to be the tax payable under this Part by it for the year computed without reference to sections 123.3 to 123.5."

I do not know what that means but it seems to me that what is being asked here is that the farmer or fisherman prepay every month. If that is the implication of that Section, then I suggest that what is happening here is that more bureaucracy is being added and that adds more burden to a farmer or fisherman who is not surrounded by accountants and there is something on the face of his income tax form this year that says that he is going to have to prepay a portion of his tax. Whether he has an income or not, whether he has been hailed out or frozen out or did not catch any fish or whatever the problems are, he is going to have to pay money to the Revenue Department, so they can use his money, and he will pay an interest rate of 22 per cent, if that is what the rate is, only to have the income tax Department tell him a year later that maybe there is a refund to him.

What kind of an arrangement is this? Who is it that needs the money more? Is it the businessman or the farmer? We are

asking the banks now to allow farmers to refinance because they are in difficulty, yet the Revenue Department is telling us: "No, sir, you cannot do that; you have to give it to us first whether you owe it or not". It used to be that one could average out over five years, and at least you knew what your expenses were over the year.

When I look at some of the decisions made by the Department, it tells one taxpayer that his machinery is too old and requires too much repair, that it cannot allow any claim. In other words, it is telling him how to run his business. It is telling him that he has to go and buy himself a new machine. The Department says that this machine is for personal use. A one-ton truck with a grain box is supposed to be for personal use? Can you imagine anyone lumbering around the city or town with a one-ton truck with a grain box, bang, bang, bang, for personal use? What other use is there?

At the same time the Department tells him that he has not enough land. There are many feedlots on a few acres. There are many chicken operations and many hog operations on a few acres, but it tells him that he has not enough land there for his cattle. It also tells him that he has to buy feed. Of course he has to buy feed; many farmers have to buy feed. In fact, the Government was subsidizing the transportation of feed because there was a drought, but the Revenue Department cannot see it that way. Immediately it makes that kind of a decision, the onus is on the individual to go and argue with the Department. The individual has to hire an accountant, run around and see lawyers, write to his Member of Parliament. He has to go through the whole rigmarole, all the stress and strain, and for what? Because somebody made a decision. Add to that the complexity of different people from different Departments giving different interpretations, and one has to choose which one is the proper ruling.

Because many farmers, for example, have had outside employment, because they needed the additional revenue, they are not allowed the same type of tax deduction on their farms. How in the world is financing arranged? The banks will not give it to you and the Revenue Department penalizes you.

I have just one other point. On an envelope dated January 12, the Department notified an individual that he was assessed a certain amount and on the back there was a remittance form stating that he had to make his payment by January 15. Tell me how that letter could be delivered and the money returned in three days' time.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I am glad to contribute a few comments on Bill C-139. I think it is significant that this Bill incorporates the last three budgets of this Government and the dozens of changes that have been made by the different Ministers of Finance in the last couple of years.

I think it is also significant to note that there will be several dozen more technical changes which the Minister says he will be giving to the House after we complete second reading of this Bill. I do not know whether they would have helped us get through second reading sooner but it will certainly be interesting to hear those changes proposed.

I want to restrict my remarks this morning to one particular aspect of the Bill, and that is the complexity of the whole income tax situation that we have now. I was amused by the example my colleague for Mackenzie (Mr. Korchinski), just gave of one horrendous and very complex clause in this particular Bill.

I am a chartered accountant and before I came here ten years ago I did a lot of tax work. In fact, I was the chief financial officer for a small group of companies and individuals and I was able to practise tax work as a chartered accountant. Now I cannot understand the law adequately to be able to give the advice that I used to give.

We have a Bill here, C-139, consisting of nearly 300 pages, and for a long time Liberal Ministers have been telling us that the aim in tax legislation was simplicity and equity. You do not achieve simplicity and equity by a 300-page amendment to the existing body of income tax law. Not only have we not achieved equity and simplicity, but we have come into the worst morass of tax law. It gets worse every time changes are made. We need a new reform which will give us both simplicity and equity.

• (1210)

We do not have equity or simplicity now. I will give an example or two. The present body of law and these changes will not make the tax law any more equitable for single parents, mothers or fathers, who must pay about $4,000 child care for each child in a normal daycare centre. The present tax law allows only $1,000 tax deduction before arriving at taxable income. A person in business is allowed to deduct expenditures; I think the wording in the Act is "laid out to earn income". There can be no argument that the amounts paid out for child care are laid out to earn income. If there was no child care, there would be no possibility of the parent earning a salary.

The parallel in the business world is that a taxpayer in business who hires a clerk to carry out certain functions and who can deduct the total wage cost in arriving at income under the tax law. For years we have been after the Government to increase that $1,000, but we still do not have equity for working single parents.

I have said that we do not have simplicity. That can be clearly seen in the fact that the tax preparation business in Canada is flourishing. I do not know how many hundreds of thousands, and it is probably millions of Canadian taxpayers, have thrown up their hands and said that they cannot cope with the body of information available to prepare their tax forms, so they go to the tax preparers.

I remember rising on another matter dealing with equity and simplicity some years ago. The then Minister of National Revenue was the Hon. Ron Basford. He stated at that time that the Government was unable to give refunds in advance of the return being filed and, therefore, in advance of the end of the taxation year and the returns coming out. Therefore, it

would probably be April of the following year before a Canadian could get his money back.

That may not have been so important at that time, but we now have in Canada 1,500,000 unemployed. When Canadians get a job, their tax is deducted at source on the basis that they will be working for a full year. If they do, that is fine. Come the end of the year, they will probably owe all that has been deducted and maybe a little more. However, we now have a situation where a man works for a few months and then becomes unemployed. He needs those tax dollars back. The probability is that he will not owe any money at the end of the year. The Government has that man's money. He may have to go on welfare if he does not get the money back.

This has led to another whole new industry in Canada, tax discounting. The government has criticized the practice. It does not like it. With modern technology, computers and so on, wage statements could be made. The Government accepts a wage statement on the Unemployment Insurance form if a person is laid off. Why could the tax Department not accept a statement from the employer that so much has been deducted, and if the individual can show that at the end of the year he will not have any tax payable, the Government should be in the position of refunding his money? Many things could be done by this Government to achieve a degree of simplicity and equity in the tax laws. We certainly do not have that now.

Many groups have made submissions to the Government on this subject, including the Canadian Institute of Chartered Accountants, the Canadian Bar Association, the Canadian Construction Association, the Canadian Manufacturers' Association and the Canadian Chamber of Commerce. All of these groups represent millions of Canadians in one way or another. Most of them are in the small business sector. They cannot afford the technical and professional advice that is needed in order to cope with the tax laws.

I was particularly struck by a paragraph in the brief submitted by the Canadian Chamber of Commerce entitled: "Complexity of the Income Tax Act". It should be on the record and I propose to read it. I quote:

> Income tax legislation, especially as it relates to Canadian-controlled private corporations, is becoming so complex that it is all but incomprehensible to the businessmen who are paying the taxes. In 1971 a new tax system was introduced which provided integration for Canadian-controlled private corporations; that is, the ultimate after tax return realized by the shareholder of such a corporation was almost exactly the same whether he earned business income directly as an individual, or earned it through a corporation. In 1977 a "mini reform" was introduced which included, among other things, an enriched dividend tax credit, one of the results of which was that shareholders of Canadian-controlled private corporations which had income eligible for the small business deduction received a larger after-tax yield on income received through a corporation than on income earned directly. Much of the present complexity stems from that decision, since successive budgets have been adjusting the system in an attempt to reduce this advantage. This patchwork series of adjustments finally resulted in the introduction, in the 1981 budget, of the corporate distributions tax (which we will deal with in more detail below).

I will skip a bit and then read the final paragraph dealing with complexity. I quote:

> In considering whether the system has become too complex we believe a distinction should be made between acceptable and unacceptable complexity. If a businessman decides to reorganize his corporate structure, he would expect to be involved in complex provisions. However, we believe he is entitled to earn income, pay tax on the income and declare dividends under an understandable set of rules.

We on this side have often urged the Government to come up with a set of rules which the average taxpayer, whether he be a small-businessman, wage earner or—

Mrs. Mitchell: He or she.

Mr. Clarke: The Hon. Member for Vancouver East (Mrs. Mitchell) is thrashing me for ignoring the women. I wish to put in the usual disclaimer. Any words which I use which denote the male gender are also to be taken to include the female gender.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I am not pleased to rise to speak to Bill C-139. I am very concerned about the impact of this Bill, particularly on low-income Canadians. As has already been stated, Bill C-139 is a complex, regressive, omnibus tax Bill. It is completely unacceptable to the New Democratic Party both from a social and economic point of view.

As the previous speaker pointed out, this 300-page Bill is very difficult to understand, even for him, and he is a tax expert. I am sure he will agree that the principles are easy to understand. This Bill follows the typical Liberal-Tory tax philosophy, which is punitive toward low-income earners and rewards the rich. As the social policy critic, I want to comment on the social implications of this unjust Bill.

On February 10 our leader referred to the injustices of Bill C-139 when in this House he implored the Prime Minister (Mr. Trudeau) to do something for over 3.5 million Canadians who live in poverty in this country. He pointed out that this Bill puts a disproportionate tax increase on the poor in comparison to the rich. For example, a family of three earning less than $18,000 lives in poverty, according to the latest poverty facts published by the Canadian Council on Social Development. Bill C-139 will increase taxes for this kind of a low-income family by 23 per cent. However, if we compare this with the percentage tax increase on higher income families, for instance a family of three with earnings over $100,000, the tax increase is only 10.5 per cent. Less than half, Mr. Speaker. Twenty-three per cent tax increases for the poor and 10.5 per cent tax increases for the rich.

• (1220)

There is no doubt at all of the principles and philosophy on which this tax Bill and, indeed, the whole tax system of Canada is based. The Hon. Member for Hamilton Mountain (Mr. Deans) said earlier this morning that the tax system of Canada is unfair. It places far too heavy a burden on those with limited resources and means. We know that the Liberal tax system which, in philosophy anyway, is supported by the other Party, is based on a hidden welfare system which robs needy Canadians of essential social security programs and provides substantial benefits through tax policy to upper and middle income families. Canadian expenditures for corporate

welfare continue to grow despite dismal results in job production and other promised socio-economic benefits. Canada forgoes vast sums in revenues which are needed for essential programs for the common good through a regressive and highly inequitable tax structure.

Bill C-139, of course, reflects this Liberal tax policy. It focuses on corporate welfare benefits while penalizing those of limited means and at the expense of funds which are needed to maintain vital social programs during a time of high unemployment and severe economic stress.

One of the specific measures of this Bill is to authorize payment of an extra $50 per year, for this year only, on the Child Tax Credit. And it is important to point out to the Canadian public, Mr. Speaker, that this is for one year only. It is a bonus of $50. This credit supposedly was to compensate for the rollback of indexation of Family Allowances to 6 per cent this year and 5 per cent next year. Of course, it does not take too much expertise to figure out that the rollback reduces, in effect, the base rate of Family Allowance payments which will continue thereafter.

The Child Tax Credit is really, in effect, a smokescreen in order to pacify people for one year, but it does not remain as a benefit for low-income Canadians. We strongly opposed this approach when we debated Bill C-132, which imposed indexing restraints on Family Allowances. This Bill obviously reflected the Liberal Government's inclination and subtle intent to undermine universal Family Allowances, a program which applies to all Canadian families with dependent children. We, of course, feel that in any universal program there is a need for more effective tax-back provisions to be applied to higher income families, if it is also to be just.

I want to put on record, Mr. Speaker, that this Party does not object to poor families receiving an extra $50 this year. In fact, the Child Tax Credit should be far higher, particularly since poverty and unemployment have increased so drastically. If Family Allowances and tax credits were increased, it would not only be a more just social policy, but it would also help the economy. Most Family Allowance cheques are spent immediately on consumer goods, for food and clothing, and Child Tax Credits are used by low-income families, and also slightly higher income families, largely for family items. This, therefore, creates jobs and helps small businesses.

The Child Tax Credit gift of $50 is sheer deception, however, Mr. Speaker. It is really hypocrisy. It is for one year only, and the reduction in the indexing of family benefits will continue to reduce the base amount of money which families will receive in the future. This is just not the position of our Party. And it was documented very clearly by the Canadian Council of Social Development when they appeared before the Committee on Health, Welfare and Social Affairs.

Recently I met with representatives of the National Anti-Poverty Organization and we discussed their concerns about the Child Tax Credit. I would like to just refer to their news release in which they stated that approximately 2.5 million mothers receive the Child Tax Credit. The vast majority of these mothers cannot wait until the end of the year to receive their full Child Tax Credit. However, the National Anti-Poverty Organization which surveyed a sample of low-income women found that these women wanted to have the Child Tax Credit retained as an annual benefit because they needed a lump sum amount. It is very difficult to save from a monthly cheque for certain larger payments which they have to make.

One of the great problems with relation to Child Tax Credit is the deplorable usury going on in Canada where low-income people are being exploited because of their need for an advance on the Child Tax Credit. I believe it is important to bring this problem to the attention of the House and the Government so that something can be done about it. We are told by the national anti-poverty group of their very serious concern regarding low-income families who are losing part of their Child Tax Credit benefit to tax rebate discounters. Loan companies are legally allowed to charge 15 per cent of the value of the rebate for filling out an individual's tax form and providing a tax advance. Of course, families who need this money are going to these "rip-off artists", as my colleague says, and are losing 15 per cent of the actual tax credit. We feel it is essential that the Government place some restriction on this kind of practice and we would ask it to consider such restriction. The executive Director of NAPO stated that a sizeable portion of the Child Tax Credit will not be getting to the families for whom it was intended this year—that includes the $50 increase provided by this Bill—if something is not done about this matter.

I would also like to say, Mr. Speaker, that we have called for a review of all the family benefit components of the income tax system with a view to reforming the system in order to provide the greatest benefits to those families with the lowest incomes. We feel that there should be a declining scale of benefits for families with higher incomes. In particular, we call for an analysis of spousal exemption, the child exemption, the child care deduction, the refundable Child Tax Credit, and the Family Allowance. We feel it is essential that these programs be reviewed and the tax policy be reformed so that benefits go to low income families and are reduced proportionately as the income of those families increases.

Mr. Gordon Towers (Red Deer): Mr. Speaker, in looking at Bill C-139, we find that the Government is in a serious situation as a result of fiscal irresponsibility. It is a great misfortune, but it was the inevitable result of the direction in which the Government has been going over the past several years. Unfortunately, the Government has not adopted a policy of "cutting the cloth to fit the pattern". Therefore, we find that the Government's take from the economic community becomes greater and greater each year. This is a great misfortune because it is putting too much of a load on the ordinary business corporation in the business community and on the ordinary Canadian worker.

• (1230)

Canadians are awash in taxes. We have been provided some figures by the Fraser Institute. In those figures we find that in 1961 the average family with an income of $5,000 faced a tax bill of $1,675. By 1980, the average family was earning

$22,500 and, of that, $10,306 went to the tax man at three levels of Government. Since 1961, the tax bill to the average family has shot up by 515 per cent.

We have seen a perfect example this year of what a misguided Government is doing to our economic state because of its massive deficit borrowing. The Government first stated that the deficit would be $10.6 billion. It is now up to $27 billion and I believe there is a great possibility that it could end up at $30 billion at year end. Deficit financing, or borrowing, is, in effect, deferred taxation. Somewhere along the line someone—our children or grandchildren—will have to pick up the tab for what we are doing today. If we do not leave something tangible in return for that massive amount of borrowing, we are being very unfair and essentially stealing from future generations.

When one calculates this deficit borrowing into the whole picture, taxes have increased between 1961 and 1980 by 619 per cent. That is a tremendous increase which, of course, we cannot afford.

There does not seem to be any plan from the Government to bring us out of this economic mess that it led us into in the first place. While it has set up the Macdonald Commission, it will not make a report for another two or three years. There are economists, people in the business community, and I know there are Members in the Opposition, who could give the Government some advice about how it can get out of this current mess. I wish the Government would listen to some of the suggestions we are trying to make to it in order to assist not only the Government itself but the Canadian taxpayer generally, so that we may begin an economic recovery.

The tax index has escalated more rapidly than any other economic burden that a family faces. Canadian families now pay more in taxes than they do for food and shelter combined. I suggest that the editorial in the Toronto *Globe and Mail* dated March 31, 1982 perfectly depicts the situation that we are in. It says:

> Most Canadians, unfortunately, won't see a copy of this Fraser Institute document—

These are the figures I used.

> —and they will scarcely get much information on its message from their tax man or their political representatives. But, until they "wise up" to the fact that governments cannot spend the people's money better than the people themselves, we will continue on the long slide to total dependency on the state and its expensive bureaucracy.

Unless the Government adopts that as a basis for recovering from this mess, I do not see any other way to accomplish much for the ordinary Canadian taxpayer.

At the present time, we find that food prices are rising at approximately 7 per cent a year. This really does not make much sense to the agricultural producer in Canada when he or she, or both together, find their income depreciating by 15 per cent a year. That was the loss last year and that is what it will be this year. That does not make economic sense.

When one considers the number of bankruptcies that are occurring today both inside and outside the system, we will find ourselves in a very serious situation in the near future. Unless the Government develops a new policy, we will continue down this road to destruction.

John F. Kennedy used to say that "Victory has a thousand fathers and defeat is an orphan". This is also true for people starting a business. A person starting a business immediately has the Government as a partner—most of the time on their back—but once the business suffers reversals, he or she ends up as an orphan. There are certainly many orphans in Canada today. The rate of bankruptcies in Canada is staggering. In the past ten years, the total number of bankruptcies has increased four times in the business sector and more than ten times in the consumer or personal area. In 1982 there were more than 10,700 business bankruptcies and more than 30,600 consumer failures. To this total could be added those farmers and small business corporations which have simply closed the door. That is a tremendous amount.

In turn, this creates a real problem for the Department of National Revenue and the Government as a whole because those people are not paying taxes that they would normally pay. No doubt this is where the Government went wrong in its projection that the deficit this year would be a little over $10 billion and has ended up closer to $30 billion. The revenue was not there. Further, there will be large refunds out of that revenue to those who are asking for refunds on their income tax. No doubt as a result of Bill C-139 there will be a delay in those pay-outs until the next fiscal year. This will create further problems next year. This is why the Government is suggesting that the deficit in the next fiscal year will probably be $30 billion to $35 billion. We do not know whether the Government will be able to hold the deficit to that figure. I hope they are not as wrong next year as they were this year because the situation will be intolerable if they are. I do not think the Canadian taxpayer will be able to carry the burden when one considers the amount of debt we are acquiring.

That is why I indicated earlier that the Government must learn how to cut the pattern to fit the cloth. Until that happens we will just keep drifting. Of course, Canadian taxpayers will become more and more frustrated than they already are. They will not be able to carry the burden any longer.

I see you are prepared to rise, Mr. Speaker. Perhaps as this Bill progresses I will have the opportunity to make more comments on it.

Mr. Jack Murta (Lisgar): Mr. Speaker, in the short time I have available I would like to make a number of comments relating to the amount of correspondence I have been receiving over the years from the farming industry in my riding that is particularly adversely affected by capital gains tax.

First, I would like to make some general comment on Bill C-139. Any tax changes that are brought about by the House of Commons should be clear and understandable, as well as just and fair. We have to use that as a broad, general guideline under which we must operate.

• (1240)

Bill C-139 combines three budgets, Mr. Speaker, those of November, 1981, June, 1982 and October, 1982, and is probably the most complex Bill that this House has ever had to deal with. It is far from being clear and understandable. Our tax system is becoming more complex all the time.

What we are really doing through this measure is bringing about a guaranteed income for accountants and tax lawyers. If I were advising young people about an occupation they should consider, besides the sciences and computers, I would advise them to become involved with the Canadian tax system. By understanding portions of it at least, they would be guaranteed an income for as long as they wanted to stay in business. That certainly is not, or should not have been, the intention of Members of this House, but it seems to me it was the intent of the bureaucrats who drafted the legislation.

At the outset I mentioned that I wanted to talk about the capital gains tax as it pertains to agriculture. Over the years representatives of agriculture have pleaded with the Government to understand that agriculture is a different kind of industry and that, in the initial stages, the capital gains tax should not have applied to it. In my 12 years as a Member of Parliament representing an agricultural constituency, I have not received as much mail about anything as I have about the capital gains tax. The subject crops up when farm land changes hands through transfer or inheritance.

There are many items in the tax system that must be changed but the single most important item is the capital gains tax. It is wrong for agriculture because the capital that is taxed is tied to land and buildings, the value of which usually appreciates during the period of ownership. The capital gain that accrues over a period of time is generally regarded as the retirement fund or the old age pension for the farmer and his wife, but we are taxing it away and in some cases making it extremely difficult for farmers and their wives who have worked hard all their lives to look forward to a retirement on the same scale as the rest of society.

In my opinion, it is wrong to apply the capital gains tax to land and buildings and other farm assets. Farmers have asked for an upward adjustment of costs based on inflation. Valuation day, set for 1971, was the worst possible time for agriculture as low prices prevailed at that time. In southern Manitoba land was selling for less than $100 per acre. The price was depressed because there was a glut of grain which affected all of agriculture. At the present time most agricultural land in southern Manitoba sells for between $500 and $1,000 per acre. Valuation day does not take into consideration the inflation factor.

Farmers have also requested a once-in-a-lifetime exemption for bona fide farmers or their spouses who have been involved in farming for a long time. There is also the question of the rollover provision on transfer of farm property with deferral of tax on capital gains that should be extended to include several classes of people. First, a widow whose spouse was engaged in farming; second, a farmer who no longer can farm but is still actively engaged in farming; third, a farmer who leaves his farm to his family farm corporation—and most farms are headed in this direction at the present time; and fourth, the farmer who cannot farm part of his land because of its location.

Ill-health, old age or distance may be an inhibiting factor in the transfer of a farm to a spouse or children and may prevent the farmer from being able to meet with the requirements of being "actively engaged in farming". Farmers without children are put into a special category which makes things difficult for them. They should be able to transfer the farm to another member of the family but obviously this cannot be done at the present time. Farming is tough enough, Mr. Speaker, and profits are hard enough to come by at the best of times without the Government making things much more difficult for the farmer, for his spouse and for his children.

When we deal with tax legislation in the next session of Parliament, I plead with Members of the House to consider some of the concerns that I have outlined. I do not ask that farmers receive any special treatment within the tax system but just what is considered by most people to be fair and equitable.

Mr. Garnet M. Bloomfield (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, I am sure you are aware that this is a very important Bill that we are dealing with and that every day passage is protracted is detrimental to many Canadian taxpayers. You will also be aware that the Government cannot process tax refunds until the Bill has become law. Early refunds tend to go to people who need them most, such as single mothers and others in dire financial need.

Time is of the essence on the Bill so we need to take advantage of the time available to us. Therefore, pursuant to Standing Order 8(4)(a), I move, seconded by the Hon. Member for Kent (Mr. Bossy):

That the House continue to sit between 1 p.m. and 2 p.m. this day for the purpose of considering Bill C-139.

• (1250)

Mr. Deputy Speaker: The House has heard the terms of the motion. Is it the wish of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: According to the provisions of Standing Order 8(4)(a), if 25 Members rise in their places to object, the motion is declared defeated. Shall the motion carry?

And less than 25 Members having risen:

Mr. Deputy Speaker: There not being 25 Members rising in objection, the motion, according to the provisions of Standing Order 8(4)(a), is deemed to be carried.

Motion (Mr. Bloomfield) agreed to.

Mr. Joe Reid (St. Catharines): Mr. Speaker, the riding of St. Catharines is an urban industrial riding. It ranges from big business, as represented by General Motors of Canada, its

largest employer, to a wide range of single family, small business operations. As one voice, they cry out that the Government should provide a fair and reasonable tax system, put it in place and end the fiscal uncertainty which has plagued Parliament for so long.

The Minister speaks of many consultations and says that the Bill is the product of those consultations, while in fact it has its foundations in the budget of November, 1981, one which will change the course of budgets from here on. There are four major versions of that budget: the one which was introduced in November 1981; the one as amended in December, 1981; the June 28, 1982 version; and the statement version of October 27, 1982. In addition thereto, there have been a great number of minor setbacks, announcements and variations which have completely confused the business world. Real consultation in advance might have saved much of that confusion.

Before the Government embarked upon such a punitive tax Bill as this one, it should have taken a realistic look at our business community and started to listen to some of its concerns. Canada's productivity performance is the worst in the western world; at least so says the chief economist of the Organization for Economic Co-operation and Development. Canada's cost of production is way out of line, comparatively speaking. Among other recommendations made at that time, it was recommended that taxes be shifted away from investment, that there should be a release of some of the pressure on profits, and an encouragement of new technology, renovations and equipment.

But what do we have here? It is nothing less than an attack on investment. It eliminates the incentive of investment. The limiting of the capital cost allowance, as was mentioned frequently before, to one half the normal rate in the year of purchase of the asset discourages the retooling needed to increase productivity. It adversely affects our shipbuilding industry, the automobile industry and papermakers, let alone its deterring effect on small business generally.

Our country does not particularly reflect a nation of good employer/employee relations. The November budget proposed to increase the taxation of employee benefits in several different areas, and now the taxation of employee benefits will result either in higher wages, when wages are already a deterring factor in our productivity, or add to the friction between employer and employee. Yes, the Government yielded on the taxation of health and dental proposals, but it still proposes to tax employer loans which businesses make to their employees so that they may purchase homes. And so it goes on with respect to other travel and accommodation costs.

To create better working relations and to give employees an interest in the business, loans were made to assist employees to purchase shares in their respective businesses, particularly the ones in which they are working. How many of those employees will now pay tax to purchase shares from their employers? If an employee has the use of a company-owned or leased automobile, he is taxed on a standby basis. That standby charge is to be doubled, imposing an unnecessary hardship on the employee and further aggravating an already troubled auto industry. All down the line we see that the economic problems facing us today point in one direction, while this budget goes in the opposite direction.

I mentioned earlier that this budget was the result of a patchwork job on the November, 1981 budget. The patching is bad enough and the uncertainty created has been simply disastrous, but just when we think the Government has settled on a final version, the Minister of Finance (Mr. Lalonde) stands in his place and tells us that it just is not so. Questioned in the House about the tattered discards of the November budget, the Minister rose to their defence and said that there was nothing wrong, that he believed in them and that only the timing was wrong. When, Canadians might ask, is the time right? Would it be tomorrow, next month or next year? Until that question is answered, the threat of the full November 12 budget will still be hanging over us; the confusion and the uncertainty will still exist.

Is there any wonder that there is frustration in the St. Catharines business community? No business can plan with this kind of tax uncertainty, and the Minister's remarks only fan that uncertainty. Nor does this Bill give a business or an individual much cause for optimism about the future. For businesses, this legislation means more paperwork, less private financing and higher taxes. For individuals, particularly in the lower to middle-income tax bracket, the result is higher taxes. Yet these same individuals are being urged to get out, spend their available dollars on consumer goods and help the economy get going again.

Quite the reverse is bound to happen. Disposable income which might have found its way into a new car, new furniture or appliances will be chipped away and the remainder regarded as a necessary buffer against future calamities or casualties. It is not that long ago that these same Canadians were struggling with 20 per cent mortgage rates. However, I must admit that what galls my constituents and me the most is the fact that this legislation has a negative impact upon employment. St. Catharines-Niagara is an area which has been plagued by high unemployment for many years. Jobs have disappeared at the rate of 1,750 per month over the last two years; 33,000 people in my community are actively looking for work. This legislation will further aggravate the situation because it will hurt the shipbuilding, automobile and construction industries, all three sectors which affect employment in our area.

• (1300)

I have gone on record on numerous occasions, Mr. Speaker, as being opposed to the November budget and the dog's breakfast which this Bill presents. I strongly urge Government Members to give careful consideration to the anti-investment aspects of this legislation and the detrimental effect they will have in their respective ridings.

I see you are rising, Mr. Speaker, but just let me say that if Government Members do not consider that, perhaps the dubious wisdom of raising taxes at a time of severe recession

will surely affect their vote. I ask them to vote with the Opposition in the best interests of Canada and in the best interests of their own constituents.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I am glad to add my remarks on Bill C-139. First, I would like to comment on the remarks made by the Parliamentary Secretary to the Minister of National Revenue (Mr. Bloomfield), who indicated that by debating Bill C-139 and trying to deal with some of the issues and principles involved, we as the Opposition were delaying the issuance of tax refunds to Canadians.

Some Hon. Members: Oh, oh!

Mr. Cosgrove: That is true.

Mr. McDermid: What about the T-4s?

Mr. Gurbin: One of the reasons Canadians are having difficulty trusting this Government and politicians today is the kind of comment emanating from Parliamentary Secretaries and Ministers who sit opposite. They try to bluff their way through and create the illusion that they are being responsible by giving us a Bill consisting of 295 pages and containing a number of complex issues. The Government first presented this Bill last December, waiting over a year to introduce it. In the meantime, the Government brought in a number of other bills, including C-131, C-132 and C-133. These Bills reduced Family Allowances, pensions and other matters and will affect a large number of Canadians who are in difficulty because of the economic times which have been created by the Liberal Government. The Government did all of those things and yet tells us that we should not take a careful look at this complex piece of legislation, which probably most Members opposite do not understand if the truth were known.

Tax refunds probably will be delayed this year. The Government needed an excuse. It needs the capital and the money it will save by doing that. Also the computers will be down in the Department of National Revenue which will prevent the refunds from being issued on time. There were ample opportunities for the Government to bring in this Bill so that it could be adequately discussed. For the Government to claim now that we are holding up this legislation is a sham, and it should be ashamed.

I have three points that I would like to outline. They have been made in a variety of ways by a number of Members. Dealing just with the complexity of this Bill, let me open the Bill at random. At the top left-hand side under Section 54, it reads:

"(5.4) Where there has been a disposition by a non-resident of a life insurance policy in Canada by virtue of subsection 148(2) or any of subparagraphs 148(9)(*c*)(i) to (ii) and (iv.1), the insurer under the policy shall, for the purposes of subsections (5.2) and (5.3) be deemed to be the taxpayer who acquired the property for an amount equal to the proceeds of disposition as determined under section 148."

I would challenge one of the Parliamentary Secretaries or the Minister to stand up and interpret that paragraph for us very quickly. It contains four or five references which I pulled out at random. This paragraph identifies one of the major problems we have in Canada with our whole tax system by showing how very complex it is. It creates great difficulties for the taxpayer.

Mr. Lyman J. MacInnis, a senior partner of Touche, Ross and Company in Toronto and President of the Chartered Accountants Institute in Ontario, delivered a speech a little while ago in which he made three basic points about the tax system in Canada. He indicated that the tax system in Canada should be self-assessing. In other words, the individual taxpayer is required to respond to this system on his own behalf. The majority of Canadians are required to interpret legislation like this and then establish their tax position. They are required to deal with the Department of National Revenue, which employs a large number of specialists who devote their full time to dealing with tax policy. Mr. MacInnis also said there should be an ability for self-assessment by having tax measures in clear and unmistakable language. Let me again refer Canadians to the random opening of Bill C-139 that I have just made. Is that an indication of clear, unmistakable language?

The courts have identified this problem. They, too, have said that tax legislation should be in clear, understandable language. There is hardly any argument, whether from an accountant, a lawyer or a Member of Parliament, that this is a basic problem of our tax system. Mr. MacInnis gives us a number of examples going back to the first tax Bills right up to the most recent. He gives us the impression that the accountants, those dealing with this matter, are not able to respond satisfactorily to the needs of their clients and individual Canadians. The language in our Income Tax Act has created confusion. It is difficult for any of us to deal with it. Unless the language is cleared up and we start to deal with this problem adquately, it will go on resulting in more and more specialized people dealing with measures that are more and more confusing to the average Canadian. We will have a dichotomy, a separation, of interests and understanding. In fact, we are left as a country in confusion over the whole tax system.

I have two other points. One is on behalf of the Canadian people. I will quickly run through proposals that will affect individual Canadians through their personal income tax changes. One is the replacement of the IAAC deduction with the forward averaging measure. Then there are the changes referring to the taxation of employee benefits; the limitation on deduction for investment interest costs; a reduction of federal dividend tax credit to 34 per cent of cash dividends; the repeal of the capital gains revenue deductions; the requirement of professionals to inventory work in progress; the prevention of excess transfer of claims for $1,000 investment and pension income deductions; the restriction of $1,000 pension deduction to retired persons; the restriction of personal exemption for non-resident dependants; and deindexation to 6 per cent in 1983 and 5 per cent in 1984. These are all things that affect individual Canadians through their personal income tax. It gives us a situation whereby Canadians will face higher income taxes as a result of these provisions.

I see that my time is drawing to a close, Mr. Speaker. I could list things that affect business, making it very difficult

for business to operate. Included are the capital cost allowance changes and so on. These are leading to a situation where individual Canadians will be less able to look after themselves, where business is less able to function, to grow and create the economic activity which is important to our country. We end up with a government that is increasing activity daily, increasing its spending, its deficits, its borrowing. We have more and more emphasis on Government activity and less and less ability for individuals and business in Canada to carry on with theirs. We are forcing Canadians—this is the crime of which Bills like this are part—to depend upon a state that cannot look after them.

That is the legacy of the Liberal Party. That is the result of years and years of mismanagement. It started off with John Turner and Donald Macdonald, and it is continuing under this regime.

• (1310)

Mr. Rod Murphy (Churchill): Mr. Speaker, in speaking on Bill C-139, it is interesting to point out that the Government has used its right to extend the sitting hours so that we are sitting through the lunch hour to discuss this very important piece of legislation. The Government is once again proving that it will use the mechanisms of the House to try and rush through important legislation.

This bill represents the economic and moral bankruptcy of the Government. As well, it represents its bankruptcy of leadership. We have before us a 300-page piece of legislation which would bring in a number of amendments to the Income Tax Act. Our taxation system is already tremendously complicated. An article written by Robert J. Jackson, the head of the political science department at Carleton University, for yesterday's *Toronto Star* states in part:

> Income tax forms have grown so complicated over the years that great numbers of confused Canadians seek professional help to fill them out. Yet difficulties at the individual level are but pale reflections of the confusion and insecurity that is generated throughout the system by flaws in the taxation process.

Yet that process will be further complicated if the legislation is passed at this time. Another layer of amendments is being added to the Income Tax Act, another layer of confusion which will make it hard for the ordinary Canadian to understand what taxation is all about. The Government should be introducing comprehensive legislation, rewriting the whole Income Tax Act, making income tax something that ordinary Canadians can understand again, doing away with the litany of tax deductions which help those at the top, and doing away with the confusion which it has created when it has introduced as it is now doing, piecemeal changes to the taxation system.

I said earlier that the Government suffers from a lack of leadership. It is evident in every piece of legislation that comes before the House. It is evident in the very acts and speeches of cabinet Ministers of the Liberal Government. They have lost the ability and the will to lead the country. Only the problems of the Conservative Party keep the Liberal Government in power at this time.

Canadians are facing record unemployment. Canadians are suffering because of lack of leadership by the Government. Canadians want the Government to provide leadership. Canadians want jobs for themselves and for their children. They want the Government to introduce legislation which will help them in each and every part of the land. This Bill does not do that.

The Bill, we are told, must be passed because to delay it would affect the amount of time required by the Government to process 1982 income tax forms and refunds. However, let me remind Your Honour that many of the articles in the 300 pages of the Bill are from a budget which was introduced in the House in November of 1981. The Government did not act at that time. Other parts within the Bill come from the June 28 budget of 1982. Again, the Government did not act to introduce legislation in the House. Other parts of the Bill come from the October, 1982 budget of the present Minister of Finance (Mr. Lalonde). Again the Government did not introduce legislation in the House.

The Government had 13 months in which to introduce this legislation but it failed to act. Now we are speaking during the lunch hour as a result of an attempt by the Liberal Government to rush this legislation through, to pass it before Canadians who will be affected have a chance to respond to their Members of Parliament and to the Liberal Government. That is part of the moral bankruptcy of the Government, part of its mechanisms which stifle debate and prevent Canadians from understanding the taxation system in this land. It is part of the mechanisms used by the Liberal Government to prevent Canadians from participating in the democracy of this land, because they are not able to understand what is going on in the House of Commons and are not aware of what is in the legislation being discussed.

This does not apply to all Canadians. Those Canadians who are represented by powerful lobbies, by interest groups which meet with the Prime Minister (Mr. Trudeau) and the Cabinet, do have the ability to change legislation. They have the financial resources to ensure that their loopholes are enhanced. They have the ability to ensure that Government introduces legislation which, as this legislation does, removes the percentage of tax to be paid by those who earn the most. Significant deductions will be allowed to those who earn the most. The tax percentage of those people who earn over some $130,000 a year will be dropped from 43 per cent to 34 per cent, a tremendous reduction for those who could best sacrifice.

The Prime Minister has appeared on TV and radio to discuss the necessity of sacrifice and of Canadians co-operating together, yet the Bill states that those who have the most, who earn the most, who are best able to sacrifice, will pay less to the Government of Canada. What kind of justice or taxation system is that? What kind of Government would introduce taxation legislation enabling the rich to become richer at a time when we have unparalleled unemployment across the country? We must oppose the legislation because it is unfair and because it is complicated. Our taxation system should not be so complicated that Canadians cannot fill out their own

taxation forms. However, we oppose it mostly because it represents the bankruptcy of the Government, the fact that the Government is now moving from legislation to legislation, from speech to speech, from PR effort to PR effort, without any concrete plans which would help the average Canadian.

This approach by the Government, by the PR team headed by the Liberal Senator Keith Davey, whose sole job, financed by the taxpayers of Canada, is to keep the Liberal Government going, represents the moral decay of the Government. It represents the Government's loss of concern over the fate of the average Canadian. It represents the fact that the Government has only one purpose, and that is to retain power. Canadians deserve better than that, and I hope all Hon. Members will oppose this legislation and force the Government to introduce comprehensive tax legislation and economic policies so that Canadians can once again trust the leadership of their Government.

• (1320)

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, most people today have been speaking about measures included in Bill C-139 and how they will affect Canadian taxpayers. However, I would like to talk about a measure that should have been included in any Bill amending the Income Tax Act but is not in Bill C-139.

When the previous Minister of Finance introduced his ill-fated budget of November, 1981, he promised reform of the Income Tax Act that would promote equity and fairness. Bill C-139 stems from that budget, yet it does very little to promote the goal of equity and fairness.

As a good example of this, I would like to discuss Section 31 of the Income Tax Act which deals with the deductibility of farm losses. Under the Income Tax Act, there are three classes of farmers. There are those whose major source of income is farming but who may earn some other income not related to farming; there are those whose chief source of income is not farming, or a combination of farming and some other source of income, but who still carry on farming with a reasonable expectation of a profit; and third, there is the taxpayer whose chief source of income is not farming but who carries on farming activity with no reasonable expectation of making a profit. This category is commonly referred to as the "hobby farmer."

My concern is with the second class of farmer and how Section 31 applies to this taxpayer. Under Section 31, the second class of taxpaying farmer, whose major source of income does not come from farming but who can reasonably be expected to make a profit from his farming, can only deduct farming losses of $5,000 a year. This $5,000 deduction has remained constant since it was introduced in 1952, over 30 years ago. Not once has it been increased to reflect general inflation or specific cost increases to agriculture. If this deduction had been indexed since 1952, I suggest it would today be worth $20,000, a four-fold increase. In other words, the deduction is only worth one-quarter of its 1952 value. This is obviously inequitable and unfair to this class of farmer.

It is fairly easy to speak of Section 31 in the impersonal terms of a Government tax accountant, but what we often fail to see is the terrible impact that such a measure can have on an individual or a family. In my riding, I have had a number of individuals who are trying to start up a farming operation come to see me because Section 31 of the Income Tax Act is effectively wiping them out.

I would like to discuss one particular case because I think it illustrates the problem very well, and it was brought to my attention just last summer The farmer in question was born and raised on his parents' ranch, and he inherited one-quarter of it in 1970 upon the death of his father. Being raised on the ranch and trained as a rancher, he knew the business and felt he could make a living and support a family. During the two years that the estate was being settled, my constituent worked hard with an exploration company and saved every cent he could to develop his share of the ranch. When it was finally his in 1972, he began fencing in the land to raise livestock. He acquired some cattle and purchased necessary farming equipment, paid for by taking out a bank loan and by working part-time off the farm.

In 1975, he applied to the Farm Credit Corporation for a loan to buy additional equipment, put up a barn, purchase a mobile home, instal power and do some necessary roadbuilding. He was turned down for a Farm Credit Corporation loan.

In spite of this setback, my constituent continued to work his land, and in addition he began to consolidate his property which had been in nine separate parcels. He also sold low, wet land where half of his hay crop had been flooded out and purchased upland hay land. However, in spite of his efforts my constituent had to begin full-time work off his farm in 1977 to get sufficient money to continue developing the farm. Basically, this was because the Farm Credit Corporation had been unwilling to give him the loan necessary to develop the land. From 1977 to 1981, my constituent worked at a sawmill located in a remote area of B.C. accessible only by aircraft and he put every penny he could into his farming operation. During this interval he could only farm approximately 84 days a year, weekends and holidays, because of his outside job. In June of 1981 he again applied to the Farm Credit Corporation for a loan, this time being successful, and he began to farm full-time once again.

Since 1978 he has cleared over 200 acres of hay land and more than doubled the amount of hay produced. He started to build a home on his land, but at this time he, his wife and their three young children live in the basement of this partially completed dwelling, without the benefit of running water. His land is good and he is finally on the brink of reaping the benefits of the 10 years of hard labour that I have just described.

However, last spring Revenue Canada struck, in the form of tax auditors. Because of Section 31 of the Income Tax Act, my constituent can claim only $5,000 a year in farming losses for the 1977 to 1981 period, even though he plowed all the money

he earned into his farm during that period. His actual losses during this time ranged annually from $7,500 to almost $17,000 and totalled over $48,000. Under Section 31, however, he could deduct only $20,000 in total, leaving him with losses disallowed for this period of over $28,000. The back taxes and penalties now assessed are impossible for him to pay unless he sells land, which at this time is very difficult.

Now, if the $5,000 limit established in 1952 had been indexed, this rancher would have been well within his allowable deductions and would perhaps be facing a profitable future. Instead he faces potential bankruptcy at the hands of his Government. And what will be gained? A family on Unemployment Insurance, if not welfare, defaulted loans, and the lost production of a new farm. Where is the equity and fairness in this?

My constituent, his accountant and myself have tried to reason with Revenue Canada, to no avail. The Act appears to be written in stone. When I wrote to the Minister of Agriculture (Mr. Whelan) about this case, I received a one-page, three-paragraph reply. The Minister said in his last paragraph, and I quote:

> Yours is one of a number of representations I have received on this issue, and I thank you for bringing to my attention these examples of the impact of present tax law.

What a farce! The Minister made no effort to see that this inequitable piece of legislation was amended. He acknowledges the problem but refuses to take any action whatsoever. And so here we have Bill C-139, legislation which could have amended this injustice and put some incentive into the system but does not.

The Secretary/Manager of the B.C. Cattlemen's Association put the situation into perspective when he wrote to me recently on Section 31 of the Income Tax Act. He said, and I quote:

> In my own opinion the problem stems from the lack of clear national policy regarding development of new agricultural production units (farm or ranch) and recognition of such policy through the Income Tax Act. If we as a society want to encourage development of new farms and ranches, we should say so and provide for it through taxation.

Truer words were never spoken. Bill C-139 fails miserably to address this very issue and the silence and inaction of the Minister of Agriculture simply underlines this lack of a clear national policy. But, Mr. Speaker, it is not simply the young farmer starting up a new operation who is being hurt by this counter-productive policy. Professionals who wish to invest in agricultural operations are being actively discouraged from doing so by Section 31.

As an example, the expansion of the Canadian equine industry has been severely curtailed by Section 31. People cannot be persuaded to invest in a horse-breeding operation when they can only deduct $5,000 a year against losses. When we now see outstanding horses selling for hundreds of thousands of dollars, the $5,000 deduction becomes even more ludicrous.

The Canadian Horse Council has recognized this and in a February, 1983 article in "Hoof Beats" the Council made the reform of Section 31 its first task. In that article they said, and I quote:

> The agreed upon first task of the Horse Council will be to see if Section 31 of the Income Tax Act can be either eliminated or at the very least, have the limited loss liability amount raised from its present $5,000, the amount it was first set at when the section was enacted way back in 1951. From becoming an intended incentive to agriculture, it has become a disincentive.

• (1330)

This is plainly the case. The present structure of the Income Tax Act is antiquated. The Minister of Finance (Mr. Lalonde) and the Minister of Agriculture have been negligent in failing to introduce measures in Bill C-139 that would either repeal Section 31 or bring the $5,000 deduction to a more reasonable limit of $20,000 or more.

The Acting Speaker (Mr. Corbin): Order. The Hon. Member's time has expired. He may continue with the unanimous consent of the House. Is it agreed?

Some Hon. Members: Agreed.

Mr. Greenaway: Thank you, Mr. Speaker. Their failure to do so has resulted in a great deal of hardship to those attempting to get started in agricultural ventures, thus posing a serious threat to Canadian agriculture. If the Government is truly serious in its oft-stated concern for this sector of the economy, then let it immediately introduce a simple tax reform.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I am rather surprised to be here at this time participating in this debate at second reading of this Bill. I thought this was the lunch hour. Apparently under the spirit of parliamentary reform, lunch hour will not be what it used to be. If that spirit carries on, I am afraid that reform will be an improper description of what will be occurring in the future. However, two can play the same game.

The Bill we are debating today is a classic example of the absolutely absurd budgetary system we have in this country. On November 12, 1981, well over a year ago, the then Minister of Finance brought in a budget. We have the absurd situation in this country where at the instant a Minister of Finance tables a notice of Ways and Means, basically a piece of paper which says "I hereby give notice of a Ways and Means Motion", that has the effect of law. From that point on the Government can start collecting the tax. He does not need to make a budget speech before doing that. At any time any Minister can table a piece of paper called a "notice of Ways and Means", and from that point on the tax can be collected. It is absolutely incredible.

That system was put in place at a time when there was some sort of adherence to practices and traditions. Following immediately upon the Ways and Means motion was a budget debate. That was followed immediately by Bills flowing from the budget. The time lapse between that period and it becoming law, having been passed by this House, the other place and approved by the Governor General, was very short. Through sloppiness, contempt of Parliament, incompetence and a

variety of other reasons, we have the absurd situation where the rules governing parliamentary democracy have been so distorted that over a year after the budget was brought in we are debating the legislation.

We did not get to see the Bill until a year after the budget was presented. For over a year Canadians were forced to pay the tax. They were forced to adhere to the law. They did not know the law. They still do not know it. They have received T-1 forms which they are required to fill out. They are to send in the money they owe for taxes even though they do not know what the law is. Even though they do not know the law, they have received their T-1 forms and are expected to comply. It is incredible.

The sorry situation is that we have become more tolerant of that incredible situation. It is an insult to Parliament and to those Canadians who elected us to carry on with this absurd situation. By comparison, let us look at the situation in the United States.

Prior to the end of January, the executive presents a budget to both Houses of Congress. That budget is then considered for eight months. It is amended and changed by their parliamentarians, the people elected to represent the population. The subsequent legislation is passed before the end of the fiscal year, October 31 of the year. In other words, there are eight months of consideration by their legislators. Frequently, in fact most of the time, there is significant amendment, depending on what the legislators want. The law is then passed and comes into effect. That is the way it should be.

In a democracy, the most important group is the electorate. The second most important group is those elected by the electorate. No one in Government has the right to introduce laws imposing conditions and forcing people to obey something not passed by the legislature. That is what democracy means in that country.

We have the absurd situation of Canadians being expected to comply with the law that Parliamentarians, those whom Canadians elected to represent them, do not even become aware of until nearly a year later. It is an absolutely absurd situation. One of the serious consequences of this is contempt by Canadians for Government, for Parliament and the law. When that contempt extends to the Income Tax Act, we are in serious difficulty.

Many of my colleagues and others have spoken of the excellent address given by the chairman of the Ontario Association of Chartered Accountants dealing with the complexity of the Act and the inability of the average person, and, indeed, those who have been trained such as chartered accountants and lawyers, to comprehend the Income Tax Act. He said it is an absurd situation when we have a self-assessing system. Individuals are expected to know the Act, to comply with it and to voluntarily send in their tax based on the self-assessment system. How can one self-assess, how can one do a proper job of fulfilling that responsibility, if one cannot understand the Act?

I am one of the better educated people in this country. I stayed in school until they would not have me any more. I am not suggesting that I am the brightest, among the brightest, or anything like that. However, after 20 years of publicly-supported education, I still cannot understand the Income Tax Act. I humbly suggest that either there is something wrong with the education system or, more likely, something wrong with the system that generates this kind of Income Tax Act.

More important in terms of the attitude of Canadians toward this Act is the increased evidence of tax avoidance. It is not only practised by a few sharp cookies, but practised far and wide. It is estimated that the underground economy, that is, the economy which escapes the taxman and recognition by the information takers in Government, is in the order of $50 billion. That is not the cash economy but the barter economy. The lawyer says to the carpenter that he will draw his will if the carpenter will do some work in his rumpus room. The dentist would say to the plumber, I will look after your children's teeth if you will put the plumbing into my cottage or farm. The house painter says, it will cost you $2,000 for me to paint your house unless you pay me in cash, in which case I will be able to do it for $1,200.

• (1340)

That, Mr. Speaker, is not hypothetical. It is not a rare situation. According to hard evidence gathered by research groups, that sort of thing constitutes something like $50 billion of our economy. It is an underground economy. People simply have so much contempt for this Income Tax Act that they are now using schemes which heretofore were not contemplated. A chartered accountant in Calgary who has been in business 30 years told me that clients are asking him to do things now in terms of avoiding tax which had he suggested to them ten years ago they would have fired him. Ten years ago there was a feeling that one did not avoid tax because that was unpatriotic. It was unfair. Maybe it was not illegal in the strict sense but a good Canadian did not avoid tax. Today people are saying to their accountants or lawyers: "Find me a way to avoid tax because I do not have any respect for a Government which would bring forward tax Acts like this, and I do not intend to pay one penny more than I am absolutely required to do".

That situation, Mr. Speaker, is extremely dangerous for Canada, is extremely dangerous for the future, and leads inevitably to what we are seeing—an increase in the number of tax collectors, an increase in the Gestapo of the National Revenue Department, to go out and force people, and it changes Canada significantly.

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

Hon. John C. Crosbie (St. John's West): Mr. Speaker, it is always a pleasure to follow my learned colleague to my left, the Hon. Member for Calgary Centre (Mr. Andre), because, as he says, he is one of the most educated men in this House; but at the same time that is not saying very much.

This is my first opportunity to speak on this piece of legislation, Bill C-139, and the people of Canada have to understand that this is the result of three Liberal budgets—or could we call it two and half Liberal budgets? The first one of November, 1981, was brought in by the Deputy Prime Minister (Mr. MacEachen), who was then Minister of Finance. Of course, he is no longer Minister of Finance. He was driven from that position by the Liberal caucus members, which caused him to be a fugitive now in the safe bosom of External Affairs. The Cruise missile is as nothing compared to the missiles which that former Minister of Finance got from his colleagues in the Liberal caucus as a result of his attempt to perform the functions of a Liberal Finance Minister.

He was the gentleman, Mr. Speaker, who said in Halifax on September 9, 1980—the former Minister of Finance, and I want to identify him as Mr. MacEachen, the now Deputy Prime Minister—"It was to create jobs, improve living standards and to promote greater equity that I took on the position of Minister of Finance". Of course, it is exactly for those reasons that the poor devil was driven from the post of Minister of Finance. He created to jobs. In fact, we have lost 582,000 jobs since the summer of 1980. He created no jobs. We have the highest unemployment in our history, 1,600,000. Living standards have done nothing but fall since he took the portfolio on in 1980.

He said he wanted to promote greater equity. It was in his budget of November, 1981 that he attempted to provide this equity. And, Mr. Speaker, this became the most elastic budget ever presented in the House of Commons. Its elasticity became 100 per cent. That poor Minister became a whirling dervish, retreating from this proposal of reform, so-called, retreating from that proposal. Within seven days he had twirled and whirled and we had about 18 reverses of the positions he had taken in that budget of November, 1981. And he whirled and twirled until I believe it was June, 1982, when he brought in another budget, and again he was forced to twirl because the budget which he brought in did not provide equity.

Finally, Mr. Speaker, he was given the *coup de grâce* and removed from that position. We now have a new Minister of Finance the former Minister of Energy. A gentleman more widely known outside as Mr. Lalonde. He brought in another document in October of this year.

It is the process of those three budgets which is interesting. In the October document, the new Minister of Finance reserved again many of the provisions which were in the first two budgets of his predecessor. It was funny, Mr. Speaker, and I have remarked on this before, how the Hon. Members of the Liberal backbenches in this House sat there on the night of November 21, or whenever it was, of 1981, when the Minister of Finance of the day said he was going to bring more equity and reform into the system, and applauded all his attempts to reform the system. The same people sat here in October, 1982 applauding the successor to the then Minister of Finance as he reversed all those so-called attempts to reform and to create equity. What was equitable under the MacEachen budget was inequitable under the Lalonde budget. What was fair under the MacEachen budget was unfair under the Lalonde budget. What was reform under the MacEachen budget was "deform" under the Lalonde budget. And the same people sat there giving the same claps, cheers and smiles as they saw their two Ministers of Finance completely reverse themselves in the period of 15 months.

Well, the result of that abominable procedure is this Bill which is before the House. So that the public might understand, I believe it has 289 pages and it took the Government 389 days. A budget was brought in in November, 1981, yet this Bill was not tabled in this House until December 7, 1982. Some 389 days after the great budget of reform of Mr. MacEachen, we have the Bill finally produced in this House, and there were hundreds of changes in between.

The present Minister of Finance says we are to deal with this budget fairly quickly or else he will not bring in a new budget. I say, Mr. Speaker, thank God for that. The longer we can dwell on this Bill, the better chance we have to stopping the new Minister of Finance from bringing in his new budget; because if his new budget is anything like the budgets we have had since February 18, 1980, it is in the public interest to stop it from being brought into this House. I recommend to the Hon. Members of this House that we talk on this Bill from now until the end of 1983 to prevent another Liberal abomination of a budget coming before this House.

When I came into office in June, 1979, Mr. Speaker, I found left behind the debris from two Liberal budgets. I had to appear in this House and introduce legislation to try to salvage something out of two previous "Chrétien" budgets. Oh, we have had Ministers of Finance, Mr. Speaker, from the Liberal Party; we have had Chrétien, MacEachen, Lalonde—

The Acting Speaker (Mr. Corbin): Order.

Mr. Crosbie: Sorry, Mr. Speaker; we have to use the names of their ridings.

The Acting Speaker (Mr. Corbin): Yes. Would the Hon. Member please refer to other Members of this House by their ridings or their portfolios.

Mr. Crosbie: Well, I have to refer to the Donald Macdonald budget. He is no longer in the House. He is on to a good thing outside the House now. He is riding a fine Liberal stallion outside the House and being paid $850 a day, and you know what stallions are paid to do. That is what he is being paid to do to the economy of this country, at $850 a day.

We have another former Liberal Minister of Finance in the person of Mr. John Turner, the man who started it all back in 1972.

Some Hon. Members: Oh, oh!

Mr. Crosbie: I like to listen sometimes to the brains of the hon. gentlemen opposite, but this is a very solemn occasion where we are having this Bill forced through this House. I mentioned Mr. John Turner, not because he is the only hope left for the Liberal Party, as he skulks and sulks in his office

on Bay Street in Toronto and he goes to that well-known restaurant, I cannot remember the name—

Mr. Turner: Winston's.

Mr. Crosbie: Winston's. We poor Opposition characters cannot afford to go there. But as John Turner sulks at Winston's waiting to be called upon to save the great Liberal Party of Canada—and, of course, nothing can save that Party today, but some people hope that he can or else the Hon. "Iona" will save it, or perhaps the two of them together, the Hon. "Iona-Turner". Put the two of them together and we will have a saviour for the Liberal Party. He was the man who introduced the suggestion which was made by the Leader of our Party, the Hon. Robert Stanfield, that it was only fair, right and equitable that the income tax system should be indexed. It was John Turner who stood in the House and introduced indexing, to make it fair so that people would not suffer unfairly as a result of inflation by automatically having to pay more taxes each year as their incomes went up due to inflation when their real income was not going up because of the increase in the cost of living. Mr. Turner introduced the great Conservative principle of reform which was suggested and campaigned upon by Bob Stanfield. He stole that suggestion. We did not mind the Liberals stealing it. The Liberals steal everything. If they are not stealing from the Conservatives, they are stealing from the NDP. The trouble with stealing from the NDP is that they have nothing left worth stealing. Now they are reduced to stealing from just the Conservatives. I do not have the exact research material before me, but that was introduced in 1972 or 1974 by Mr. Turner.

• (1350)

What does this Bill do? It reverses that great Conservative "Stanfield-Turner reform" by capping the indexing of the personal income tax so that the people of Canada will pay more income tax this year as the result of inflation, not as a result of any real gain on their part in their income. They will pay more because in this budget the principle of indexing the exemptions and the principle of indexing the tax brackets is removed, and we now have this famous six and five ceiling imposed. It does not matter that the cost of living actually went up approximately 9 per cent last year. This year, you will only get your indexing up to 6 per cent or 5 per cent.

It is also interesting to note that we have another distinguished Conservative in the Liberal Cabinet. Of course, he is a chap who used to be a young Montreal tax lawyer and used to be able to speak his mind, be truthful, honest, direct, free and critical when he wanted to be. He was unwise enough to write a book called "Fiscalamity: How to Survive Canada's Tax Chaos". He could see the MacEachen budget looming over the horizon. I have to use his district, "the Cape Breton budget". What did the Minister of State for Economic Development (Mr. Johnston) say about what Ottawa's bureaucrats were doing? I quote from his book:

> This mysterious process of unsolicited tax reform by Ottawa bureaucrats should be severely curtailed.

Now he is in the Government. He is the Minister of State for Economic Development. He is the big cheese. He has a lot of influence, so we are told. Yet, has this mysterious process of unsolicited so-called reform been severely curtailed? It has not. There are 297 pages of uncurtailed and unsolicited tax reform in the Bill that is now before the House. Our friend, who is now the Minister of State for Economic Development, is not carrying out the principles that he had written about back in 1974 before he got into the somewhat murky coils of the Liberal Party.

These three budgets that are included in that tax package—I am only getting started, Mr. Speaker.

The Acting Speaker (Mr. Corbin): Order, please. I regret to inform the Hon. Member that his time is up.

Mr. Crosbie: Do I have unanimous consent?

The Acting Speaker (Mr. Corbin): Is there unanimous consent to allow the Hon. Member to continue his speech?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Corbin): There is not unanimous consent. The Hon. Member for Dauphin (Mr. Lewycky).

Mr. Laverne Lewycky (Dauphin): Mr. Speaker, I am pleased to be able to speak on Bill C-139 in these remaining minutes. I find it rather ironic that we are discussing this particular Bill at this time. The Government is urging us to give quick passage to this Bill. It is very interesting that it did not use the same logic whenever it wanted to pass other legislation or take other action. For example, the Government did not show any concern about implementing the six and five regulations on Family Allowances before that Bill was passed in the House. However, at this time, they want to blackmail the Opposition over Bill C-139 by attempting to scare people and saying that they will not receive their income tax refunds if this legislation is not passed.

I believe that the confusion we have surrounding income tax and the whole problem with Revenue Canada is only the tip of the iceberg. They are an indication of the problems that the Liberal Party is facing with regard to the entire budget. This legislation comes as a result of numerous budgets that the Government has brought forward. There is an old adage which states, "If you look after the pennies, the dollars will take care of themselves." Unfortunately the Liberal Government has not been able to look after its pennies. As a result, it has brought the country into this economic mess. This legislation will only place additional pressure and fear on Canadians. It is absolutely unnecessary at this time.

I would like to comment on my personal experience in my constituency office and indicate, for the benefit of Members opposite, that one of the greatest problems I face in my constituency is in my dealings with Revenue Canada. I must say, with due respect to the previous Minister, that the problems we faced then were perhaps not as great. At least some of

the constituency problems we raised were listened to with a half-open ear. However, our difficulty in dealing with Revenue Canada in the Manitoba region has multiplied. The situation has become catastrophic. We are dealing with problems in our constituency office never before experienced as a result of the kind of regulations that are being put into effect. There are people who are becoming physically ill because of the manner in which Revenue Canada in Winnipeg is treating them. There are situations in the Department of Revenue Canada in Winnipeg where the left hand does not know what the right hand is doing. For example, the auditing department will say that it will review the case raised by a particular constituent but, at the same time, that individual constituent, will receive a call from the collection department demanding immediate payment. Some older people in the area are becoming physically sick because they do not know what to believe. The Department will say, on the one hand, that their cases are being reassessed and, on the other hand, it will send out immediate demand notes. These elderly people are going to their children to ask if they must go to their credit union to withdraw $8,000 because of the demands they are getting from Revenue Canada.

This legislation does not help those people. It is not alleviating any fears because it is not dealing with some of the problems that are occurring.

I suggest that the Government should consider the problems that it is creating through urging the quick passage of a Bill by such sneaky methods as having us sit here through the lunch hour. We must debate these measures within the income tax Bill so that our citizens do not have to live in fear when there is nothing really to fear at all.

The policy of publicly displaying the average annual income of individuals on the new income tax forms has certainly made these forms less confidential. Surely the average annual salary of taxpayers could be conveyed to them in another manner. It appears in its present form only because the Government wants to make the information more accessible to its own bureaucrats. Many people have complained to me that this confidential information can be revealed by anyone simply opening up a letter received from Revenue Canada. Canadians are not guaranteed their confidentiality simply by way of having these income tax forms personalized.

[*Translation*]

Madam Speaker: Order. I am very sorry, but pursuant to Standing Order 18(3), I must now interrupt the debate to proceed with Statements under Standing Order 21.

• (1400)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

THE PRINCIPLE OF MUTUAL SECURITY

Mr. Garnet M. Bloomfield (London-Middlesex): Madam Speaker, I would like to comment briefly on the debate that has consumed much of the Question Period these past few days in the House of Commons. I am referring to the on-going dialogue concerning the umbrella Weapons Testing Agreement which Canada and the United States have recently signed. Unfortunately, in the confusion over just what has and has not been agreed to, we have seen the very heart of the issue recede into the background, overshadowed by the rhetoric and moral posturing of some of the Opposition.

What I think is important for the House of Commons and Canadians to recall is that Canada and Canadians fully support NATO and the Alliance. We believe that a "credible deterrent" is needed to maintain peace with liberty. The two-track approach which we support calls for actively engaging in negotiations that could contribute to meaningful and verifiable arms control and disarmament agreements, while at the same time working with our Allies to modernize our theatre and conventional defence forces in Europe so that they will in fact form a deterrent to the frightening build-up of Soviet armaments.

I am confident that we will give serious consideration to any serious Soviet proposals that would enhance the chances for effective and verifiable agreements, but it is obvious that real progress can only be made on the basis of the principle of mutual security. I would like to remind Members of this House and all Canadians that the crux of the issue at hand is our security, without which we are unlikely to continue to enjoy peace, independence, and hope. We would all be well advised not to lose sight of these facts.

* * *

AGRICULTURE

DECLINE IN SOIL PRODUCTIVITY

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, there persists a myth that much of Canada is still a frontier where vast areas of good agricultural lands are yet to be discovered and developed. In fact agriculturally suited lands are very limited in quantity and quality.

Improved farmland in Canada amounts to 44.2 million hectares, about 5 per cent of the total land area and only 50 per cent of that is in classes 1 to 4. Yet the results of recent research show there has been and there is vast land deterioration.

Man assumed a dominant role in soil degradation. Cropping practices presently followed in western Canada account for the alarming increase in soil salinity. Dryland saline seeps are expanding at an average rate of 10 per cent a year. As a result, substantial decline in soil productivity has followed.

Farmers in the prairie provinces are losing some $20 million annually because of land degradation due to salinity. A cumulative loss of $930.6 million by 1990 and $44 billion by the end of the century is forecast. This is just one aspect of the problem. Available documents quote a number of agricultural activities resulting in vast amounts of land being lost irretrievably.

If the present farming practices, proven to have degrading effects on land, are to be continued, the most important resource heritage for our descendants will be at stake. The prime need is for increased funding and raised priorities for research—

Madam Speaker: Order.

* * *

[*Translation*]

RAILWAYS

CN—SIGNING OF CONTRACTS

Mr. Gaston Gourde (Lévis): Madam Speaker, I would like to raise a matter involving the national railways and Canadian taxpayers. Canadian National, which has lines across Canada and has a duty to serve Canadians, is generally conscientious in this respect. However, it has come to our attention that landowners who must cross CN tracks are being forced by the corporation to sign contracts that are highly unreasonable. CN thinks it alone has any rights in the matter. The terms of these contracts are incredible, and in our opinion, they should be revised. Although as far as railway rights-of-way are concerned, it should be a matter of two-way negotiations, landowners with land adjacent to the tracks are given agreements to sign, without any possibility of further negotiations. For instance, three people from Lévis will have to pay $60 a year—the amount set by CN—under the terms set by the corporation. The contract says that this amount may be revised as the railways see fit.

I think this goes against the elementary rules of law, especially considering the fact that the properly can only be reached by crossing the tracks. I urge CN to review its position and I would also urge the people concerned to think twice before signing such a document.

LABOUR RELATIONS

EVENTS IN QUEBEC—ATTITUDE OF THE PARTI QUÉBÉCOIS

Mr. Henri Tousignant (Témiscamingue): Madam Speaker, after witnessing recent events in the public sector in Quebec, we are now in a better position to assess the sincerity of political groups that boast about their affinity for the working classes and see themselves as the defenders of the working man. I am of course referring to the Parti Québécois and to socialists of every description.

It is truly outrageous to see the Lévesque Government conspiring with the union leaders to manipulate, perhaps I should say betray, those who put their trust in them. It is not a matter of being for the unions or for the Government, or of considering whether a particular group is being paid too much or too little. I understand why they were given more than they asked for before the referendum, but when the Government then turns around at the end of the year and demands a 20 per cent reduction in wages that, I feel, is totally unacceptable and demonstrates an incredible degree of mismanagement. What Canadian employer would be allowed to get away with that, Madam Speaker? I am rather surprised that our arch-manipulator, Mr. Lévesque, has not tried to prove to some highly impressionable people that once again, it is all Ottawa's fault.

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

ALLOCATION OF FUNDS IN ONTARIO

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, as the House knows, for many years I have been trying to have the Muskoka area designated under the terms of the Regional Economic Expansion Act, now the industrial expansion legislation. Indeed, the present Minister's three predecessors had all encouraged me to believe that this was in process of being done.

When last I asked the present Minister about this, he replied by pointing out the extremely heavy demand for designation that already exists. The example he used was ILAP, the Industry and Labour Adjustment Program, and he said that he thought that demand for designation under this program "must be close to the $500,000 mark".

I think it is worth bringing to the attention of the House that, by my figures, up to the end of last August over $30 million of ILAP funds, representing some 65 per cent of the financing, 53 per cent of the project and, by the available figures, over 65 per cent of the jobs created, went to Windsor, Ontario, the riding of the Minister then responsible for the Program.

It seems to me that the only interpretation it is possible to put on these data is that these celebrated government programs are not being used for the benefit of the country as a whole, but as plums for the partisans of the Party opposite.

At a time when the morality of the Government has been repeatedly called into question, I can find neither comfort nor reassurance in these figures.

* * *

STATUS OF WOMEN

EQUAL JOB OPPORTUNITIES URGED

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, today the Canadian Advisory Council on the Status of Women will release a report called "A Working Majority: What Women Must Do For Pay", which documents the deplorable conditions of women in Canada's paid work force.

The pervasive and debilitating ghettoization of women's jobs has intensified, as more than 70 per cent of women are in clerical, service, sales, and processing jobs and one-third are employed in jobs where men earn twice as much. Women are even being displaced by men in the few well-paid job areas such as teaching.

Just as shocking as the lack of opportunities and inadequate pay for women is the finding that the federal Government itself discriminates against women.

This House must launch its own inquiry into accusations that the Canada Employment Commission discriminates against women on the basis of age, sex and national origin. Women who cannot find work have been refused unemployment insurance and some have been cut off without reason or warning. I and other Members have had similar complaints from constituents and from women who cannot get into trade training or apprenticeships.

This evidence of discrimination makes it imperative that governments set an example. The federal Government must implement mandatory affirmative action and require equal pay for work of equal value. Affirmative action must be applied to federal job creation and training programs to give higher priority and equal opportunities to women workers.

Madam Speaker: Order.

* * *

POLITICAL PARTIES

LIBERAL PARTY ELECTION PROMISES

Mr. Bill Domm (Peterborough): Madam Speaker, in honour of the third anniversary of the 1980 general election, better known as the infamous "election of broken promises", I would like to take this opportunity to remind the Prime Minister (Mr. Trudeau) of his pledge to the Canadian people, stated on January 12, 1980, as follows:

> There is a prior commitment that I want to make clear. Liberals will do what we say we will do. And if we can't do it, we won't say it.

He also asserted that "This Party will not simply stand by and let the recession come". As all Canadians now realize, this pledge was a complete fallacy.

In fact the above statements are as fictitious as those made by the Hon. Allan MacEachen in his reference to gasoline prices and the 18 cents tax when he stated, "Vote Liberal and the Price Will Stay Down".

Since 1979 under the Liberals gasoline has increased in price from $1.14 per gallon to $2.15 per gallon, while heating oil has doubled from 70 cents per gallon to $1.40 per gallon. Everyone now knows that a Liberal made-in-Canada oil pricing policy results in increased prices for Canadians and that if only the Conservatives had given the 18-cent increase per gallon in metric, for example 4 cents per litre, we would probably still be in office.

* * *

• (1410)

CANADIAN ARMED FORCES

POLICE ACCESS TO FINGERPRINT FILES

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I should like to take this opportunity to bring to the attention of the House and the respective Ministers responsible for the Department of National Defence and the Privacy Act a situation which needs clarification and, if necessary, legislation to spell out clearly under what conditions police forces will have access to Canadian Armed Forces fingerprint files.

The confusion surrounding an informal request by the Metropolitan Toronto Police Force investigating the murder of nine-year old Sharin Keenan, in checking a suspect's fingerprints with the indentification bureau of the Canadian Armed Forces, should not be repeated.

One Section of the new Privacy Act reads:

> Personal information under control of the Government institution may be disclosed ... to an investigative body specified in the regulations on written request of the body for the purpose of enforcing any law of Canada ... or carrying out a lawful investigation.

This Section should be immediately brought to the attention of all Departments in order that they may live within the spirit of the new Act and not delay or impede in any manner an investigation such as the one into the brutal and reprehensible murder of Sharin Keenan.

* * *

HARBOURS

LUNENBURG, N.S.—NECESSITY FOR DREDGING SHIP CHANNEL

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, correspondence is on file going back to July 29, 1980, to the former Minister responsible for small craft harbours, requesting that action be taken to improve government facilities in Lunenburg, Nova Scotia, and I made special mention of the need for over-all dredging in the entire harbour.

This request was followed up by another letter on September 10, 1981. On October 7, 1981, the then Minister of Public Works informed me that the extensive survey required to determine the dredging quantities involved could not be carried out until late fall, with a final report expected around the middle of February, 1982.

I again wrote to the Ministers of Fisheries and Public Works on February 1, 1982, and again on March 12, 1982, and later on July 26, 1982, to the Minister of Transport (Mr. Pepin), since shipping comes under his authority. On October 13, 1982, I wrote to the present Minister of Fisheries and Oceans (Mr. De Bané) endorsing all previous requests, followed up by another letter on December 7, 1982, and a further letter on February 2, 1983.

On February 9, 1983, the present Minister of Fisheries informed me that the Public Works dredge had arrived in Lunenburg Harbour, but that dredging would only be carried out in the area adjacent to the government wharf. This will be helpful, but it is imperative that the entire ship channel be dredged if the harbour is to function at full capacity and allow ships to make adequate use of the repair facilities and berthing space, without scraping bottom.

In conclusion, I ask the Minister of Fisheries why this necessary task is not to be completed while the equipment is on site.

* * *

RAILWAYS

QUEBEC ADVERTISEMENT ON CROWSNEST PASS FREIGHT RATE CHANGES

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, the proposal of the Minister of Transport (Mr. Pepin) to change the Crowsnest Pass freight rate has not been submitted to Parliament. To date we have a Liberal Party position which is not the law of the land, and may never become so. I do not believe that Liberal Party proposals are entitled to be publicized at public expense. Nevertheless, the federal Department of Agriculture has placed large advertisements in Quebec newspapers favouring Crow change. The full-page ad appearing in today's edition of *The Gazette* in Montreal is worth $4,535.

These ads are slanted to convince Quebec farmers that a changed Crow rate is good for them. For example, *The Gazette* ad says that higher transportation costs will prevent Western pork and beef producers from becoming more competitive with their Eastern counterparts. Yet the Transport Minister's Crow statement predicted that this could mean an expansion in the output of the Western livestock industry of about $1 billion by 1990.

The arguments being used to sell the Minister's proposal in the West are being downgraded in the East. This is classic Liberal divide-and-rule politics. If Cabinet Ministers persist in using public money to sell partisan policies, then provision must be made for public funding of opposing viewpoints. This principle is well established in the equal time provisions for the broadcasting of differing party points of view.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—DEPUTY PRIME MINISTER'S PRESS CONFERENCE STATEMENT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is directed to the Deputy Prime Minister and is based on that memorable ceremony of April 4 in Port Hawkesbury, which is recorded by videotape for posterity, that press conference wherein the Deputy Prime Minister had this to say: "Things always come out right in the end. Gillespie is now one of the beneficiaries of his own foresighted policies". I wonder if the Deputy Prime Minister would please explain to the House what he meant by the words, "Gillespie is now one of the beneficiaries of his own foresighted policies".

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I think the interpretation ought to be self-evident to the Hon. Member—

Some Hon. Members: It is.

Mr. MacEachen: —that on that occasion at least we were participating in an event at Port Hawkesbury in which a consortium was launching a proposal that might have the effect, if implemented, to transform Nova Scotia coal into synfuels, and if this project obviously came to fruition—and that is not certain yet—if it came to fruition, all members of the consortium would hopefully benefit, as well as the Province of Nova Scotia.

I certainly was quite aware of the potential benefits that might accrue to the coal industry of Nova Scotia, to the miners and to the unemployed if this project is ultimately a success. We do not know that yet, but if it led to an actual building of a plant, presumably all members of the consortium would benefit—not just Gillespie and Associates—including Petro-Canada, including the corporation formed by the Government of Nova Scotia, including the Cape Breton Development Corporation, including Gulf Products Limited, including Algas. All corporations, all participants, if this succeeded, would benefit, and particularly the people of Nova Scotia. This is what I meant, and I am very happy to have the opportunity to repeat it here today.

I am quite prepared to give the Hon. Member all the information that was made available to the people of Canada on April 4, 1981, information which is now becoming known to the Members of the Official Opposition.

Some Hon. Members: Hear, hear!

APPLICATION OF MINISTERIAL CONDUCT GUIDELINES—TREATMENT OF DEFEATED MINISTER

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I would like to suggest to the Minister that the merits of the project, the jobs to be created and the value of the project to the people of Nova Scotia are totally irrelevant. What is relevant is the moral conduct of Ministers with respect to their own guidelines.

It might do well to put that guideline on the record once more. On April 28, 1980, the Prime Minister wrote to the Deputy Prime Minister with those prohibitive guidelines for sitting Ministers, and I quote:

In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

Those guidelines were for sitting Ministers, as he well knows.

I am glad that he has given the explanation he has given, because some Canadians might be forgiven for believing that preferential treatment was given to Gillespie who stood to make three-quarters of a million dollars on an investment of $25,000. Does the Minister really ask Canadians to believe that that kind of obscene profit to a former office holder, made possible by existing office holders, is not preferential treatment?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I am very pleased the Hon. Member has seen fit to refer to the guidelines which are directed to the conduct of Ministers presently in office. He has referred to the paragraph which reads:

In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

• (1420)

I would draw to your attention that the guidelines do not prohibit official dealings between present Ministers and former office holders, whether they be former Ministers or not.

Some Hon. Members: Oh, oh!

Mr. MacEachen: In fact the guidelines presume that such official dealings will take place, otherwise they would not read:

In any official dealings with former office holders—

What the guidelines attempt to do is to provide guidance for present Ministers as to how they ought to regulate those dealings. In the regulation of those dealings, present Ministers must ensure that there are no grounds or appearance of grounds for preferential treatment—

An Hon. Member: But there are.

Mr. MacEachen: —or improper influence or for preferential access. Not a single piece of evidence has been adduced to demonstrate that Mr. Gillespie has received preferential access.

Some Hon. Members: Oh, oh!

Mr. MacEachen: It is rather important to remember that the funds, a million dollars or so, which were made available to this consortium, were funds that were in a bank account in the City of Halifax, in the Province of Nova Scotia. That is a fact. Those funds were transferred as a result of the agreement reached, I believe, in 1977.

Mr. Crosby: The funds came from the Parliament of Canada.

Mr. MacEachen: The release of those funds is up to a management committee, of which there are two provincial members, two provincial civil servants, and two federal public servants so that the funds are not within the free, so to speak, gift or decision of the Government of Canada. It requires a joint decision of the Government of Canada and the Government of Nova Scotia.

Let me ask the Hon. Member to argue that the Province of Nova Scotia, in giving its assent to the release of those funds, is subject to improper influence, because that is the inference, quite clearly. I ask my hon. friend how can he argue that there is preferential treatment to a former Minister when every member of the consortium received access to those funds? Alastair Gillespie and Associates received precisely the same access as Algas, which is an Alberta corporation, and as Gulf Canada Products. Thank you, Madam Speaker.

Mr. McDermid: What a snow job.

QUERY RESPECTING COMMITMENT OF FEDERAL FUNDS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Minister tried desperately to justify what is wrongful conduct on the part of the now Minister of Finance, then Minister of Energy—

Mr. Ouellet: Smear.

Mr. Nielsen: —and what is wrongful conduct on his own part. In doing so he has—

An Hon. Member: Resign.

Mr. Nielsen: I should not resign. It is those two Ministers at the very least who should resign.

Some Hon. Members: Hear, hear!

Mr. Nielsen: In doing so, the Deputy Prime Minister has misled the House. He has misled the House when he asks the House to believe that the Government of Nova Scotia had any discretion with respect to the disposition of those funds. He knows the terms of the agreement of June, 1981, as well as any other Minister on the treasury benches.

In Clause 4 it is stated that Canada—and Canada was a signatory to that agreement through the now Minister of Finance:

Canada and Nova Scotia hereby agree that, through the Canada-Nova Scotia Agreement—

Some Hon. Members: Question.

Mr. Nielsen: I know, Madam Speaker, they do not want the questions to go on when the heat is on. I will continue:

—Canada and Nova Scotia hereby agree, that, through the Canada-Nova Scotia Agreement and from the Oil Substitution Fund, they shall contribute—one million dollars.

Invoices are to be submitted under paragraph 4.2. Under paragraph 4.3 it reads that the Management Committee shall manage the fund. But paragraph 2(b) of that clause stipulates that the federal Government, after having paid promptly to the Nova Scotia Government, that the Nova Scotia Government promptly thereafter must release the funds in the amount of up to $1 million from the Oil Substitution Fund to the consortium in payment of the bills.

Mr. MacEachen: What is the date?

Mr. Nielsen: The effective date is June 30, 1981. That agreement required the Government of Nova Scotia to pay those moneys.

Mr. MacEachen: That is not true.

Mr. Nielsen: They had no discretion over it whatsoever.

Let me ask the Deputy Prime Minister this question. Has the Government considered advancing any further moneys toward this project? Has the Government even considered that? Has the Government, in fact, committed any further federal funds to this project?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I will be glad to answer that question but I must deal with a series of misstatements made by the Leader of the Opposition.

Mr. Nielsen: I read from the agreement.

Mr. MacEachen: The announcement which was made in Port Hawkesbury, or at least the statement which I made in Port Hawkesbury on April 4, 1981, stated quite clearly "that the management committee of the agreement," namely, the 1977 agreement on conservation and oil substitution between Canada and Nova Scotia, "the management committee of the agreement has approved in principle a contribution of $1 million to the project."

Mr. Fraser: Keep going.

Mr. Epp: Continue.

Mr. MacEachen: The management committee of the agreement. May I just explain the agreement, Madam Speaker, that on March 31, 1977, Canada and Nova Scotia signed an agreement on conservation and oil substitution under which Canada transferred $9.2 million to a bank account in Halifax—

Mr. Nielsen: For the production of electricity.

Mr. MacEachen: —not in Ottawa, not in Kamloops or the Yukon, but in the City of Halifax.

Mr. Nielsen: For the production of electricity.

Mr. MacEachen: This money is intended to be used to initiate projects which reduce Nova Scotia's dependence on oil. The agreement, Madam Speaker—

Mr. Nielsen: For the production of electricity.

Mr. MacEachen: —places the funds under the control of a management committee with equal representation from Canada and from Nova Scotia.

The release of those funds requires a decision on the part of Nova Scotia as well as the Government of Canada. The fund was transferred to a bank account in Halifax.

Mr. McDermid: So what?

Mr. MacEachen: It was the management committee which made the decision to release the funds. That is the fact, and the Hon. Member better get that in his head before he proposes to make a case about this particular transaction.

Some Hon. Members: Hear, hear!

PAYMENT OF FUNDS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Deputy Prime Minister better read the clauses of the agreement, which I have just finished reading to the House, again. But he did not answer my question. Has the Government either paid or committed any further federal funds beyond that called for in these agreements, to this project?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, yes, I will be glad to bring the Hon. Member and his Party up to date. Obviously they do not know what is going on. They are not following events.

Some Hon. Members: Oh, oh!

Mr. MacEachen: Obviously the Nova Scotia Members are not following events.

Mr. Crosby: Watch yourself now.

Mr. MacEachen: On January 24, 1983—not 1981, but this year—the Minister of Energy, Mines and Resources announced that the Government has entered into negotiation with the Nova Scotia Coal Synfuels Project consortium for a $750,000 contract to test Cape Breton coal in a new high yield liquefaction process. That is a negotiation with respect to the same project, and it was announced on January 24 in a release from the Department of Energy, Mines and Resources, in the name of the Parliamentary Secretary.

Mr. Crosby: Where did the funds come from?

Mr. MacEachen: That is well known. It is the same project, announced in January of this year. No one got up and cried "foul" or "conflict of interest". I find it very surprising—

• (1430)

An Hon. Member: Answer the question.

Mr. MacEachen: —that they are not on their toes, Madam Speaker.

Some Hon. Members: Hear, hear!

QUERY RESPECTING KNOWLEDGE OF FORMER ENERGY MINISTER

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Deputy Prime Minister is aware of the old maxim, "When you are arguing and it is bad, you shout a lot".

Some Hon. Members: Shout louder!

Mr. Fisher: Go ahead.

Mr. Broadbent: Appropriately, Madam Speaker, I will attempt almost to whisper my question to the Deputy Prime Minister.

I would like to refer to one of the guidelines which was not cited. The Deputy Prime Minister has made much of his claim that Mr. Gillespie was somehow an innocent participant in what we on this side of the House regard as being a scandal. However, I want to read the guideline, and then ask the Deputy Prime Minister a serious question. It states:

> Within a period of two years of leaving office, Ministers should not
>
> c) lobby for or on behalf of any person or commercial corporation before any department or agency for which they were responsible on an ongoing basis during the last two years of their participation in the Ministry.

It is clear that Mr. Gillespie violated this principle. He acted within two years. It is clear, that he, and he alone, stands to make three-quarters of a million dollars, and it is clear, from what the Deputy Prime Minister said in Cape Breton—

Mr. Nielsen: He knew about it.

Mr. Broadbent: —that he knew about it.

The Deputy Prime Minister said:

> Mr. Gillespie is now one of the beneficiaries of his own foresighted policies.

Considering that he, as the Deputy Prime Minister, knew this in April, could he explain to the House how the then Minister of Energy, Mines and Resources, whose Department was directly involved—

An Hon. Member: You are shouting.

Mr. Broadbent: —did not know anything about it until September? Did the whole Cabinet know, except Mr. Lalonde?

Mr. Nielsen: None of them knew. See no evil.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I will attempt to follow the exceptional conduct of the Hon. Member and not raise my voice. I find that he usually raises his voice quite a lot. Maybe it is because he finds his question to be so ineffective that he does not want it to be heard very loudly in the House.

Some Hon. Members: Hear, hear!

Mr. MacEachen: Madam Speaker, the Hon. Member has said that I knew about this project. Of course I did. I was present when the announcement was made, with the Premier of Nova Scotia and with all the other members of the consortium. I knew before the announcement that it was under consideration by the Department of Energy, Mines and Resources. In fact the press release, which I issued on the day of the announcement, suggested to all and sundry that if they wanted further information on this matter to call two officials in the Department of Energy, Mines and Resources. Anyone could have called and found out about it.

Mr. Crosbie: A piece of skullduggery.

Mr. MacEachen: It was a normal project in the Department that officials knew about, and it was my business to know about, not only as a Member of Parliament but also as a regional Minister, because for quite a long time I had been following the situation in the coal industry of Nova Scotia and it was most natural that a project of this importance should be drawn to my attention by Mr. Gillespie, by my own staff, and I knew about it.

The Hon. Member has asked me how it is that the Minister of Finance was unaware of that project.

Mr. Nielsen: The Minister was fixed with knowledge.

Mr. MacEachen: I do not draw any inference from that question, except to say that it was not a project of such unusual character that it required any conversations between myself and the Minister of Finance.

Mr. Nielsen: He was fixed with knowledge.

Mr. MacEachen: It was handled fully at the official level, and that is the explanation.

Mr. Broadbent: Madam Speaker, that answer may convince the people sitting behind the Deputy Prime Minister, but it will convince no one in this country who is following the matter with seriousness.

Some Hon. Members: Hear, hear!

RESIGNATION OF MINISTER OF FINANCE REQUESTED

Hon. Edward Broadbent (Oshawa): One of the other guidelines which was quoted earlier in the House referred not to former Ministers, but, rather, to present Ministers. Indeed,

in this instance, with reference to the Deputy Prime Minister and his responsibilities, it is stated:

> Ministers should not allow themselves to be influenced in pursuit of their official duties by plans for or offers of outside employment:

Further, it is stated:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

It is now public record that Mr. Gillespie negotiated with officials in his former Department within the two year time period, clearly violating one guideline for ex-Ministers. It is now known that the Deputy Minister to the then Minister of Energy, Mines and Resources, now the Minister of Finance, exchanged correspondence with Mr. Gillespie concerning this project.

Given the whole theory of ministerial responsibility as it exists, at least in some countries with parliamentary government—

Mr. Nielsen: Not this one.

Mr. Broadbent: —and under such circumstances where there has been a clear violation of the guidelines, clear involvement by the Deputy Minister, for whom the Minister must be held accountable, does the Deputy Prime Minister not believe, now that this is revealed, that he, as Deputy Prime Minister, should recommend to the Prime Minister upon his return that the present Minister of Finance should resign from the Cabinet?

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member is drawing our attention, once again, to the guidelines. I take these guidelines quite seriously.

Some Hon. Members: Oh, oh!

An Hon. Member: He means well.

Mr. Crosbie: Old twister.

Mr. MacEachen: The guidelines state:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treament.

I think I have demonstrated that in this particular case, where $1 million was made available to a consortium, of which Mr. Gillespie, in equity, owned less than 3 per cent, it was not within the power of the Government of Canada, acting alone, to provide any benefit. It required—

Mr. Nielsen: It signed the agreement.

Mr. MacEachen: —the consent of the Government of the Province of Nova Scotia.

Mr. Nielsen: The Government of Canada signed the agreement.

Mr. MacEachen: I ask the Hon. Member, who I think attempts to be fair in these matters, whether he believes that there was preferential treatment given to Alastair Gillespie Associates when Alastair Gillespie Associates held less than 3 per cent of the equity in a consortium composed of four other corporations, two public and two private? What is the ground for believing that there was even the appearance of preferential treatment given to Alastair Gillespie Associates? It was the same treatment given to Petro-Canada, given to the Cape Breton Development Corporation, the same treatment to—

Madam Speaker: Order.

Mr. MacEachen: —to Algas and to Gulf Products, so there was no preferential treatment.

Mr. McDermid: They were not former cabinet Ministers.

Madam Speaker: Order, please. If Hon. Members will take a look at the clock, they will understand my plea for shorter questions and shorter answers.

REQUEST THAT DEFEATED MINISTER DIVEST HIMSELF OF FINANCIAL INVOLVEMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, I would be only too glad to answer the Deputy Prime Minister's questions. Yes, indeed, I believe, and the evidence is clear, that Mr. Gillespie violated the guidelines. He ought not to have negotiated with his own Department within the two-year period.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Furthermore, I believe that he and the present Minister of Finance violated guidelines pertinent to them in the knowledge that Mr. Gillespie stood to benefit, personally. He is the only person in all of this who stands to make three-quarters of a million dollars.

Mr. Nielsen: For $25,000.

Mr. Broadbent: The rest are corporations. I say to the Deputy Prime Minister that the fact that other Governments went along with this recommendation is irrelevant.

Madam Speaker: Order, please. Does the Hon. Member have a question?

Mr. Broadbent: Yes.

Some Hon. Members: Oh, oh!

Mr. Broadbent: Madam Speaker, I was just trying to cooperate with the Deputy Prime Minister. I would like to now ask him a related question. Given the clearly perceived sense of unfairness in all of this, in terms of the almost a million dollar benefit going to Mr. Gillespie as a result of his negotiating

with his former Department, will the Government at least have the decency to request that Mr. Gillespie divest himself completely of financial involvement in this project?

• (1440)

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, there is no personal benefit to any individual from the million dollars. The million dollars, as I recollect, was to finance a feasibility study as to how coal could be converted into gasoline.

An Hon. Member: He can make money from selling his shares.

Mr. MacEachen: The project has not yet been proved to be feasible. What the Hon. Member has to understand is that every one of the members of the consortium may gain, but every one of them may lose because the project has not yet been implemented. It has not yet been proved that it is economically feasible, so the Hon. Member is rather premature in talking about benefits that have yet to be realized. My hope is that this project will succeed because it will provide a new market for Nova Scotia coal, and will provide more jobs in an area of the country which desperately needs these jobs, but no one knows this is a fact.

Mr. Crosbie: Mr. Gillespie needed a job, too.

Mr. MacEachen: The Hon. Member is suggesting that the Government ought to have rejected this project because of a bad interpretation of guidelines by the Hon. Member.

REQUEST THAT FINANCE MINISTER RESIGN

Mr. Harvie Andre (Calgary Centre): Madam Speaker, it is interesting to see the change in defence. Last week the Prime Minister was pleading ignorance on the part of all cabinet members, and a two-year statute of limitations, as if that precluded Ministers from complying with the guidelines.

The Deputy Prime Minister just indicated, reading from his press release of April 4, 1981, that the management committee on the agreement has approved in principle a contribution of one million dollars on the agreement to the project. The federal co-chairman of that management committee stated in press releases over the weekend that he had serious doubts whether the project was eligible for funding under that agreement, and he said, and I quote:

> We put it to Mr. Lalonde and his provincial counterpart.

Therefore that quote from that official, and the Deputy Prime Minister's press release, which states a decision had been made, clearly establish that the Minister of Finance, the then Minister of Energy, knew about this project in intimate detail prior to April, 1981, which is not what the Prime Minister told us last week. The Prime Minister pleaded ignorance on the part of his Minister last week. We now have proof that that is not the case. When will the Deputy Prime Minister live up to his responsibilities and see that the resignation of the Minister of Finance is presented to the Prime Minister, forthwith?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I think I should clarify one point for the Hon. Member. There is no two-year statute of limitations with respect to a serving Minister. Any Minister now in the Government, with respect to any former office holder, whether he is out of office for two years or twenty years, is still obligated to follow the guidelines dealing with current Ministers. The two-year or the one-year provision applies solely to former office holders, and I think the Hon. Member understands that.

Mr. Andre: That is fog; give me the substance.

Mr. MacEachen: The Hon. Member has asked me to recommend the resignation of my colleague, the Minister of Finance. If any Hon. Member opposite had put forward any grounds to lead one to believe that a current Minister had provided preferential treatment or preferential access to a former office holder, then I think that he might have a case.

Mr. Nielsen: Three-quarters of a million dollars for $25,000?

Mr. MacEachen: But that has not been put forward in any of the statements that have been made.

Mr. Broadbent: The appearance.

Mr. MacEachen: The appearance was a public announcement. It made the front page of the provincial paper in Nova Scotia. It is not *The New York Times* but it is the biggest paper we have in Nova Scotia. It told what John Buchanan said and what Alastair Gillespie said—

Madam Speaker: Order, order.

ROLE OF FORMER DEPUTY MINISTER OF ENERGY

Mr. Harvie Andre (Calgary Centre): Madam Speaker, the Deputy Prime Minister was in his seat when the Prime Minister last week was acknowledging that this transaction would have been a violation of his guidelines had it in fact occurred within that two-year period because that clearly establishes the culpability of Mr. Gillespie and any co-operation from a sitting Minister of the Crown in that kind of activity is, by definition, in violation of the guidelines, and the Deputy Prime Minister knows that.

Some Hon. Members: Hear, hear!

Mr. Andre: The Prime Minister pleaded ignorance. He said that the Minister of Finance, the then Minister of Energy, did not know what was going on.

Madam Speaker: Order. I have to ask the Hon. Member to go straight to the question. He is now repeating arguments that he had in his previous question, in the preamble. I would ask him to go to his question.

Mr. Andre: Madam Speaker, I will certainly take less time than the Deputy Prime Minister did in his answer.

A press story over the weekend by Tim Naumetz of Canadian Press indicates that Alastair Gillespie had conversations with Mr. Marshall Cohen, Deputy Minister of Energy to the then Minister of Energy, who is now Minister of Finance. Indeed, there was correspondence as well as conversation. It is inconceivable that in fact the Minister of Finance, then Minister of Energy, could have been ignorant of those conversations, as the Prime Minister told us last week.

Some Hon. Members: Question.

Mr. Andre: In view of this overwhelming evidence, the Deputy Prime Minister's own words, the words of the official, the officials who commented on Mr. Cohen's knowledge, how much evidence is required? Do you need a coloured photograph? Do you need a tape recording of these conversations? What is required for this Government to face up to its responsibilities and admit that these guidelines were violated?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member is repeating a statement that the guidelines were violated, without demonstrating how they were. He has raised the question of Mr. Cohen. I have discussed this matter with Mr. Cohen and he has indeed had a discussion with Mr. Gillespie. They exchanged correspondence.

Mr. Andre: Can you table it?

Mr. MacEachen: Yes, I would be glad to prepare the correspondence and table it for Hon. Members. Mr. Cohen has also told me that at no point did he notify his Minister that he had had these conversations because he did not think it was justified or necessary.

An Hon. Member: Mr. Read said he talked to Mr. Lalonde.

Mr. MacEachen: At no point had he felt that he was under any kind of improper influence or at any point that he was being lobbied, in the words of the guidelines.

Mr. Crosbie: Table Cohen, too.

Mr. MacEachen: I will provide the Hon. Member with the fullest possible information on that particular point.

RESPONSIBILITY OF FORMER DEPUTY MINISTER

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is also directed to the Deputy Prime Minister. The Deputy Prime Minister is aware, I am sure, that these conflict of interest guidelines also apply to Mr. Cohen as a Governor In Council appointee. I have worked with Mr. Cohen. I understand how he operates and I understand the scrupulous care which Mr. Cohen took, during the terms of office that I was Minister and he was my Deputy Minister, in bringing to my attention every matter which had any significant bearing in a political way on the activities of me in my role as a Minister and on his activities as the Deputy Minister. Did the Deputy Prime Minister ascertain fully in his conversation with Mr. Cohen whether or not he spoke to the previous Minister, Mr. Lalonde, to ensure that this matter was not brought to his attention, in view of the great care that Mr. Cohen has always taken in bringing those matters to the attention of Ministers?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I am not sure I understood fully the question which the Hon. Member has asked.

Mr. Nielsen: It was very clear.

Mr. MacEachen: Let me answer by saying that Mr. Cohen, in my conversation with him this morning shortly before I came into the House, asserted that he had not found it necessary to discuss his conversations with Mr. Gillespie or report them to his Minister at that time. If I take the Hon. Member's analysis of Mr. Cohen's conduct, then I conclude that Mr. Cohen felt that his conversation did not have any significant bearing upon the political activity of his Minister.

• (1450)

Mr. Nielsen: The Minister is fixed with Mr. Cohen's knowledge. You know that.

Madam Speaker: Order.

POSITION OF DEPUTY PRIME MINISTER—REQUEST FOR TABLING OF DOCUMENTS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the Deputy Prime Minister surely knows that the activities of the Deputy Minister are clearly the responsibility of the Minister in charge. That is the tradition here. It is the tradition that should be followed when a Minister tenders his resignation. The Deputy Prime Minister said clearly earlier in this Question Period that he was aware all along of this particular transaction. Since the Government of Canada was to sign this agreement, since Mr. Gillespie was to make a profit of $725,000 if it was successful, and since there were no tenders called on the matter, did the Deputy Prime Minister question at any time whether there were grounds or the appearance of grounds for allegations of improper influence on the part of the existing Minister?

While I am on my feet, Madam Speaker, may I ask the Deputy Prime Minister to table all documents, not just the documents he referred to in response to my colleague from Calgary Centre, but all documents related to this, so that everyone in this House of Commons and Canadians can understand just exactly what went on with this transaction?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Yes, Madam Speaker, there are a number of documents that may be of interest to Hon. Members.

Some Hon. Members: Oh, oh!

Mr. MacEachen: I will make a search and table all that are possible to be tabled.

Mr. McDermid: Not just the ones you pick out; all of them.

Mr. MacEachen: In reply to the first question, I had no reason to believe, nor do I now have reason to believe, that the conduct of either the Minister of Energy, Mines and Resources of the day or of his Deputy Minister, Mr. Cohen, was anything but in accordance with the guidelines as I read them and as they apply. That is my understanding. It is the view of the Prime Minister. I gave him an honest appraisal of my understanding of the guidelines as they apply to myself and my colleagues in the Government of Canada.

APPLICATION OF GUIDELINES TO DEFEATED MINISTER

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is also for the Deputy Prime Minister. I refer the Deputy Prime Minister to the guidelines, those that refer specifically to former Ministers. Number 1(c) says that within a period of two years of leaving office, Ministers should not lobby for or on behalf of any person or commercial corporation before any Department or agency for which they were responsible on an ongoing basis during the last two years of their participation in the ministry. Does the Minister not believe that Mr. Gillespie violated that guideline?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I think I have to go to another point in my understanding of the guidelines. The guidelines are just that, guidelines.

Some Hon. Members: Oh, oh!

Mr. Crosbie: They are not carved in concrete.

Mr. Epp: They are not like law?

Mr. MacEachen: They are a guidance to Ministers.

Mr. Crosbie: They are meaningless; they do not mean anything.

Mr. MacEachen: I find it surprising that Hon. Members would not understand that they are guidelines.

Mr. Crosbie: We are not Liberals. Our minds are not twisted like yours.

Madam Speaker: Order. Precious time is being taken up by the heckling on both sides of the House.

Mr. Epp: Have they no moral force on you?

Mr. MacEachen: Madam Speaker, Ministers of the Government, including myself, are obligated to look to these principles for guidance in the conduct of our public affairs. Obviously we are obligated to look for guidance and to follow them according to our judgment.

Some Hon. Members: Oh, oh!

Mr. MacEachen: If, as a member of the Government—

Mr. Crosbie: That's easy.

Mr. MacEachen: That is the obligation on every person to whom the guidelines apply; to every single Minister, Order in Council appointee or public servant. These guidelines are self-enforcing. There is no monitoring agency. They are up to the conscience of the individual.

Mr. Broadbent: They depend on the integrity of the Minister.

Mr. MacEachen: Exactly. For the Hon. Member now to ask me to police the guidelines for all the various ex-office holders is something that is not contemplated or asked for, or intended in the guidelines. That is the point the Hon. Member has to get into his head. It is unfortunate that so much misunderstanding has existed about the effect of these guidelines.

POSITION OF DEPUTY PRIME MINISTER

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a supplementary question. The Minister very carefully avoided answering directly the question that I asked him. Let me ask this question. Was the Deputy Prime Minister aware of the guidelines that were in existence from April 28, 1980, as they applied to former office holders, former Ministers of the Crown? Did he not think that it might be in the best interests of the country, Mr. Gillespie and the Government, to bring to Mr. Gillespie's attention that such guidelines existed and that he might be in violation of them?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, of course I was well aware of the guidelines. They were sent to me in a letter of April 28 by the Prime Minister. I was aware of the guidelines. It is my responsibility to observe the guidelines as they apply to my conduct. I intend to do that. It is up to every other individual to apply the guidelines to his conduct. That is the purpose of the guidelines.

Mr. Deans: It is a public matter.

Mr. MacEachen: Of course it is a public matter, but it is a guideline, and the Hon. Member better understand that. These are guidelines that we must follow.

Mr. Deans: You broke the guidelines if you dealt with him when you knew he was breaking them.

Mr. MacEachen: The Hon. Member is attempting to extrapolate beyond the guidelines and establish a new principle that is not covered in the guidelines.

[*Translation*]

CONFLICT OF INTEREST GUIDELINES

Hon. Roch La Salle (Joliette): Madam Speaker, I was listening to the Deputy Prime Minister as he tried to defend

and even diminish the scope of the guidelines which his own Government established some time ago. I would like to ask him whether he agrees that the guidelines clearly prohibit lobbying on behalf of any persons corporation or agency for which the Ministers were responsible. It is clear that on October 29, the former Minister, Mr. Gillespie, was responsible for an agreement in principle that led to the announcement made by the present Deputy Prime Minister on April 4. It is also clear that negotiations and lobbying took place, and that contacts were made. Mr. Gillespie was responsible, and this has been proven.

In the circumstances, I feel that today, instead of following the example of the Prime Minister who last week gave a distorted interpretation of the Government's own guidelines, the Deputy Prime Minister should respect these guidelines and demonstrate to Canadians that the people representing them today have the moral courage to demand the resignation of those who were at fault in this matter.

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I would like to hear the Hon. Member's question.

• (1500)

[*Translation*]

Mr. La Salle: Madam Speaker, my question is very simple. I am asking the Deputy Prime Minister whether he has the moral courage to oblige his Government to respect its own guidelines. If he does intend to respect the guidelines, he will have to ask the Minister of Finance and perhaps others among his colleagues who took part in this project to resign, because of their failure to respect the guidelines and meet the obligations imposed on them by the present Prime Minister. Finally, I would like to know whether the Prime Minister has the moral fortitude to enforce directives established by the Government for its own Ministers. That is my question.

[*English*]

Mr. MacEachen: Madam Speaker, the Hon. Member has asked whether I respect the guidelines. I do respect the guidelines. They have been issued by the Prime Minister to provide guidance to Ministers on how they ought to conduct their affairs in order to avoid the appearance of conflict of interest, or to avoid conflict of interest in themselves, and I fully respect the guidelines. I refer to them frequently, and my financial affairs are being conducted fully in accordance with the guidelines. But when it comes to a guideline like the one which I quoted earlier, surely, in the first instance, it is up to the conscience and the judgment of a responsible Minister to ensure that his conduct is in accordance with the guidelines. That is the point I am making. I add, Madam Speaker—

Mr. Deans: The Government should act in concert with—

Some Hon. Members: Oh, oh!

Madam Speaker: Order.

Mr. MacEachen: —that it is the responsibility of every former office holder to bring his conduct within the framework of these guidelines—that is where the responsibility lies—and sitting Ministers. I have made that point clearly. The Hon. Member has asked me to suggest the resignation of my colleague, and I ask him, on what grounds? On what grounds?

Mr. Nielsen: Preferential treatment.

Mr. MacEachen: Because there are absolutely no grounds for believing that there was preferential treatment given to a former office holder.

Some Hon. Members: Hear, hear!

* * *

PETITION

TABLING OF REPORT OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the three hundred and ninety-seventh Report of the Clerk of Petitions stating that he has examined the petition presented by the Hon. Member for Lethbridge-Foothills (Mr. Thacker) on Friday, February 18, 1983, and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

POINTS OF ORDER

MR. CROSBY—REMARK OF MR. MACEACHEN DURING QUESTION PERIOD

Mr. Howard Crosby (Halifax West): Madam Speaker, on a point of order. During the course of Question Period, I am sure you heard the Deputy Prime Minister (Mr. MacEachen) remark on the fact that Nova Scotia Members had not made any reference in the House of Commons to the Scotia Coal Synfuels Project. I would like to point out to the Hon. Minister that on January 25, 1983, this matter was raised—

Madam Speaker: Order. Order. I am sorry, that is not a point of order. The Hon. Member, I believe, knows himself that he is just trying to continue the debate. He may do that on another occasion, but not now.

Is the Hon. Member for Halifax West (Mr. Crosby) rising again?

Mr. Crosby: No, just leaving, Madam Speaker.

MR. HARQUAIL—ALLEGED LACK OF RECOGNITION OF LIBERAL MEMBERS DURING QUESTION PERIOD

Mr. Maurice Harquail (Restigouche): Madam Speaker, that is good news in a sense because perhaps that will give us an opportunity on this side to be recognized and to have an

opportunity to speak. I have not made a practice of raising the question of not having an opportunity to put questions during Question Period, but last week for a period of three to four days very few, if any, questions were asked from this side of the House. Again, starting this week, we have just gone through Question Period without any Member on this side of the House—and I am talking not only—

Some Hon. Members: Oh, oh!

Mr. Harquail: When I talk, I speak of rights; we all have rights. I think, with respect to order in the House and to our rights, there is not a bit of evidence which has been brought forward on the subject which has taken up so much time of this House that has indicated any proof. No one has proven his case, and yet the time of the House was taken with no regard for other Hon. Members on both sides of this House who may have had some pertinent questions on the economy, who may have had questions with respect to transportation problems—

Some Hon. Members: Order.

Mr. Harquail: —and other problems having to do with the day-to-day operations of this country. That is the point which I find pretty disturbing, and that is why I am raising it as a point of order. If the Official Loyal Opposition does not recognize its duty to pay attention to matters relating to the economy and the business of this country—

Madam Speaker: Order. Order. Order, please. I accept the point of order put forward by the Hon. Member when he is discussing the matter of Hon. Members on the Government side not having been recognized during the Question Period. That is a perfectly legitimate point of order and I am willing to hear the Hon. Member on that point of order. But when he is debating issues which might have been brought up in the course of those questions, I cannot hear him any longer. If the Hon. Member has now made his point about not being recognized today in the Question Period, I can answer him now, and I will.

I have two Hon. Members of the Government side who have been put on the list, which is cumulative, for the purpose of asking questions. Those are two Members on the Government side. Today I have not recognized a single Member on the Government side. I want to make clear now to Hon. Members that I like to give everyone a chance and I tried to recognize an Hon. Member from the Government side today. But Hon. Members on the Opposition side of the House must suffer when the questions of some of their colleagues are too long. They then have a fewer number of Hon. Members who can get into the Question Period. In the same way, Hon. Members on the Government side have to realize that when Ministers take up a lot of time and give lengthy answers, which has been the case today, the result is obvious to everyone.

I allowed it to go that way because at some point during the Question Period it is important to give everyone a chance to clear up a certain matter. Because of that, obviously, Hon. Members on the Government side did suffer today. I acknowledge that, but I cannot apologize for it because it is the only way to run the Question Period.

Mr. Harquail: Madam Speaker, I certainly have demonstrated before, and it continues today, my support and respect for your judgment, and for the Chair. I want to bring to your attention, however, with respect to my point of order, that it does not only arise or begin today. It began last week. And that, by way of explanation, tells you the reason I am on my feet—

Madam Speaker: I am sorry. No, I am sorry. If the Hon. Member thought that he was being punished unduly last week, he could have raised the matter last week. We are speaking of today. I gave my explanation for today. I will give the Hon. Member statistics on the number of Members on the Government side who have been recognized last week. I will be glad to do that. If I have not recognized a sufficient number of Liberals, I will certainly correct that in due course, as I do with Hon. Members. Justice is not done every day of the week, but within a certain period there is a balance. I can assure Hon. Members about that. I have statistics daily, weekly, monthly. It is all done in the computer. And I do that because I want to be fair.

Mr. Harquail: But, Madam Speaker, in your preamble you have asked me, invited me, to explain. That is why I made reference to the fact that the same situation existed last week, when we were not able to be recognized throughout the whole of the Question Period.

The only point that I want to make in my point of order today is that I am being restricted from doing my duty here, which is to bring problems such as the Eastern Provincial Airways strike which exists in the Atlantic Provinces right now—

Madam Speaker: Order. All right. Very well. I try to give Hon. Members a chance, but the Hon. Member knows that the subjects discussed in the House are raised in a certain order. The Chair has nothing to do with it.

• (1510)

I explained things for today. I hope the Hon. Members accept what took place in Question Period today. I do feel there was no other way to handle it today. I did my best. I think the Hon. Member, who is now nodding, accepts that as far as today is concerned. I will try to give the Hon. Member a chance on another day.

Mr. Lewis: Madam Speaker, with respect to the Question Period today, I would like to point out that we on this side can understand the frustration of the Hon. Member opposite. He probably wanted to get into the debate and ask questions about the conduct of the Minister of Finance (Mr. Lalonde). If he would like to see us after the Question Period today, perhaps we can assist him and other Members on that side who want to pursue this matter and who feel that the truth should come out. We would be pleased to speak to them about how we might fit them in.

Mr. Harquail: On that particular point, that Member and others have no lesson to give us on this issue. Let them bring the evidence and let them be prepared before they come here.

Madam Speaker: Order. Would the Hon. Member for Restigouche (Mr. Harquail) not agree that he is getting a formidable chance right now?

Mr. Tobin: Madam Speaker, I just wanted to say that the attempt of the Hon. Member opposite at being humorous on this important point of order is surely an indication of the Opposition's belief that somehow they can set up—

Madam Speaker: Order. That point of order is closed.

Mr. Tobin: Only the Opposition can be heard on relevant points, I understand.

Some Hon. Members: Shame.

An Hon. Member: Withdraw.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, the following questions will be answered today: Nos. 4,388 and 4,578.

[*Text*]

ENTERPRISE DEVELOPMENT PROGRAM

Question No. 4,388—**Mr. Scott (Victoria-Haliburton):**

1. Who sits on the Regional Board that decides who gets assistance through the Enterprise Development Program of the Department of Industry, Trade and Commerce in the constituency of Victoria-Haliburton?

2. Who sits on the Central Board of the Program?

3. What are the criteria for eligibility for assistance under the Program?

4. Who is responsible for informing MP's of successful applications for EDP funding in their constituencies?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Department of Industry, Trade and Commerce is concerned:

1. The Ontario Region Enterprise Development Board serves the whole of the Province of Ontario. This Board consists of three private sector members: R. C. Buck, Chairman; John Webster and Norman T. Curry. Senior officials of the Departments of Industry, Trade and Commerce and Regional Economic Expansion as well as the Federal Business Development Bank are also members of the Board.

2. The Enterprise Development Regulations provide for membership of the Central Board to consist of nine private sector members and nine public sector members. The regulations provide for the public sector to be represented by senior officials from the Departments of Industry, Trade and Commerce; Regional Economic Expansion; Finance; Employment and Immigration; Ministry of State for Science and Technology; Ministry of State for Economic and Regional Development; and the Federal Business Development Bank. The private sector members of the Board are:

Pierre Demers (Acting Chairman)
Montreal, Quebec.

Francis Murphy
Vancouver, B.C.

Murray Auld
Winnipeg, Manitoba

John G. McD. Brown
Wolfville, Nova Scotia

Helen Rice
Grande Prairie, Alberta

Marcel Bundock
Drummondville, Quebec

Presently, there are three vacancies in respect of the private sector membership.

3. Each of the various forms of assistance has certain criteria, but in general, the eligibility criteria are that the firm and the project must be viable; for loan insurance the firm must be unable to obtain financing on reasonable terms; and for grants the project must represent a significant burden in relation to the firm's resources.

4. News releases are made available to MPs on a regular basis advising of the assistance provided to various applicants across Canada.

PETROLEUM INCENTIVES PROGRAM

Question No. 4,578—**Mr. Siddon:**

1. With reference to the Petroleum Incentives Program grants, how many applications for the grants were received to date since the establishment of the Program?

2. How many of the applications were received from (a) companies with prior involvement in the oil and gas industry (i) in Canada (ii) outside of Canada (b) companies involved in the (i) distillery business (ii) insurance business (iii) banking and finance business (iv) real estate business?

3. What was the amount of the largest grant and to which company was it given?

4. What was the average amount for grants given?

5. Of all the companies receiving grants to date, what was the average Canadian ownership rate?

6. What amount was spent to date for the administration of the Program?

7. How many Program application kits were printed and distributed and what was the total cost of the kits?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows:

1. To date, a total of 499 applications for incentives have been filed with the Petroleum Incentives Program.

2. The requested information is not available in departmental records.

3. Pursuant to Section 17 of the Petroleum Incentives Program Act, the name of a specific applicant is privileged information and, therefore, cannot be released. However, payments will be reported in an appropriate manner in EM&R's Annual Report.

4. To date, the average incentives granted per applicant has been $5,300,624 and the average incentive granted per application has been $3,032,234.

5. More than 96 per cent of payments made to date, have been made to applicants with Canadian ownership rates high enough to qualify for the maximum rate of incentives.

6. Administrative costs to date are $7,070,889.

7. The Petroleum Incentives Program kit released July, 1982 was printed at a cost of $38,500 for 10,000 copies. Initially, 6,300 copies were distributed to the PIP mailing list and distribution outlets across the country. Since that time, an additional 1,900 have been sent to individuals requesting the information.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, if question No. 4,500 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 4,500 be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

EM&R NEWSPAPER ADVERTISEMENT

Question No. 4,500—**Mr. Munro (Esquimalt-Saanich):**

1. Was a full page advertisement placed in mid-August in a number of Canadian newspapers by the Department of Energy, Mines and Resources and entitled "Complete Energy Security for Canada is this close" and, if so (a) what was the total cost (b) in which newspapers was it placed and how often in each (c) by newspaper, what amount did each placement cost?

2. (a) Who designed the advertisement (b) what was the design cost (c) what was the advertising agency's fee?

Return tabled.

[*Translation*]

Mr. Peterson: Madam Speaker, I suggest that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute Law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. Laverne Lewycky (Dauphin): Mr. Speaker, I wish to continue my remarks on Bill C-139. Before I was interrupted pursuant to Standing Order 21, I was saying that Bill C-139 was brought in as a result of some three budgets that have been brought down by the Government. They were the budgets of November, 1981 and June, 1982 and the mini-budget of last fall. This legislation, which deals with tax policy, took considerable time, some 15 months, to come to the House. It comprises some 300 pages. It is extremely complex and people do not understand it. It certainly has a detrimental effect on the performance of the Department of National Revenue. The Department has indicated that Canadians will not receive their income tax refund until this legislation is passed.

I was attempting to point out earlier how the Department of National Revenue certainly has no qualms about collecting taxes before appropriate laws are passed. However, we see how the bureaucracy is acting with regard to tax refunds. Unfortunately, this omnibus Bill does not address many problems that people such as my constituents face.

There are many farmers in my constituency as it is a rural, agricultural constituency. Many of the measures in this legislation do not deal in a systematic and helpful way with the problems faced by farmers in my area.

I would like to reiterate one of the matters raised by our agriculture critic earlier in the debate. It concerns the fact that one of the major changes introduced in Bill C-139 eliminates the income tax averaging annuity contract and replaces it with a system of forward averaging. In many respects, this is not the best answer to the problems that some of the farmers or small-businessmen face in our area. Within Bill C-139 we find that there is a reduction in the capital cost allowance in the first year. This is of particular concern in respect of farm equipment which would have been eligible under the previous provisions for a 30 per cent allowance in the first year. Under

the new proposals, only 15 per cent of the capital cost allowance would be eligible. I would point out in this respect that if our agricultural and other primary producers received a proper benefit in income tax on the operating costs of their farms, the rest of the economy would move again.

I notice that you are getting ready to indicate that my time is up, Mr. Speaker. I would just mention that we oppose this Bill because it is seriously flawed and because we think it should not be dealt with in its present form at this time.

Mr. Bud Bradley (Haldimand-Norfolk): Mr. Speaker, I take this opportunity to speak on Bill C-139. If the Hon. Member for Restigouche (Mr. Harquail) had been really concerned about taking part in debate on meaningful issues in the House, he could have put his ten minutes to use and possibly spoken on Bill C-139. However, our Party will speak on it seeing that he had his four chances to stand in the House this afternoon to have what amounted to a main question and three supplementary questions. We will try to assist him in the future and, hopefully, move him over here to the Opposition where he can ask questions to his content.

We certainly support the Speaker in trying to sort this problem out in the House. We realize the hardship the Hon. Member faces on occasion.

I did not think that I would have a chance to speak on this Bill, but the Hon. Member for London-Middlesex (Mr. Bloomfield) made it possible as a result of his attempt at parliamentary reform and kinship across the floor by forcing us to sit through the lunch hour.

As you know, I come from a riding in southern Ontario. Many of my constituents are very concerned about Bill C-139. In my riding there are people in the small business field, in the agricultural field and even in the major industrial field, and amongst all of them there is confusion as a result of the complexities of this Bill. There have been some 500 changes to the Income Tax Act in the last 11 years, 42 of them in the Bill before us. People do not know where to turn for understanding. The only people the Bill seems to assist are the accountants, and even they are frustrated.

• (1520)

Having had some military experience and thus something to do with regulations and having spent some eight years in university, I thought I would be able to understand the Bill. However, being a moderate man from a rural riding, I need some assistance, and this Bill does not offer it.

One of the things that concerns people in my riding, for example, is general averaging. It is being replaced by forward averaging and that sounds fine. When we read the definition of "accumulated averaging amount", however, this is what we are faced with in clause 69(8) on p. 162 of the Bill, which reads as follows:

(*a*) "accumulated averaging amount" of an individual at the end of any taxation year means the product obtained when

(i) the amount, if any, by which the aggregate of

(A) the individual's accumulated averaging amount at the end of the immediately preceding taxation year, and

(B) the amount deducted under subsection (1) by the individual in computing his taxable income for the year

exceeds

(C) the amount added under subsection (2) by the individual in computing his taxable income for the year

is multiplied by

(ii) the ratio, adjusted in such manner as may be prescribed and rounded to the nearest one-thousandth or, where the ratio is equidistant from two one-thousandths, to the greater thereof, that the Consumer Price Index for the 12 month period that ended on the 30th day of September next before that year bears to the Consumer Price Index for the 12 month period that ended immediately before the commencement of that 12 month period; and

The people of Haldimand-Norfolk find that very confusing, Mr. Speaker, but perhaps the Minister and the people in his Department do not. We are just average, rural folk, and we would like the Government to try to make things a little simpler for us. The small business people and the farmers in my riding need help, not more regulations or definitions or restrictions. Small-businessmen are concerned about interest rates and about the decreased purchasing power of the individual. The farmers are not concerned about how much paper work they have to do to calculate their taxes; they are concerned about the cost of equipment, fertilizer, help, fuel and everything they need on the farm. They are concerned about the low return they receive for their work, not how difficult the Government can make the Income Tax Act.

I looked for the capital gains exemption and a new valuation day date which was promised by the Minister of Agriculture (Mr. Whelan) in the last election campaign. That is what the farmers need; it is what they count on for their retirement plan. They also need something to stimulate their business, not more bankruptcies and foreclosures. How can they be proud of their country when they consider the economic outlook?

Figures issued by the OECD on economic outlook indicate that in the areas of economic growth and productivity, Canada ranks last of the 24 leading industrialized countries. We have the second highest unemployment rate in the industrialized world, second only to the United Kingdom. Japan has an unemployment rate of 2.25 per cent, and Germany 8.25 per cent, 5 points less than ours. Canada is the only OECD country in the top ten, whose industrial productivity has decreased. We rank tenth behind the United States, Japan, Germany, France, United Kingdom, Italy, Belgium, Denmark and Sweden. All other countries registered some increase but Canada experienced a drop of 0.2 per cent.

How can small businessmen and farmers make plans? The figures I have quoted do not demonstrate leadership. They cannot plan five years ahead when the governing Party changes the Act every time it presents a budget. All levels of business are concerned—individuals, small business people, major corporations, farmers, fishermen, even municipal and provincial Governments.

In the pre-budget statement presented to the Minister of Finance (Mr. Lalonde) in January, 1983, the Canadian Chamber of Commerce stated as follows on p. 19:

We have expressed our view on previous occasions that the post-budget process is now grossly over-extended. We hope that we will not see again a situation where legislation is passed in 1983 relating to the 1981 taxation year. We believe that the government should adopt an approach where draft legislation is tabled on budget night. We are appreciative of the change in approach taken for Bill C-139 where detailed explanatory notes were released. We believe this approach should be followed in the future, and even be amplified, making it much easier to react to the draft legislation in a timely fashion.

We believe that it is generally agreed that the Income Tax Act has become too complex in the past few years, especially in the areas relating to small business. The reason why this has occurred is not difficult to establish; every budget in the past few years has added another layer of complexity onto those which have gone before, so the whole system is now virtually staggering under its own weight.

When the Chamber of Commerce expresses that view, Mr. Speaker, we are in trouble.

How does all this affect Canadians? There have been four different versions of a budget—the one introduced in November 1981, the version that amended it on December 18, 1981, the one that was dropped on us on June 28, 1982, and then, of course, the one of October 27, 1982. In addition, there have been all sorts of minor announcements and clarifications, such as the January 1982 announcement of employee benefits.

These other things I mentioned concern us and we want to see them clarified and brought into better perspective in the budget. We could talk about this for days and hours, but I am glad to have had the time to raise a few of the issues that are of concern to people in my area and which I think should be of concern to all Canadians.

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, this Bill is totally incomprehensible. I realize that it is not the first one that we could not understand and that nobody else, including the Minister of Finance (Mr. Lalonde) could understand. The Minister of National Revenue (Mr. Bussières) also has problems with it.

I was glad to see Members of the NDP participate in the debate and slam the Liberals today. I had been worried about their close collaboration with the Liberals when they were saying that they would not campaign against them in the constituencies in the foreseeable future. But they are with us on Bill C-139, Mr. Speaker.

This Bill is partly the result of the worst budget ever brought down. That was in November 1981 when the Deputy Prime Minister (Mr. MacEachen) was Minister of Finance. He decided to correct everything without giving any real thought to what the effects might be. Consequently, he brought in a horrible budget to close the so-called loopholes. Actually, they were tax incentives that had kept such industries going as the building industry. Suddenly the door was slammed. I shall not soon forget the look of absolute horror on the face of the Deputy Prime Minister who was then the Minister of Finance. It was pointed out to him by the Hon. Member for Vancouver Centre (Miss Carney) that the immediate result of his budget at that time was to put some 20,000 construction workers out of work in the Province of British Columbia. Until that time I believe he had gone through it as a kind of exercise in some sort of paper war so that he would look good to people who were fretting about tax loopholes in the construction industry. Possibly this was his first realization that he had actually put a lot of people out of work, simply because of what he thought was a good speech given in support of a budget that some people believe to this day he had not read before presenting.

• (1530)

All the changes in the budget ever since then have been piecemeal and have frequently left the impression that they have postponed the implementation of various sections, have cut amounts in half, have cut percentages in half or by a third, or found some other amelioration for the rather savage changes. They did not withdraw the entire budget, and they withdrew very few major portions of it.

I would like to speak for a few minutes about the problems with the terminology in the Bill and in taxation matters in general. I have received many letters about the inability of people to understand the taxation rules until too late. One such letter was from a lady in my riding. I wrote to the Minister about it. I would like to refer to parts of this letter and, rather than identifying the woman who wrote it, I will call her Ms. X. The second paragraph indicates that at present she is age 99 and is fortunate enough to have a gentleman, whose address is such and such, to look after her affairs and have power of attorney. This gentleman was most upset because he had paid her taxes for 1981 on time but on a once-a-year basis. He did that because her total income in 1981 was $16,843. More than $14,000 of this income came to her only in November or later in 1981. This would likely be because of savings bonds or Government bonds. She received her income in November but was expected to pay taxes in June, on the first instalment for the year. She did not understand that and made only a one-time payment for 1981.

I run into quite a few people in my riding whose incomes come from sharecropping arrangements which they have back on family farms in Alberta or Saskatchewan. This is a payment they receive whenever the Government makes a wheat payment. It is not necessarily phased out once every quarter of the year; quite often it comes in in the fall.

I wrote a letter to the then Minister of National Revenue in which I said that it was difficult to understand why the Government wished to have my constituent pay through three-quarters of the year on income she would not receive until the fourth quarter of the year. It is no wonder that the gentleman who was looking after her affairs was puzzled. In part my letter read:

I wonder if you would be kind enough to have your officials look into this matter and determine if proper warning was given to Mr. . . . that Mary . . . (aged 99) would be required to pay taxes quarterly apparently based on her total annual income.

I look forward to your early, favourable reply.

I received the usual answer acknowledging receipt of my letter, and then I received a further reply a month after I had written. That was pretty quick time for that group.

As an aside, I would like to congratulate the current Minister of Finance. I guess he needs every kind word he can get after the shambles he has made this week and last week of the

conduct guidelines of the current Prime Minister (Mr. Trudeau). But he did something of interest, because I am now receiving letters from the Minister of Finance in answer to ones which I wrote to the former Minister of Finance, the present Deputy Prime Minister, over a year ago. I thank him for his letter of January 1982. At least the current Minister is beginning to get the mail answered. Apparently he has something over a year's backlog left to him by the rather feckless Deputy Prime Minister when he was Minister of Finance.

A month after I had written asking about this particular lady who paid her taxes on an annual basis until this year, I received a reply from the Minister. The first thing she recalled about it all was that not only was she to pay on a quarterly basis, but she owed them so much for the first quarter and so much in interest on the payment she had not made. The answer, which was supposed to please them, was contained in a letter addressed to me from the then Minister of National Revenue, which read in part as follows:

I am writing in reply to your letter of July 14 . . . in regard to the income tax affairs of Ms.—

It is true that the requirement to pay tax on income in the year received creates situations where a portion of the tax is required to be paid prior to receipt of the actual income. Self-employed businessmen in summer seasonal operations face a similar problem.

I am sure that would be of great interest to this 99 year old lady! It continued:

In their case, they would not normally be in receipt of any income until the month of July but, nevertheless, would have been obliged to make a quarterly payment of tax in the immediately preceding June and March quarters.

My Head Office officials have reviewed Ms. . . . records and have informed me that she was advised during the 1980 calendar year that she may be subject to the instalment requirements.

Now, listen to this; it goes on:

The advice Ms. . . . would have received was in the form of a T7B, Instalment Guide for Individuals, along with a T3T01 remittance form. In addition, Ms. . . . was also charged instalment interest on the 1980 tax assessment.

I trust the foregoing explanation will assist you in replying to your constituent in a satisfactory manner.

How on earth do we reply in a satisfactory manner to a 99-year old constituent when the officials claim that because they sent the Instalment Guide for Individuals in an envelope to her in 1980, she should have known that it changed her system of paying taxes, and therefore they will penalize her for not paying them under this system right from scratch. Ridiculous.

I am one—and I suppose the same is true of most Members of the House—who has my income tax forms completed by an accountant. It has gone beyond the scope of most of us to fill out our own income tax forms. I believe Department officials should begin considering the fact that all the accounting could be done by the Department or something, because I do not know how to figure it out. When one tries to read the form which Ms. X was supposed to have understood, one would not believe it. It is ten pages long. It is full of anomalies. It talks about Option A and Option B. I can hardly believe that the poor soul was supposed to understand. In part it read:

General Requirements

If you have a taxable income, you are required to make quarterly instalment payments of income tax unless:

(a) taxes deducted at source from at least three-quarters of your "Net Income";

(b) your chief source of income is farming or fishing; or

(c) either your Federal Income Tax for 1981 or your estimate of Federal Income Tax for 1982 does not exceed $400.

Instalment payments of Canada Pension Plan contributions may also be required (see page 7).

There are ten pages in this document, and by the time one gets to page 7 it tells one the following:

Calculation of Canada Pension Plan Contributions.

I am not sure what that has to do with it. Also it indicates:

Estimated Canada Pension Plan Contributions Payable by Instalments.

Perhaps they made a mistake and it should have been page 8. Who knows? This is the kind of problem with which Members of Parliament are faced because of these omnibus or enormous Bills that contain totally non-understandable English.

How would Hon. Members like to be faced with understanding Clause 12.(1) at page 44, which reads:

Paragraph 20(1)(*c*) of the said Act is amended by striking out the word "or" at the end of subparagraph (ii) thereof, by adding the word "or" at the end of subparagraph (iii) thereof and by adding thereto, immediately after subparagraph (iii) thereof, the following subparagraph:

"(iv) borrowed money used to acquire an interest in an annuity contract to which section 12.2 applies, or would apply if the contract had a third anniversary in the year—

Is that clear? In conclusion I would like to refer to an Act which was passed by the United Nations. We should send down Bills to them. This one was written in simple English, and we are able to understand it very easily. I am sorry I do not have any time left in which to quote from it.

• (1540)

Mr. Neil Young (Beaches): Mr. Speaker, I agree with every other speaker whom I have heard comment on Bill C-139. It is the most complex piece of legislation which this House has seen for some time. Certainly the most complex that I have ever had to deal with since coming here three years ago. The Bill itself, which is to amend the Income Tax Act, is about 300 pages thick.

Mr. Riis: It is sick.

Mr. Young: It is sick. That is probably right. But it took the Department of Finance another 200 pages in explanatory notes in an attempt to set out to Canadians and to Members of this House what the amendments are all about. It has not been particularly easy for Members of Parliament, for the public and even those who are experts and professionals in the field, to understand what the Government is trying to do here. In fact, one writer, Robert J. Jackson, head of the Political Science Department at Carleton University, in attempting to define what the Government was trying to do, wrote:

In the tax field the two MacEachen budgets, of November, 1981 and June, 1982, were catastrophes that never became law. Neither did Lalonde's mini-budget of last fall, which tried to undo the worst damage of his predecessor.

What we are attempting to do is to deal with bad amendments which were supposed to have been made less so by a new Minister of Finance (Mr. Lalonde).

In going over the Bill itself and looking through the explanatory notes it would seem that the present Minister of Finance has resorted to the same kind of twisting and bandying about of an income tax system that in general is totally inequitable. It is particularly inequitable in regard to people at the low end of the income scale. He had an opportunity, I think, in finally bringing this particular Bill before the House, to have made some amendments to the Income Tax Act for which many groups across the country have been calling for quite a number of years. For instance, he could have taken into consideration the findings of the Special Committee on the Disabled and the Handicapped which travelled across the country listening to disabled groups and individuals about their financial needs and what the Government could do to make life a little bit better for them to help them participate in the mainstream of Canadian life as able bodied individuals have been permitted and allowed to do over the years. There was one simple amendment the Minister could have brought in, to which he said earlier he would give consideration, namely to bring in some amendments to the Income Tax Act which would have offset the cost of disability. A disabled or handicapped person has living costs which are in excess of what an able bodied person has. Very often a person, particularly one with mobility problems, requires special forms of transportation. This is an additional cost to that individual. It should be remembered that most disabled people receive far below what we would normally consider to be an average income. In fact, most individuals have incomes which would be considered at or below the poverty level. The Government could have acted on some of the recommendations made by that Special Committee. Amendments could have been made to the Income Tax Act.

In response to a constituent's complaint in this area, the Minister of Finance stated that his Department was reviewing income tax concessions currently available to the disabled as well as recommendations which were made to our Committee. The Minister of Finance certainly could have made some move in that area without its having a drastic effect on the existing revenue the Government receives.

In another area the Minister could have done something for the disabled people and their families by taking into consideration the financial needs of those who have mobility problems, those who are not sighted and those with other disabilities. Concessions could have been made through the income tax system to allow either the disabled persons or their families to make renovations to their own homes or apartments so as to make them easily accessible for disabled people.

Under current legislation there are many contradictions which make accessibility difficult to achieve. For example, special devices to assist disabled persons in making their toilet should be made tax deductible. What about renovations to make the doorway to the bathroom wider so that the disabled person can have access to the bathroom? The committee felt that in specific instances such as those, the Department of Finance could act immediately to provide deductions without waiting for presentations from other Departments. That would have been a rather simple thing for the Minister to do had he so chosen. But, he did not.

What about amendments to the Income Tax Act to encourage on-the-job-training for disabled people? The Minister's Department did bring forward an employment program several years ago. It provided some assistance with equipment to allow a disabled individual to fit into the normal workplace. That particular program, to my knowledge, has not been very successful, primarily because the federal Government has not shown an example by bringing in, within its own Departments, adequate training programs or affirmative action programs for disabled people. In the federal Government's own employment practices it still has a long way to go to accomplish some level of satisfaction in that area. The private sector is not likely to act until the Government—and the Committee argued this very strongly—takes a leadership role in employing disabled and handicapped people. From my own experience, especially in small business, small businesses are more open to the suggestion of hiring disabled people than are large corporations and governments.

The Government could have assisted small businesses which recognize that disabled people should be judged for their ability rather than their disability. The very least the Goverment could have done was to accommodate the good citizenship shown by the small business community and to assist small businesses to do their job even better.

I see that my time has run out, Mr. Speaker. I could speak for another 40 minutes on this subject.

Mr. Chris Speyer (Cambridge): Mr. Speaker, I am pleased to take part in this debate. It is probably one of the most important events that has ensued with respect to matters incredibly complex. I have heard the Hon. Member for Victoria (Mr. McKinnon) speak about complexity. He put it within one term of reference. I have a personal term of reference within which I would like to put the complexity. It came about as a result of being aware that I would be speaking today concerning the provisions of the Income Tax Act. I met three tax accountants from a large Canadian firm in Toronto last Friday. They outlined two points to me. The first one dealt with ordinary accountants, those in small firms in towns like Cambridge. In some cases because of the complexity of this Bill it was beyond their capabilities to understand it fully. The result was that accountants were coming to these large firms to seek advice, but even these large firms found it difficult to give advice in some circumstances.

• (1550)

This tax partner, who deals with international finance and large multinational corporations, made a second point. These particular areas are complex by their very nature, with international implications. However, when compared with the provisions with which a small business person and an accountant advising the small businessman must deal, they bear no

absolute relation in terms of their complexity. He asked me if I would point out in my speech the provisions of Section 125(3) of the Income Tax Act and he asked me to defy anyone, through Your Honour—and I see that the Minister of National Revenue (Mr. Bussières) is here—to say exactly what the provisions of Section 125, 1 through 6, mean. I read it over the weekend. I was once a practising lawyer and dealt with a great deal of tax litigation. I will say to Your Honour that ordinary people certainly cannot understand it and accountants do not even have the time to try to understand it. Some do not have the aptitude to do so. The large firms are having a great deal of difficulty, especially with the one section that I pointed out. Taxes are the price that we pay for civilization, and it is a very dear price that we are paying these days.

I would like to discuss three or four aspects of the new provisions of the Income Tax Act. One of the most important, from my perspective because I am a small business critic, concerns RRSPs. Everyone knows that interest expense on contribution to RRSPs made after November 12, 1981, will not be deductible. The provision with respect to deductibility was a tax preference because it was given on the social understanding that it was wise for people to provide for their own retirement. That was a laudable social and public goal. It has been absolutely stripped by the provisions of this particular piece of legislation. The objective of the RRSP, as I say, is to allow savings for retirement. If an individual continually borrows year after year in order to make RRSP contributions, never paying off any of these loans, then the objective of saving for retirement is completely frustrated. However, most lenders require that the RRSP loans be paid off within one year. If one goes to the lending institutions, whether it be the credit unions or the banks, and looks at the advertisements, one finds that they will lend money for the purposes of buying an RRSP, but one of the provisions is that it be paid off within one calendar year.

This is obviously another Government grab for revenue. It is as simple as that. The reality is that if people cannot borrow for the purposes of providing for their own retirement, they will not become involved in RRSPs, which I believe to be a public and social necessity because it deals with the philosophy to which I subscribe, that is, self responsibility. I find the situation with respect to RRSPs nothing short of appalling.

Let me deal with capital cost allowance. Here we are, at this particular point in our history, in the depths of a very deep recession. We are in a situation where the Government will be taking $3 billion out of the private sector and putting it into the public sector. I find this to be absolutely against the grain so far as I am concerned. It is certainly nothing in which I have ever believed, especially at this point in time. There has been an abridgement by the Government. Specifically, I point out Class 29 write-offs, depreciable property.

Your Honour may recall the budget of May 8, 1973, I believe, brought in by John Turner. In his speech on the budget, with respect to Class 29, he said he wanted to create employment because that was the most imperative social issue at that time. He brought in what is known as the speedy write-off for manufacturing. In other words, in the first and second years a person could write off 50 per cent of any manufactured machinery purchased. He was holding out a carrot. The former Minister of Finance gave three reasons at that point in time. First, he said it would create employment. I agree, it did create employment. Second, he said it would enhance cash flow. Because that carrot was being held out, the third provision was that we would avoid obsolescence. As I say, to take such a tremendous amount of money out of the private sector and put it into the public sector at this time is totally without foundation or justification.

The third matter I would like to discuss is the corporate distribution tax. I can certainly understand why the Government is proposing it, because it is trying to ensure that salaries are treated in the same manner as dividends. That is where I disagree. I will give a very short example. Under the old system, if a company was taxable at $100, the corporate tax, the small business rate, would be approximately $25, with $75 left over. If a dividend was paid on the $75 under the 1982 scenario, it would amount to approximately $18.75, which was one-quarter of the amount. The total tax involved would be $18.75 plus the $25, so that at the most the taxpayer would be paying $43.75. Under the 1983 budget provisions, with that same $100, there is a quarter off, which makes it $75; there is the corporate distribution or Part II tax, payable by the company, which brings it down to $66.67; and the personal tax on the dividend at one-quarter of the rate, and what we get, really, is $50. The point I am making is that it becomes a question of preference. I understand, because it has been clearly stated, why the Government did this. I have always believed, and still do, that being able to take money out by way of dividends in this—no doubt about it—preferred way, was socially and publicly good. I do not see why it was changed.

I would like to touch briefly on two other areas. One concerns work in progress. I was happy to see that the provisions of the November 1981 budget were changed with respect to professionals such as lawyers and accountants who could not be incorporated. What irritated me is that it discriminated against architects and engineers. I do not think there are any Members in the House who have not received letters from their local engineers about these discriminatory provisions. In my view, the reason these professional people were discriminated against was that it was said they could incorporate and were therefore eligible for the small business rate of tax. However, from everything that I have been able to ascertain, if I could use a word of the street, the architects and engineers are really getting "shafted" with respect to this provision, whereas there are proper remedies with respect to lawyers and accountants.

I had hoped to make a couple of points more, but I see that Your Honour is giving me the nod to signal that my allotted time has expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Trinity (Miss Nicholson)—Industrial Safety and Health—Dust Hazard in Grain Elevators; the Hon. Member for St. John's West (Mr. Crosbie)—Energy—Negotiations between the federal Government and Newfoundland on offshore resources, b) Telexed message; the Hon. Member for Nanaimo Alberni (Mr. Miller)—Fisheries—Kirby Task Force Recommendations—Presentation of Government Response, b) Request that Government secure equity in East Coast fish plants.

• (1600)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute Law relative to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, it gives me great pleasure to speak to Bill C-139 which deals with the amendments to the Income Tax Act. This Bill is the most complex Bill since 1971, and it is some 297 pages long. Moreover, it has taken the Government 398 days to bring this Bill into the House.

As a new member, elected in October, I must say that it is very hard for me to be able to absorb 298 pages in such a short period of time, the changes from the budgets of November, 1981, June 28, 1982 and October 27, 1982, and 350 changes to the Income Tax Act.

Today I want to speak on a few of those. My riding, which is Timiskaming, stretches from Lake Nipissing through to James Bay. My constituents have a concern with some of Bill C-139, and I would like to take a few moments to describe some of the proposed changes we would like to see. The proposed taxation on professional work in progress has been withdrawn for professions outlined under Section 125(b)(f) of the Income Tax Act: medical doctors, lawyers, accountants, dentists, veterinarians and chiropractors. The measures, however, remain the same for architects and other professions.

The one profession I would like to mention to you today is that of insurance adjusters. I have a constituent who has a very small operation and is concerned with regard to the taxation on work in progress in the adjuster's office. His understanding of this reform means that at a certain date it will be necessary for him to calculate the amount of time he has spent on each file. The time will be converted into a financial figure and, once this is done, taxation would apply.

His letter went on to say that if this is to happen as his operation has a very minimum margin of profit it would probably force this individual out of business. This is one concern that we have in this riding in regard to Bill C-139.

Another area which is of grave concern is the taxation of northern benefits. To the north of my riding, which enters into the James Bay area which takes in Moosonee and Moose Factory, at any time it is very hard to get qualified people into the area. Under Bill C-139 the taxing of northern benefits is not only going to jeopardize the individuals who are now in Moosonee and Moose Factory, but in future trying to interest employees whether they be in the Moose Factory hospital or with the James Bay Board of Education or with the Ministry of Natural Resources in that area, is going to be very, very difficult. And I hope that this will be taken into consideration not only for my riding in northern Ontario but in other northern areas across Canada.

I would like to move on to another area in which there is great concern with Bill C-139. Prior to my being elected to the House of Commons I was a salesman, and the taxation of the travelling expenses of individuals who are employed as salesmen is of great concern. There are many salesmen provided with a car by their company, not only in my riding but across Canada, who work for a very low income and work on an incentive basis. An individual might drive anywhere up to 125,000 miles a year, and he is being taxed for possible use of this car during the weekend or in the evening. I must say that it is very wrong to tax an individual who happens to be making in the neighbourhood of $12,000 a year on the one benefit that he might have, a car sitting in his yard for a short period of time over the weekend, and if he uses this car in any sense, whether it is going down the street to shop with his wife or whether it is just going out to a private home, he is being taxed on that.

I must say that at the same time there are companies across Canada today which are saying to their salesmen: "We are no longer going to supply you with a car. You have to go out and buy your own car. Because of this taxation we feel it is much better for you to own a car and then in turn be paid by the company." Once again, if you are in the income range of $12,000 to $16,000, a car payment on top of everything else today—everyone recognizes the problem with the way the economy is, and the fact that selling is not the same as it was five years ago—is another burden. I would like to say once again that that is another concern with Bill C-139.

There is another very, very large concern in I think almost every area across Canada, and that is taxation in regard to MURBS, in regard to apartment buildings that are much needed across this country. In my riding of Timiskaming a new

industry was started three years ago, and we had the opportunity of having a contractor come into our area who was willing to build apartment buildings that were required. But under the taxation of the budget of November, 1981, this was taken away from private individuals who wanted the opportunity to invest money in apartment buildings. I urge this Government to reconsider this matter because this provision must be put back in, in order not only for the riding of Timiskaming to have the opportunity for the much needed apartment buildings but because there are numerous towns and cities across this country that require that extra building.

In closing I must say that under Bill C-139 it is very, very important that we look after the small businesses across this country, small businesses which make up this country. With a bill such as this, 296 pages long, and the problems that a small businessman has today in trying to understand a Bill such as this, I, and I think all Members on this side of the House, see the urgency of making this task easier. We have to make it a lot easier for the individuals because, as we all realize in these times, it is very hard to break even, let alone have to worry about hiring a chartered accountant, which some of these small businesses or individuals really cannot afford to do.

In closing I must say to you, Mr. Speaker, that I am very pleased to have had the opportunity to speak on this Bill. My people in the riding of Timiskaming are certainly pleased that you have given me that opportunity.

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, in order for a taxation system to be successful it has to be intelligible and citizens have to abide by it cheerfully and voluntarily. I think it was the Member for Cambridge (Mr. Speyer) who said it is a price we pay for civilization.

It is becoming increasingly apparent, as the Member who just finished speaking noted, that Canadians are becoming frustrated and bewildered by the complexities of trying to cope with a very complex set of rules and regulations. It is interesting from a historic perspective to recall that when a taxation system becomes too complex and too onerous some irresponsible politicians make great gains by leading so-called tax revolts. I say to the Minister opposite, who I know is a keen student of political history, that Pierre Poujade in France at one time controlled the very balance of power in the French National Assembly by espousing a tax revolution. In the meantime, we have seen a similar phenomenon in the United States, in the State of California, and recently there has been another movement in that regard.

I think that the taxpayers and the business community want more than anything else in this country is some stability and some continuity in the taxing system. It seems to me that the Ministry of Finance and the Ministry of National Revenue are inextricably bound together. When one looks at the plethora of Ministers in the last four years and looks at the contradictory policies that have been espoused, it is very easy to see why the business community is in such a quandary about what to do.

• (1610)

Colleagues will remember when the present Minister of Energy (Mr. Chrétien) brought in his budget. He never had that budget legitimized. The election came before that could occur. My colleague, the Hon. Member for St. John's West (Mr. Crosbie) then became Minister of Finance. That budget was never implemented. Then we had, as many Members have said, that dreadful budget brought in by the Deputy Prime Minister (Mr. MacEachen) when he was Minister of Finance. We then had the son of that budget, which in some ways was even worse than the first one.

Mr. Munro (Esquimalt-Saanich): The illegitimate son.

Mr. MacKay: We then have the present Minister of Finance who brought forward a very well accepted economic treatise or statement which really served in the place of another interim budget. Now we are waiting for yet another budget. Just consider that, all within the space of four years.

Looking at the Ministry of National Revenue side, we go back to Tony Abbott in 1979, not so long ago. Well, he is gone. We had the Hon. Member for Nepean-Carleton (Mr. Baker) in our short-lived administration. We then had the Hon. Member for Grand Falls-White Bay-Labrador (Mr. Rompkey), and now the present incumbent. Again, with all respect, it is difficult to get any continuity or stability with all this turnover of ministers. In fairness, that was not enough time for these gentlemen to have mastered the complexities of the Department and perhaps not enough time for them to have co-ordinated their particular policies with the Minister of Finance.

However these kinds of fundamental policies as opposed to specific regulations surely need not have suffered as much as they had. I note, not with amusement but with some interest, that in order to make the situation look a little bit better for itself and perhaps more relevant, the Government recently raised the base of the cost of living index. In effect, we are starting off on a much higher plateau for the eighties. This serves to make people forget how badly their standard of living has eroded in the last decade.

Our capital gains evaluation, which was set in 1971, has not been touched. That surely is a great disincentive to the kind of business activity and confidence that the Government should be wanting to instil in ordinary Canadians and the business community. I remember speaking to the then Minister of Finance about this, the present Deputy Prime Minister. I asked him questions shortly after he became Minister. On March 13, 1981 I asked him:

> Since it is approximately ten years from valuation day, and since the Minister knows that when assets change hands now they are being taxed heavily on inflation, which I think he would agree is confiscatory, what plans do he and his Cabinet colleagues have to revise or otherwise make more equitable the capital gains tax structure in this country?

The then Finance Minister replied to the effect that he had released a discussion paper on capital gains and talked about

the question of indexing. I pursued the matter in a supplementary question to the Minister, asking him about the time frame and about more specific information.

I quoted a man named Harris who was President of the Canadian Institute of Chartered Accountants. He wrote a very good treatise on the ironic situation in which people who benefit from lotteries are not subject to capital gains while people who invest in their country are, and people who save to buy securities from Canadian companies in order to put their children through college or provide for their retirement are taxed heavily in the same way as someone who speculates in or buys foreign securities.

I pointed out to the Minister that there was room here to be more equitable, to tilt toward Canadian securities, to encourage investment in Canadian companies and be fair about the way that capital gains are being assessed. The Minister indicated that he was interested. Accordingly, I wrote him a few days later, and I said among other things:

I am enclosing a copy of Mr. Harris' speech to the Winnipeg Rotary Club as well for your information I am attaching a copy of a letter I sent to Mr. Harris.

I wrote to Mr. Harris bringing to his attention the fact that I had made these representations, based on his speech, in the House of Commons to the Minister of Finance. I suggested that Mr. Harris might wish to take the Minister up on his offer for further information and elucidation about what he said. That was the absolute end of it.

I do not know whether the present Minister of Finance expects to look at changing the capital gains tax. I know there are Members on the other side who share my views. I trust that they will make these kinds of representation because, if the present situation continues and people are taxed on a capital gains for assets based on a 1971 valuation day, they should realize that in many cases their assets are simply confiscated because of inflation and they are punished for having been prudent investors.

There is another point I would like to make in the realm of general policy. That is the need to co-ordinate some of the efforts of the Minister of National Revenue with his Cabinet colleagues. Time and again I have been struck by the anomaly of someone trying to build up a family farm as a part-time farmer to the point where he or she can leave their present employment and become a full-time farmer, but then being frustrated by the rather harsh tactics of the field workers of National Revenue. On an arbitrary basis they disallow a lot of the farmers' deductions, and go back several years to do it.

On the other hand we have the Minister of Agriculture (Mr. Whelan) who is constantly espousing the welfare, as is his job, of the farm community in this country. He is making available money through the Farm Credit Corporation and encouraging in every way he can the welfare of farmers. While he is doing this, his Cabinet colleague is chopping down the efforts of those who are trying to achieve the status of full-time farmer. Those kinds of things are very anomalous.

Although it is slightly off the subject, let me point out that it would help to staunch the drain on our taxation revenues if we tied work-training programs to unemployment insurance payments so that people who are in this enforced period of idleness could at least benefit to some extent from the sustenance that they are getting in order to keep them in a decent position until work is available. It would help them to become more flexible and qualified. I do not see any real effort being made to do this.

There is also the question of the attitude of the Department of National Revenue. I want to pay tribute to the present Minister and his predecessor, the Hon. Member for Grand Fall-White Bay-Labrador, for being very open and available to me and listening to the suggestions I put forward. However, there are many instances, some in my own Province, where a Draconian approach has been taken by field workers and some of the officials. In that regard, and on a bi-partisan basis, I want to pay tribute to the Hon. Member for Northumberland-Miramichi (Mr. Dionne) who, on March 26 of last year, moved the following motion:

That, in the opinion of this House, the Government should consider the advisability of the Department of National Revenue assuming responsibility for the expenses incurred by a taxapayer whom the Department causes to be investigated, when such investigation by the Department's officials does not result in a suit or claim.

This is sometimes done in quasi-criminal and even criminal cases when an accused is acquitted.

Has my time elapsed, Mr. Speaker? Thank you, Sir.

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I enter into this debate this afternoon with some misgivings, given the very serious economic plights of this country and the absolute and inappropriate actions of the Government of Canada. In talking at second reading of this income tax Bill, the basic statutory vehicle through which Government economic policy is implemented, we are in very serious difficulty with the directions of this Government and the principle it is developing. In indicating the direction taken in this particular legislation, the Income Tax Act, and the provisions within it, based on previous budgets by the Minister of Finance (Mr. Lalonde), the Government missed completely the needs of the consumers in Canada. The individual Canadian is faced with problems of trying to maintain a home or a small business and living in this very negative environment.

• (1620)

There are five criteria, Mr. Speaker, which we should be looking at in this House of Commons which would assist people to move through this recessionary period, this worldwide recessionary period, with nowhere near the degree of harm which has occurred to date. Rather than simply considering the Income Tax Act in isolation, this particular piece of legislation should be put forward with a five-point program. First of all, we must have an industrial strategy. The impact of the Income Tax Act on shaping investment, shaping the redistribution of wealth in this country, and producing revenue for Government programs, is all for naught if there is not some idea of a plan, where we are going to go with that very fundamental instrument and how we are going to use it to shape the nature of industry in this country. It is an absolute waste of

time to put a statutory vehicle like the Income Tax Act before us without some kind of an economic plan.

The second point is that we need an employment strategy based on full employment. The Government over there is quite content to see the abysmal levels of unemployment continue in this country. A million and a half Canadians are unemployed, and that figure is certainly underestimated when we are talking about unemployment figures in most of the communities which I represent, whether it is Courtney, Campbell River, Northern Vancouver Island, Powell River, or the sunshine coast in British Columbia. Those communities are experiencing unemployment at rates of above 30 per cent, and that is a sort of official level. The figures do not count people on social assistance or people who have given up looking for work and do not qualify for UIC or Social Assistance. Therefore, what we should be doing today is talk about an employment strategy, a commitment on the part of this Parliament nationally to ensure that every Canadian has a right to employment, the right to a job.

The third point this Income Tax Act should be coupled with is an investment strategy. This is a major vehicle which can shape the nature of investment in this country, which can bring fulfilment to an industrial strategy and employment strategy. It is a waste of time to sit here this afternoon producing a lot of hot air in discussing an Income Tax Act which is not coupled with a logical economic plan. An investment strategy, without a broadly based industrial strategy will result in an insane investment of available capital. In my own Province of British Columbia today, the Premier of that Province is trying to explain to 1,900 men and women who have lost their jobs in the coal mines of southeastern British Columbia why this has come about. The reason it has come about, Mr. Speaker, is that the Province of British Columbia, and Ron Basford, a former Member of the Cabinet in this federal Government, have no concept of an appropriate investment scheme for that Province. Southeast coal has an over-capacity to provide coal to the Japanese. We have northeast coal; billions of dollars are being sunk into a project which will just increase the over-capacity in coal. Then, in my own riding we are going to dig another open-pit mine to undercut the price of both those projects and sell more coal to the Japanese in a shrinking, softening Japanese energy market. That is a waste of scarce and valuable capital. That is an absolutely insane resource development policy for this federal Government and the provincial Government to adopt. Where are your heads? Pull them out of the sand. Let us get this country together.

The fourth point we need a national co-operation program in this country. To sit here and talk about an Income Tax Act in isolation is ridiculous. We need a national co-operation program instead of the national conflict program which has been promoted by this Government. We have gone on long enough driving wedges between business, labour and Government for political ends. We must resolved the problems which are faced by so many Canadians in this recession. It is time to stop fighting and start cooperating and working together.

The six and five program was designed by the Liberals to pit business and Government against labour to create a fight, to envelop the population in a national internecine war. It is the most destructive thing which I have seen in my term in Parliament and what is a most destructive feature is the attitude, the failure to develop a program, and counting on short-term political gains by turning the population of Canada against organized labour, against the Public Service, and trying to entrap the business community into that obscene alliance. This Income Tax Act which we are debating this afternoon is a farce. What we need is a sense of direction. Japan, West Germany and other countries in the world have established a sense of direction. Where are we going? We need a re-commitment to social programs in this country. Health, education and welfare are the fundamental programs which underpin this country. There is an erosion of our health care system where the elderly, the poor, are going to suffer with user-pay programs. Students can no longer afford to attend our universities because costs are skyrocketing and their jobs are disappearing. Faculty members, who have spent years trying to stay on the leading edge with proper training, proper equipment, proper class sizes, in order to train the engineers and professionals of the future, are being driven out of the universities. We must make investments in those social programs.

These five points are absolutely important to establishing a direction, and we can sit here until hell freezes over, but at some point we are going to have to take positive action. At some point we are going to have to sit together and develop those five basic principles of national reconstruction. Until that happens, Mr. Speaker, the Canadian people will continue to suffer.

There are two statutory vehicles which this Government could immediately put into place. One of them is the Income Tax Act. It is here before us this afternoon. Just recently we have looked at figures on the poverty level, Mr. Speaker, and we have found that 20 per cent of the people in this country take 80 per cent of the income. The other 20 per cent of the people at the bottom take about 10 per cent of the total income. That is a national obscenity. But it can be corrected and, with any sense of fair play, it has to be. It should be done by this legislation, but that question is being ignored. The Income Tax Act could also establish an investment program in this country which usefully uses our pools of capital to develop a diversified industrial strategy, in the forest industry, in the mines and in the shipbuilding industry, so that Canadians could have jobs. Those jobs are sitting there waiting and we are doing absolutely nothing. That is an absolute obscenity.

A second legislative vehicle is the combines law which could structure the state of competition, and the nature of business. Part of the problem we face today is the result of that enormous glut of greed which went on in this country with corporate takeovers. Instead of investing in this country in appropriate technology and manufacturing, bringing us to the leading competitive edge of the world's market, we watched our major corporations swallow up other corporations trying to make a

fast buck, cutting people out of work. We watched the Minister of Consumer and Corporate Affairs (Mr. Ouellet) spin his wheels, and the Government spin its wheels, by failing to bring forward an appropriate combines law which would structure the nature of our economy and would give small businesses a fair opportunity in the marketplace to compete with the large businesses, the Imperial Oils and the Royal Banks of this country.

With respect to the Bankruptcy Act, a third legislative vehicle we need in the short term to protect home owners and businessmen from the loss of their homes and business. The Income Tax Act is important, but if it stands alone, Mr. Speaker, we are spinning our wheels, we are producing nothing for Canadians. That Income Tax Act has to be coupled with a change in policy, and the five points which I outlined should be acted on now so we can make rational sense of this legislation before us today. Those five points should be coupled with at least three pieces of legislation which are already before this House, and certainly a program which would see a national employment strategy develop. Small businesses, Mr. Speaker, in many areas of this country have been hammered into the earth. We are looking at a situation today where the combined weight of Government, provincial and federal and municipal, are crushing them. We are talking about half of the small businesses in this country being driven into the ground by Government policy.

Mr. Deputy Speaker: Order. I regret interrupting the Hon. Member, but the time allotted to him has expired.

• (1630)

Mr. Walter McLean (Waterloo): In entering into this debate on Bill C-139, we have been reminded that on December 7, 1982, the Government finally brought in the income tax legislation necessary to implement the November, 1981 budget some 13 months later. There were 389 days needed to bring Bill C-139 forward, which is a mammoth 297 page document. In spite of the fact that there have been what the Government calls extensive consultations, this document continues to be an attack on individual Canadians and on investment. It is the same attack that was announced in the November budget. The Government says that it is listening and makes a great deal about the fact that it is consulting. But it has become very clear that it is not responding. I enter this debate to reflect the views of Kitchener and Waterloo and southwestern Ontario, including parts of Woolwich Township and Elmira, the Township of Wellesley, New Hamburg and Wilmot Townships. It is an area of industry, farm and small business. I find that there is in this area a definite sense of repudiation of the direction taken in the Income Tax Act.

What is seen as being needed today is the incentive for the farmer, the small-business person and those in larger businesses in order that they may keep operating. What we see happening, rather, and the reason that this Bill is so inappropriate at this time, is a resort to survival tactics. Our small businesses are trying desperately to hold on. If the Government were interested in recovery and job creation, it would listen to what the small business are saying.

One has to ask why such changes should be introduced at this time in the face of what is happening. Some will ask where the incentives are. They certainly are not available to those in the Waterloo regional area who are part of our soaring statistics.

The *Kitchener-Waterloo Record* of February 4, 1983, entitles its lead story, "Recessions Victims". It states:

> The unemployment rate in Waterloo region soared in January to the highest-ever recorded level—14.2 per cent—as 22,000 people were jobless out of an area work force of about 152,000, Statistics Canada said today.
>
> That's up from 10.8 per cent unemployment in December, when an estimated 16,000 were jobless in an area work force of 151,000.

The article continues:

> Locally, 15,402 people were registered in January at the Canada Employment Centre in Kitchener as unemployed and seeking work. At the end of December there were 14,157 registered.

This particular statistic is compounded by the fact that there is a lack of incentive in the tax system for our companies to continue. In the last few weeks, Leigh Instruments has announced that it intends to sell or close its Waterloo operation. At the same time, B. F. Goodrich is seeking to sell one of its divisions, the engineering products division. The combined potential loss of jobs in the next number of months may add another 800, plus the spin-off effects.

With the tax measures that we are asked to pass, come more penalties instead of incentives to create jobs in the workplace. As I look at Kitchener-Waterloo, and the Waterloo region which is home for a major part of Canada's insurance industry, I see that industry forced into a defensive position, especially in the life insurance capital dividend-accounts, as they affect estate planning.

I look at the farm community, and I see some of the finest farming area in southwestern Ontario. As a measure of the desperation that is a part of that community, and which shows the lack of faith it has in Government, we find the phenomenon of penny sales by the Farm Survival Association. On February 10, the *Kitchener-Waterloo Record* reported:

> About 300 militant farmers shouted down the appointed auctioneer, persuaded him to step aside and proceeded to auction off an estimated $100,000 worth of farm machinery for $19.80 near here Wednesday.
>
> After a $40,000 tractor sold for $2.20, a truck for $5.20 and a hay wagon for less than $1, the farmers ignored police warnings and cut through wire fences to make off with the machinery belonging to an area beef farmer.

The story went on to say that the low bidding, which is the latest tactic by the Association, was to aid strapped farmers who are unable to repay their bank loans.

What we have in the mood of the country at the moment is the danger of men and women pushed, in many cases to the limit, beginning to take the law into their own hands and the structure of our society beginning to break down. What we have in rural areas is not unfamiliar in the cities.

In recent weeks I have heard a number of comments about the style of operation of the officials of the Department of National Revenue. The question now is whether they are henchmen or whether they are public servants as they begin to try to feed a Government which is functionally bankrupt with

more revenue, which is like taking blood out of a stone. The time has come to begin building some structure of trust and incentive for those who have been working and want to continue to work.

Let me say another word in the time I have remaining about what this defensive posture is doing in the whole area of charities and what is being forced on our charities. The November, 1981 budget would have required charitable foundations to include the full amount of capital gains and losses in computing income, subject to the disbursement requirements.

In April, the original proposal was replaced with a requirement that foundations annually distribute an amount at least equal to 4.5 per cent of the fair market value of all their investment assets. Included was a formula to minimize the adverse impact of fluctuations in asset values, that is, disbursement in a single year will be based upon an average value of foundations' assets in the previous two fiscal years. A penalty will be imposed if the requirement is not disbursed in the given year.

Consultations with charitable foundations are continuing. The draft legislation is still outstanding. The new rules governing disbursement requirements will only apply in taxation years commencing after 1983. This will be the subject of legislation that will be introduced at a later date.

The whole matter of Bill C-139 and these income tax changes pertain not only to a lack of incentives to business, farms and industry, but also to charitable foundations and to charitable agencies themselves. I have already been espousing in the House the case of the need for a task force to review the give and take tax proposals which have been set forth by the national voluntary agencies. We are now set in the ridiculous context of Quebec-based charitable organizations being actually taken to court by National Revenue because they are pressing the Government to implement give and take tax reforms.

In all of these areas there is a need for incentives. Instead, we are faced in this House with a Bill that brings disincentive and disruption.

• (1640)

Mr. Arnold Malone (Crowfoot): Mr. Speaker, this Bill is an attack on Canadians, particularly those in the middle income sector. It has been introduced by a desperate Government—a Government without heart, a Government without conscience. The Government has reached the point that it needs to impose more taxes on Canadians primarily because, due to its own mismanagement, it does not have the wealth it needs in order to govern. Fairly or unfairly, Canadians must pay to maintain the burden of over-Government which is now in place.

The Government must be blamed for its lack of vision of what would happen in the OPEC situation. Like other nations, we are dependent on oil to pull us through this period. With Brazil, Venezuela and Mexico, we are over-dependent on the high price of OPEC oil and now, with the effect of the failing price of that oil on general revenues, the Government has had to revert to a heartless attack on the Canadian farmer, those who set aside money for their retirement, on women and on the whole future of the country. This is an attack on those people by the Government which should be protecting them. It did not have the foresight to look beyond the income it was planning to receive through its most recent energy agreement. It believed it was going to receive millions of dollars because OPEC prices would rise to $60 per barrel. Now that the price has fallen, the Government is short of money.

This country should not be dependent on one industry. We are one of the most blessed nations in the world. Not only do we have oil, we also have one-third of the world's fresh water and mineral wealth not equalled by any other nation, a forestry capacity that would be the envy of many—we want nothing, Mr. Speaker. We have every resource, including the enormous talent of the men and women of the country.

If we had practised business principles as the Japanese and Germans did we would be the wealthiest nation in the world today. Just a decade ago this country ranked second amongst the leading nations of the world; today it ranks twentieth. That has happened because the Government is taking an increasingly large portion of the Gross National Product for its own expenses and is spending less and less on incentives for the private sector.

It is a generally accepted principle that the private sector creates wealth in society. It is the engine which creates growth in the economy. The public sector redistributes the wealth to make sure it is shared equitably.

Fifteen years ago it took 27 per cent of the Gross National Product to run Government, but today it takes 42 per cent. Let me show how dangerously close we are to a totally negative position, Mr. Speaker.

If the private sector is the engine for the creation of wealth, then any time a Government tries to distribute more wealth than it creates, say 50 per cent plus one penny, it is heading in a negative direction. Today, it takes 42 per cent of the total wealth of the country to run the Government. That is necessary because of the Government's mismanagement and ill-founded projections.

When the Minister of Finance (Mr. Lalonde) was in charge of energy he put an energy program in place. But he knew nothing about energy, Mr. Speaker. He believed that the OPEC price would keep going up, with no end. That was the whole basis of the arrangement. But OPEC collapsed and so did the Minister—so badly that they put him in charge of another Department.

That dependence on one industry in a country where many industries should flourish, has caused this desperate Government, without conscience, to attack the people in the middle income sector in their retirement years. It is taking away from them income that they earned throughout a lifetime. It is a desperate snatch at nickels and dimes. In the process they are taking away the incentive that would cause the country to grow.

We are coming dangerously close to the position of the Mexicos, the Venezuelas and the Brazils of the world. For

different reasons those countries are vulnerable because they depend on one industry. Mexico had some agricultural resource, a beef industry, some leather manufacturing and fruit production, but primarily its strength was based on petrodollars. That was even more the case with Venezuela. Brazil is an interesting contrast with Canada because it had a broader industrial base. But it made all its projections on the basis of petrodollars. Brazil is more heavily populated than Canada, and today it is on the verge of bankruptcy with a debt of $80 billion. With a population of only 24 million, this country has an accumulated debt of $140 billion.

The only reason that this country is sustained to some extent is that our forests are so large, our mineral wealth is so great, our fresh and salt water fisheries are so extensive. Otherwise, today we would be in the position of Mexico, Venezuela or Brazil.

It is because the Government believes that the price of oil would go up forever that this Bill, that attacks the farmers and retired people, is before us today. Before we pass legislation like this, the Government should do an enormous housecleaning.

Although the amount may be small in terms of total expenditures, we have to ask for the justification of the $800 per day for Donald Macdonald, the justification of the coal project connected with Alastair Gillespie who stands to make $750,000 on the basis of a $25,000 investment, for putting Michael Pitfield into the Senate or making sure that a former Minister of the Crown, Judd Buchanan, is able to establish a housing project in a national park in Banff. No other person could put such a construction unit in there because the area was not designated for that kind of housing. There are many other examples, Mr. Speaker.

Day after day the Government continues to waste money on inefficiencies and on large bureaucracies. There are Departments employing 2,000 people. We must ask why we need tax measures such as those before us if the Government cannot show that it is making every effort to restrain spending.

• (1650)

On the one hand we have no constraint being shown. There is no reason for the Liberals to believe that they need to hold back their spending, no reason for them not to pad the incomes of their friends, but they attack the retired people of the country, they attack farmers and small-businessmen! Small-business persons, according to this Bill, are greatly damaged by the fact that they cannot set aside moneys to invest for their future. In short, we have a Government which has caused an ill economy. It is treating it with an eyedropper. Somehow it believes that tremendous expenditures will bring about a recovery or that somehow its band-aid proposals or make-work programs are the answer. Painting the hall is not satisfactory for the creation of employment in the country. We need the private sector to be operating again for wealth to be generated in the country. On the basis of initiative—

The Acting Speaker (Mr. Blaker): Order, please. I wonder whether the Hon. Member would like to seek the unanimous consent of the House to continue his remarks or whether I should recognize the next speaker, because the time allotted to the Hon. Member for Crowfoot (Mr. Malone) has now expired.

Mr. Malone: Mr. Speaker, in the interests of other Hon. Members of the House, I will not take much longer. I will just take a moment or two—

The Acting Speaker (Mr. Blaker): Order. If the Hon. Member for Crowfoot wants to take any longer at all, I must tell him that in accordance with the rules he should seek the unanimous consent of the House. I will recognize the Hon. Member for that purpose only, that is, the purpose of seeking unanimous consent to continue his remarks.

Mr. Malone: Thank you, Mr. Speaker, for clarifying that. I seek such consent and I trust you will find it.

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

Some Hon. Members: Agreed.

An Hon. Member: No.

The Acting Speaker (Mr. Blaker): There is no unanimous consent.

Some Hon. Members: Shame!

Mr. Girve Fretz (Erie): Mr. Speaker, there is an old saying that an infinite number of monkeys using an infinite number of typewriters would eventually type all the great works. I think they completed their first one. It is called the Canadian Income Tax Act. Believe me, it keeps getting worse. The Bill we are discussing today, Bill C-139, an Act to amend the Income Tax Act, does nothing to change this situation.

Mr. Bosley: It will take more bananas.

Mr. Fretz: That is right. We in Canada are subject to an income tax system which is based in the first instance on self-assessment. This means that it is up to us as individuals to determine how much income tax we owe and when and how it must be paid. It is not like sales tax where the rate is applied to a fixed amount, such as the price of goods, and included on an invoice, a cash register tape or a restaurant slip. Nor is income tax like property taxes, which local Governments calculate for us and on which they then send bills telling us how much we owe. No, when it comes to income tax, as I said, our system is such that the responsibility rests with us to determine how much we owe and when and how it must be paid.

Second, for decades it has been a well-established rule of jurisprudence that income tax laws be written in clear, unmistakable language. This is so because it is a self-assessing system. The most quoted statement by a court in this respect indicates:

It is not enough to attain a degree of precision which a person reading in good faith can understand, but it is necessary to attain, if possible, a degree of precision which a person reading in bad faith cannot misunderstand. It is all the better if he cannot pretend to misunderstand it.

Third, the cost of obtaining professional help in the preparation of a tax return for the vast majority of Canadians is not deductible for income tax purposes. To be able to deduct the cost of getting one's tax return prepared, one either has to have business income or a substantial volume of investment income. Thus, the very people who most need help—that is the wage earner or the taxpayer, with perhaps one T5 for interest or a bit of dividend income—cannot get a deduction.

All right, we have established the context. It is a fundamental principle of tax law that taxpayers should be able to understand the Act. Under Canadian law it is our responsibility to figure out correctly how much tax we owe and when and how it is to be paid. For most Canadian taxpayers, the cost of getting help with their tax returns is not deductible for tax purposes. Yes, the Income Tax Act is an unmitigated mess. The reason I say this is that it is incomprehensible. Yet every taxpayer in the country is required by law to understand it; if we do not, the cost of obtaining help is probably not deductible; if we make mistakes on our returns, we may end up paying interest and penalties.

The entire Income Tax Act was revamped back in 1972. That is really not long ago, and that so-called reform of the Act was supposed to give us a well-thought-out, simpler tax system. Since 1972 there have been more than 30 major amending Acts. There were 350 changes in 1980-81 alone. Two months ago, the Minister of Finance (Mr. Lalonde) introduced the latest amending Act. It contained 133 amendments, most of which are incomprehensible.

Mr. Baker (Nepean-Carleton): Like the Minister.

Mr. Fretz: Yes, like the Minister. Bill C-139 is such a confusing document that neither I nor most other Hon. Members even know where to start in attempting to give it a fair appraisal.

It is not only desirable but absolutely imperative that taxpaying citizens of the country be able to communicate with their elected Government in terms that they both can understand. Is it unreasonable to expect that?

Some Hon. Members: No.

Mr. Fretz: No, not at all, yet here we have a massive contraption of some 295 pages which reflects no less than four budgets, near budgets, mini budgets, non-budgets and what have you. This does not count the number of minor statements, adjustments, changes, modifications and just plain retreats that this monstrosity reflects. In turn, it proposes amendments to a taxation system which nearly defied logical explanation at its inception. The inevitable result of all this is that the poor individual taxpayer is so totally helpless and at sea when confronted by a taxation problem that he cannot deal with it without professional help. I believe this is wrong in principle.

Bill C-139 is also harmful to insurance companies. There remains a clear disincentive for individuals to invest in life insurance, what has been until now the main investment vehicle for the less advantaged among the Canadian population. In other words, now people might just say, "What is the use of saving money, we might as well squander it, we won't worry about it, let the state take care of us when we reach age 65".

This disincentive takes two forms. First, policyholders are to be taxed on accrued income from their policies or deferred annuities. To tax a person on hypothetical income which he or she has not received is, in every case, to force a hardship on the investor. Investors must either scrimp and save from their current incomes to pay the tax or they must liquidate some of their investments to do so. In either case, there is created a strong disincentive to invest, and that is a likelihood that one more family and one more elderly couple will be dependent on the state when they reach the end of their working and earning lives.

• (1700)

There are many deficiencies in the new amendments to the Income Tax Act. Not only are there sections detrimental to the life insurance companies and to the people who hold policies, but businessmen who drive company cars are now being fingered for victimization at the hands of Revenue Canada. The Government is not taxing the folks in limousines. It is taxing the hard working, marathon-driving salesmen whom you find in Holiday Inns across the country in the late evening after a day spent selling their products. They are the people who keep this economy moving. We need these people. We are treating their company vehicles almost as a form of personal income and taking away what for many was one of the few tangible and enjoyable fringe benefits of their jobs.

Mr. Baker (Nepean-Carleton): The transition is very expensive, too.

Mr. Fretz: What about the hardworking waitresses and waiters? Under the new terms of the Income Tax Act, they are being treated almost as common criminals. Their miserable incomes are being scrutinized with a magnifying glass.

An Hon. Member: A typical socialist ploy.

Mr. Fretz: At the same time, the Government is going to pay Mr. Macdonald how much a day?

Some Hon. Members: Eight hundred dollars a day.

Mr. Fretz: Again, how much?

Some Hon. Members: Eight hundred dollars a day.

Some Hon. Members: Shame!

Mr. Darling: And $125 a day for expenses.

Mr. Fretz: Mr. Macdonald is receiving $800 a day for activities of questionable benefit to the country. These waiters

and waitresses are honest people. They are hard working. They scrimp and save, and they serve you and me in restaurants across this great country. I am proud of them.

Mr. Baker (Nepean-Carleton): They are the salt of the earth.

Mr. Fretz: I submit that in carrying on this way against the little people of this nation, the Government is giving birth to unparalleled resentment, and it will be to their own detriment.

In conclusion, Mr. Speaker, my Party has no argument with the spirit of tax reform. We say, bring it on. However, only when that reform includes the closing of loopholes for the rich and influential and the simplifying of the tax return for the average citizen will the Government receive our full and uncompromising support.

* * *

BUSINESS OF THE HOUSE

[*Translation*]

Mr. Pinard: Mr. Speaker, on a point of order. I wish to inform the House, or rather confirm, that tomorrow, Bill C-143 will be on the agenda.

* * *

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, I must say I do not take a great deal of pleasure in speaking to this Bill this afternoon, particularly when it is a Bill designed to gouge the taxpayers of this nation of additional millions and millions of dollars. It seems a bit of a paradox this afternoon that we should be called upon as a Party to defend the rights of Canadians to be represented in this Parliament on the heels of a Bill that I now understand has been introduced by the Government to request an additional borrowing authority of $19 billion, which will be debated in due course.

Mr. Baker (Nepean-Carleton): It is a shameful Bill.

Mr. Corbett: There is no question that this Bill will hit people who can ill afford to continue to support the wanton whims and ways of the Government that seems to be afflicted with some sort of desire to create a classless society. There will be no initiative left for anybody to take to work in a system that is responsible for the great country we have today. I am referring, of course, to the free enterprise system. This Government seems determined to wipe out all incentive for people to work and to contribute to society. It is a Government that seems determined to lead us down the path of socialism, a path fraught with great danger and one that holds very little benefit for the people of Canada or any encouragement for them to support the continuance of the group opposite.

I want to talk about the burdens this Bill will impose on people, particularly the middle and low-income people of this country who will derive very little or no benefit from the lower taxes that it will create for them. The middle and low-income people will lose proportionately from partial deindexation. There is nothing left for these people in the country but a great amount of despair. This program is being implemented by a Government that is panicking in taking steps to gain revenue. The Bill introduced in the House which requires an additional $19 billion in borrowing authority is reflective of the sort of desperation which this Government is experiencing. This Government is penalizing those Canadians who continue to remain in the work force, either through diligence or through good fortune, to support their families.

We have dealt in the House before with the plight of life insurance holders. Those people are still being penalized. The language in Bill C-139 is so difficult as to be incomprehensible. It creates hardship to people. Those people who hold insurance policies and the companies that issue them are still terribly upset with the attitude of this Government and its absolute determination to penalize policy holders.

There is a particular class of people with whom I want to deal. They are the ones who are being hit hard. They include people of retirement age and people who have worked for years contributing to pension plans and now find themselves unable, because they are relatively few in number, to deal with the magnitude and the enormity of the burdens this Government is placing on them.

Mr. Baker (Nepean-Carleton): It is another attack on senior citizens.

Mr. Corbett: It is a desperate state when the attack of the Government has to be directed primarily at low-income earners, middle-income earners and those who are least able to protect themselves, namely those people who are about to go on pension or have recently gone on pension.

This is a sad reflection on the direction the country is taking. I suspect that if Members on the other side of the House were truthful they would admit that their offices have been flooded in recent months, as has mine and those of most Members on this side of the House, by people finding themselves in trouble with the income tax people and who have found it more difficult to deal with this bureaucracy over the years, and over the past months in particular. These people are receiving little or no satisfaction. It is the mentality of this Government and of the Department of National Revenue that in their eyes a person is guilty until that person is able to prove his or her innocence. That is completely contrary to the foundations or democracy laid down by our forefathers when this great country of ours, Canada, was set into motion some number of years ago.

• (1710)

I want to refer, as an example, to the sort of frustrations my constituents in Fundy-Royal are facing. They are basically hard working, conscientious people who, over the years, have developed, and substantially contributed to, the foundation of free enterprise and to the development of the country in no small way. Let me read a short paragraph from a piece of correspondence I received not too long ago which I think sums up very nicely the frustrations of these people. It states:

—my visions of a democracy have been greatly shattered and today I see just a hair's difference between a democracy and that of a totalitarian, socialistic Government. It appears that those individual rights of a citizen under the Charter of Rights is all a hoax and very hypocritical. It again appears that the time wasted for the constitution was merely a diversion from the real economic problems of the country with its energy and trading problems.

Your Honour will recall that at that time a good number of us who sat on this side of the House said just exactly that, that it was indeed a diversion from the economic problems. Now we know, months later, that a budget deficit which was initially forecast as being $9.8 billion was escalated to some $19 billion and went from there to $22 billion. If one checks the record, it will be found that we suggested the Minister of Finance at the time resign if it rose $3 billion over the $22 billion. Now we are told that it will be $27 billion.

Mr. Baker (Nepean-Carleton): Will it ever end?

An Hon. Member: Twenty-seven billion plus.

Mr. Corbett: I am sorry, $27 billion plus. That is a sorry tale to be told. I suggest that the Government must take several proposals under advisement, one of them concerning educational benefits. The Government should release the students of this nation from that doctrine which seems to be "keep 'em down on the farm". It is deplorable that if one earns $40,000 a year and is attempting to send three children through college at $4,000 a year, by the time one ends up paying taxes, one probably ends up with an income of $8,000 with which to run the household and put food on the table. Of that $8,000, probably another $3,000 will be spent on federal and provincial sales taxes.

I will suggest to the Government that it place a moratorium on the Income Tax Act changes for a period of two years in order to build up some confidence in the business community of this nation, particularly the small business community that, as we all realize and understand, is the least able to defend itself but which provides the bulk of the job.

Let us put this country back on the road. Let us create an income tax system which can be defined in layman's terms so that even the tax people, the accountants who deal with tax reform, are able to understand it. That is not the case today.

I wish the people of this nation were fully aware of the fact that the frustrations we are experiencing have been caused solely at the hands of those people opposite who refuse to recognize the plight of the low and middle income people, the pensioners, those who are least able to defend themselves. I can only say that unless there is a distinctive change in the attitudes of those who are directing the course of the nation, God help us.

Mr. Bill Domm (Peterborough): Mr. Speaker, in dealing with Bill C-139, which is an Act to amend the statute law relating to Income Tax, I would like to point out something which was just brought to my attention today and which I feel is rather important. An article appearing in the Ottawa *Citizen* stated:

Businessmen who purchase gas by the gallon at a new anti-metric service station being opened Tuesday by a group of Conservative MPs can kiss their fuel tax rebates goodbye unless they convert their purchases to litres.

Anyone who uses a car for business is entitled to claim an excise tax rebate of 1.5 cents per litre—but apparently nothing per gallon.

"If you send us a rebate request in gallons, we'll just send it right back and ask you to correct it to litres", an official in the government's excise tax branch said Friday.

"It's illegal to sell gas by the gallon, so there's no way we are going to give rebates on anything but litres."

Consumers who buy their gas in gallons will have to convert their bills to litres to qualify for the rebates.

That is a lot of hogwash. Canada has been selling gasoline by the gallon in Provinces from British Columbia to Prince Edward Island since Canada became a nation. There is nothing illegal in Canada—yes, Mr. Speaker?

The Acting Speaker (Mr. Blaker): I thank the Hon. Member for realizing that I am concerned. The issue, obviously, concerns the relevance. It is always an extremely difficult subject, particularly for the Chair, but perhaps the Hon. Member could relate his remarks to the subject matter of Bill C-139 from time to time. That would make it easier for the Chair.

Mr. Domm: For the benefit of the Speaker, Members of the Government and Hon. Members on this side of the House, I refer to Bill C-139 at page 65a which states, "This amendment would convert the measurement of area from imperial to metric."

Some Hon. Members: Aha!

Mr. Domm: It states:

"—effective after 1981, the measurements referred to in the Act be converted into their metric equivalents."

With all due respect, my remarks are relevant to the Act. I am discussing the costs to the small businessman in the conversion of his land, his gas, his expenses in the running of his business, so that he can make a profit and pay some of that profit to the Government, so that he can continue on with his operations.

Since the Speaker has dealt with the isue of mandatory conversion to metric, I will draw to the attention of the House an invoice from the Department of Consumer and Corporate Affairs, which I have in my hands, which became a tax item in the hands of the retailer who received the invoice. The retailer was Len Welch's Food Market Limited of 52 Hunter Street East, Peterborough, Ontario. The invoice was dated October

20, 1982 and stated that Consumer and Corporate Affairs Canada wished to bill the dealer for a breakdown of fees involving one hour of inspection time and one and a half hours of travel time, for a total of two and a half hours at $20 per hour, amounting to $50, plus a distance of 78 miles at 22 cents per mile.

An Hon. Member: How many kilometres is that?

Mr. Domm: My question is, if it is not legal for a retail businessman to submit his expenses to the Government in imperial, that is, the price per gallon, why is it legal for the Department of Consumer and Corporate Affairs, which is responsible for the Metric Commission, to bill retail establishments across the country in so many cents per mile for so many gallons of gasoline?

Some Hon. Members: Shame!

Mr. Domm: I draw the attention of Hon. Members opposite to the fact that the Department of Consumer and Corporate Affairs is responsible for the Metric Commission which has stated that it is mandatory to use metric measurements while it is invoicing businessmen in imperial measurements, right across the country. Why is Canada Post, which is also under the Department of Consumer and Corporate Affairs, dispensing gasoline by the gallon at the main branch in Toronto, and why is the Armed Services base, under the Department of National Defence, dispensing its fuel to their required users in gallons? Why is Canada Post using imperial weigh scales to weigh parcels before they are shipped from post offices in Ontario.

• (1720)

I realize that I have only 10 minutes and I have only made one point, but I think I made it. I would like to deal with a few other points, and these are some of the reasons why we in the Opposition have been spending a considerable amount of time fighting over one budget or another or one tax Bill or another since some three budgets ago.

I would like to put in my concluding remarks some of the things that we in Opposition have won on behalf of the people of Canada in our fight against unfair, prejudiced tax levies against the business community of this nation. I am going to list them.

First, the Government, because of the Opposition, will not tax employee health and dental benefits.

Second, the implementation of the shift in the manufacturers' sales tax to the wholesale level is delayed until 1984. It is only delayed, but it is delayed because we have consistently fought on that point of the necessity to reconsider that retrogressive measure.

Third, professionals such as doctors, dentists, lawyers, accountants and veterinarians, who are all eligible for the small business tax rate and those who would be ineligible if they were incorporated, will not be affected by the new tax treatment of work in process.

Fourth, the small business dividend distribution tax will only apply to dividends paid out of income earned in the taxation year, starting after the end of 1982, instead of being levied on dividends paid out after November 12, 1982.

Fifth, tax exemption for housing and travel benefits of employees in northern Canada will be extended one more year, and a modified system of taxing these benefits will be phased in over a four-year period, beginning January 1, 1984.

Sixth, the pre-budget rules on the tax treatment of capital gains in corporate re-organizations will continue to apply after the end of 1982. Any new proposals resulting from a current study by independent tax experts and subsequent consultations on a planned draft document will not apply to re-organizations that are substantially advanced from the date of the new proposal.

Seventh, the proposal to require that the interest on money borrowed to earn investment income only be deducted against investment income has been now withdrawn. However, interest on money borrowed to buy RRSP's or contribute to PDSP's or a pension plan may not be deducted as was proposed last November.

Eighth, there has been a reduction in the proposed automobile standby tax from 2.5 per cent to 2 per cent. The old rate was 1 per cent. That is one of the reasons we have been debating this for so long, it is not where it should be yet.

Ninth there are, modifications to the proposal relating to forward averaging for athletes and artists.

Finally, significant changes have been made to the November, 1981 proposal concerning periodic taxation of life insurance. Policies purchased before December 2, 1982, are not affected by Bill C-139.

I say to this House that there is no easy way to pass anything today brought in by a Government that has lost its credibility. It has shown its ineptness in balancing its own budget. Whether one is a businessman, a farmer, a homeowner, a housewife or whatever, if one cannot run the Government of Canada, one cannot run one's own home. The responsibilities of Members of Parliament are to live within the framework of the money that is available, at their disposal. If the Government cannot generate through its policies the necessary income, then it behooves this Government to show responsibility to curtail some of its budgeting expenses. One of those expenses that I am happy to announce has been cut down and on which this Government has finally seen the light, is that of the Metric Commission. They have told the Metric Commission of Canada that they have walked their last kilometer. Starting the end of this month, sectors in the Metric Commission will be phased out, and by the end of 1984 we will save an annual budget of $26 million by the abolition of the Metric Commission. Following the course of Mrs. Thatcher in Britain and Ronald Reagan in the United States, we are now going to see the end of the Metric Commission in Canada. When we revert to voluntary in metric we will save the business community dollars, we will save this Government dollars and we will be more credible in the eyes of the people of this nation.

The Acting Speaker (Mr. Blaker): Before I recognize the next Hon. Member, it seems to me that the Chair owes at the very least a compliment to the Hon. Member for Peterborough (Mr. Domm). I have a vague feeling that I walked into a very well prepared process, but if I am vague about that I am very clear that the process was very well prepared and I admire it and I accept that the point of the Hon. Member was quite relevant.

Mr. Ted Miller (Nanaimo-Alberni): Mr. Speaker, I would like to deal with Bill C-139 from the perspective of a whole industry which was confused because of the tax structure in this country, an industry in which tremendous difficulty was created amongst fishermen and their families as a result of a confusing income tax law. This law caused untold difficulty in the fishing industry, particularly in the area of Newfoundland and Prince Edward Island as well as Nova Scotia, New Brunswick and British Columbia.

The Bill we have today does nothing very much to clarify the situation for fishermen, but it does show a reversal of policies that were introduced in the November, 1981 budget. This action was taken by the Government in order, I think, to some extent to compensate for an audit of fishermen and the hardship that audit brought on, an audit which was done on both coasts, and went back many years over fishermen's income and which assessed fishermen a tremendous amount in income tax. A net of $30 million was assessed on an industry which was under some severe financial difficulties for a number of reasons: reduction in the quota, the amount available to fishermen; increases in the cost of energy and increases in the cost of interest to finance those industries. As a result, fishermen were faced with bills up to $500,000 in some cases but more often, I think, in the range of $1,200, $1,300, $1,500 and $2,000. That kind of income tax audit and the harassment from Revenue Canada in trying to collect brought hardship on families and concern from law-abiding citizens who were confused about the income tax laws, felt that they had filled in their income tax forms for a number of years well, they had received their payments from the Income Tax Department and had had no complaints for several years about how they were filling out their income tax forms. All of a sudden, during an audit, the income tax officials decided that these people had not been filling out their income tax properly, that their receipts were not adequate to qualify for the deductions they had made and, as a result, we had garnishees of up to 50 per cent of the income of those fishermen for the 1981 fishing season.

The answer to that and the answer to the number of representations from fishermen's groups about the audit and the way that the audit was being carried out was a proposed change in the Income Tax Act in the November, 1981 budget. Until then fishermen were able to pay two-thirds of their estimated income tax at the end of December and make up the difference at the end of the tax year. The Government felt that led the fishermen into some difficulties and suggested there should be a remission at source. Every time a fisherman sold fish to the processors, that income tax was to be paid.

• (1730)

The Government did not understand the sensitivity in the fishing industry, the requirement of fishermen to finance their operation during the fishing season. It did not understand that the fishermen had to use that source of income in the early part of the season to finance the purchase of gear, gasoline and meet other expenses.

Fortunately, fishermen were organized to some extent. There were petitions and letters from the Maritime Fishermens' Union of Prince Edward Island, the Fundy North Fishermen's Association, the United Maritime Fishermen's Co-op, the Eastern Federation of Fishermen, the Newfoundland Fishermen and Allied Workers' Union and the union in British Columbia. All made representations through the New Democratic Party and through petitions in the House objecting to the remission of income tax.

At one time the Minister of National Revenue was determined that it was the industry which proposed this change to the Income Tax Act. Their intervention was able to turn that around to the point where the Minister said that the remission of income tax at source could be voluntary. In the June, 1982 budget, it was indicated that that would be the provision in the Income Tax Act at that point. In the provision in this mass of documents before us, they no longer have the option of giving income tax at source. We are back to the status quo. What about the millions of Canadians who are not in the fortunate position of having a union or association to represent them? What about the millions who have to face the Income Tax Act on their own? They are faced with this cumbersome law which should have been reformed and simplified years ago. Instead, we are complicating it for these people.

There are accountants in my constituency who do not understand where we are going with the Income Tax Act, yet the fishermen, farmers and workers are expected to interpret this when working out their payable income tax. It is an impossibility. It just cannot be done.

Without the help of organizations, the average citizen is helpless to deal with this Government and the kind of legislation it imposes on Canadians. The sooner the Government realizes that income tax laws should benefit the citizen and not the lawyers, accountants and Government, the sooner we will have meaningful income tax reform. It should not be in a way which, as this Bill does, benefits the more wealthy in society. We should recognize the contribution of middle and low-income Canadians to the income of Government and the social programs which that income provides. Individual workers should be given credit for their work and they should receive some benefit from the Income Tax Act. They should at least have the opportunity to understand what they are supposed to be doing in terms of filing their income tax returns. Do not put them in the position in which fishermen were put in 1982 when they had to pay thousands of dollars in revenue to the Government after having believed they filed their income tax returns in a lawful manner.

This Bill is too complex for the average Canadian. As many Members of Parliament have said, it is too complex for them. Obviously it is too complex for those on the Government side.

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, many of my colleagues on this side have already placed on the record the utter contempt of the Official Opposition toward Bill C-139. It is my intention during the next few minutes to highlight a couple of the points made by my colleagues, especially those who were Members of the Progressive Conservative task force on the budget that came down in November, 1981 and on which this Bill is largely based. I would also like to express a couple of my own thoughts and those of my constituents on this Bill.

At the outset, let me express my concern and a feeling bordering on disgust at the way this Liberal Government is proceeding with Bill C-139. In November 1981, the Government introduced one of the most complex, massive and comprehensive documents in income tax history. How complex is it? When my colleague, the Hon. Member for Peterborough (Mr. Domm), dealt specifically a few moments ago with metric, he was brought to order. Even such an intelligent occupant of the Chair as yourself, Mr. Speaker, did not know that in the amendments to the Income Tax Act there is a complete section which deals with metric conversion.

How complex is it? This was dealt with by the President of the Institute of Chartered Accountants of Ontario, J. Lyman MacInnis. I understand this has been quoted during the debate by my colleagues. He gave an amusing and fascinating speech entitled "Cleaning Up Our Act (The Income Tax Act, That Is)". This senior partner of Touche, Ross and Company of Toronto had his audience on the floor when he got to an item which affects millions of taxpayers at all levels of income-earning capacity and wealth, capital gains. I wish to quote him very briefly. Here is how he defined capital gains under the Income Tax Act:

> There are three sections of the Act listed under the heading of "Capital Gains" . . . Let's assume you are a logical person, so you start with the first section listed there. It is Section 39. When you find Section 39, you will also find that the fun is just beginning. Section 39 begins with a sentence that has 774 words, 28 commas and two semi-colons. Lincoln's entire Gettysburg address had only 267 words in it.
>
> Section 39 has seven subsections. It refers you to ten other sections of the Act, which in turn refer you to another 40 sections. Section 39 also refers to a completely different law called "The Cultural Property Export and Import Act". And, I'll bet you all have a copy of that sitting on your coffee table!
>
> So here we are. In trying to find out what a capital gain is we've already had to look at about 50 different sections of the Income Tax Act, and another completely different law. And, if you get that far, the reality then hits you that Section 39 only dealt with the word "Capital". To get a definition of the word "Gain' you have to look at Section 40. I'll spare us all that agony because Section 40 makes Section 39 look easy.

In my view it would be irresponsible and a disservice to Canadians to railroad Bill C-139 through all stages of debate. This complex Bill is far too long. Its implications go far too deeply for Canadians in all walks of life. It deserves full parliamentary scrutiny.

During the summer, the Standing Committee on Finance, Trade and Economic Affairs examined a draft version of Bill C-139. However, the draft Bill was incomplete and there had to be several changes. Even the Government admits the weakness of the Bill because of the number of changes it brought in insubsequent budgets and budgetary statements. Several of my colleagues have pointed out a couple of the serious weaknesses that the Government should be realizing and which this Parliament should be dealing with.

• (1740)

In the length of time, Mr. Speaker, that this Parliament has been called upon to deal with this huge Bill arising out of the November, 1981, budget, in human terms, over 500,000 people have lost their jobs and some 50,000 bankruptcies have been declared during this period. To put that into perspective, that means more than 500,000 jobs lost, a figure which is just about equal to the entire population of Hamilton, or Quebec City, or Calgary, or Winnipeg, or Edmonton. It is an incredible figure, Mr. Speaker, and it is something which indicates the deep concern Canadians have about the way the Government is running the country, and the very real concern which we in this Party have heard expressed by millions of Canadians as we travel across the country, and by letters coming into all of our offices.

This concern indicates that this approach to tax reform is wrong. It is dead wrong. Bill C-139 is hitting the lower and middle class income groups in so many different ways that it is going to take Canadians a long time to realize just how serious the impact will be as a result of this Bill.

The hardest hit, of course, will be the lower and middle income Canadians who will gain little or nothing from the lowering of marginal tax rates and who will lose proportionately more from partial de-indexation. The increased taxation of employee benefits will hit hardest at those in the lower and middle income brackets. It will encourage employees to seek higher wage settlements at a time when moderation is required. The taxation of housing loans will make it harder to recruit employees who must relocate. For those who already have loans, the taxation of this benefit may represent a rude shock which was not anticipated when an employee accepted a housing loan as part of his relocation package.

As my colleague, the Hon. Member for Simcoe North (Mr. Lewis), pointed out, the retirement nestegg is created by paying off the family farm. This is why farmers in my riding, farmers all over the country, but particularly the small farmers who I am familiar with in southern and southwestern Ontario, are hit very hard by Bill C-139. The Liberal Party and its bureaucrats simply do not understand that the family farm is the Canadian farmer's pension plan.

All of our constituents work hard on a day-to-day basis to put something aside for retirement. And as my colleague, the Hon. Member for Simcoe North has reported during this debate, that retirement nestegg is created by paying off the family farm. What the farmer does is sell the farm and take back a mortgage. Before the Government changed the rules, a farmer could sell his farm and invest the capital gain portion in

an income averaging annuity. That allowed him to plan for retirement. He could calculate his chances for surviving, and for how long, and invest the money and get an annuity. The Liberals have changed all that, and they do not care. They do not have any idea of what is happening out there. They have no idea whatsoever what is happening, particularly to farmers in Canada who now face an even greater uncertainty if the provisions of Bill C-139 go through.

The Hon. Member for Provencher (Mr. Epp) touched on much the same plight which is hitting the farmers. He put on record how the income tax legislation relates to the farmers in Manitoba, and the same applies to farmers in Hamilton-Wentworth. Every Hon. Member who represents a rural riding has been noting the number of people who come to our offices to complain about the tax system and the manner in which the tax Department is treating individual taxpayers. There is an increasing number of representations being made to our offices, Mr. Speaker, about what constitutes a hobby farm and how the income tax Department is going to be able to treat those people who own hobby farms equitably. This legislation does not speak to this at all, Mr. Speaker.

Finally, I would like to read into the record one letter which came from a constituent in Hannon, in my area:

Dear Sir,

I am writing to you about the college tuition fee income tax deduction, as of now only the student can claim this deduction. Now it seems to me that if the student has no income whatsoever, as in my son's case, as he cannot get a job, this means that the parents are paying the tuition fees, so why can't the head of the household claim these fees as a deduction.

In closing, Mr. Speaker, I would just like to say that there are many millions of Canadians out there whose individual situations will be drastically affected by Bill C-139, if it goes through as the Government is now proposing to ram it through. We, on this side, find that approach unacceptable and we are going to bat for those millions of Canadians who are concerned about what is happening to them in an income tax sense with unfair taxation, even if the Government side will not.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, earlier today I was addressing a large gathering of secretaries and administrative assistants from across the country. During the course of my remarks, I happened to mentioned that I would be returning to Ottawa to take part in the debate on the amendments to the Income Tax Act later today. I can tell you, sir, that a groan went up from that audience, not because I said I was going to go back to Ottawa to take part in this debate, but because the very mention of the Income Tax Act, and further amendments to it, brought a groan from them, as it is bringing a groan from Canadians from one coast to the other.

What those women said to me when I mentioned this, sir, was, "Is there anybody in Ottawa who can write anything at all about the income tax in straightforward, direct terms which we can understand?" They told me that what the Government is sending to them is totally incomprehensible. And these are women who work in offices, who transact business, who do detailed studies of various financial matter every day. But what they are receiving, and what their offices are receiving, with regard to income tax is totally incomprehensible to them.

It is increasingly incomprehensible, not only to Hon. Members of Parliament, but to the general public, just how the Government House Leader (Mr. Pinard) is ordering the business of this House. I would say to him that this tax Bill, this huge Bill we now have before us, is the best example I know of, of the Government's incomprehensible and, indeed, I would say, inscrutable way of processing legislation through this House. What we have is a document 300 pages long with 134 different tax changes. That is almost impossible to digest, whether you happen to try it mentally or physically. Many of the measures contained in it need detailed study and analysis just to see what their impact is going to be on average Canadians. This is a big document, it is a hefty document, and I sometimes wonder if the Government is not trying to calculate the worth of this document by its weight.

Quite seriously, this Bill emerges from what I would consider the incomprehensible fiscal policy of this Government stretching back over many months, indeed, years. We had that well-remembered budget in November, 1981. No Canadian will forget that budget the former Minister of Finance (Mr. MacEachen) brought down. No one will ever forget the way it was put forward, the way it was countermanded, changed, corrected, and parts withdrawn. The only tragedy is that it was not all withdrawn.

• (1750)

Before the measures in that particular budget were passed through the House, another budget was introduced, in June of last year. That budget contained even more complex measures. In October of last year we saw an economic statement which also introduced new measures. Just the other day, the Minister of Finance (Mr. Lalonde) came before the House with his latest projections, saying he wanted authority from the House to borrow an additional $19 billion. That is not $19 million, something which we might have found comprehensible, but an additional $19 billion. Of course, none of the projections he gave us for the deficit, unemployment or inflation had any relation to the economic statement of October, 1982 or the November or June budgets. In each case, the projections for the deficit have escalated. The projections continue to soar with every passing month.

What is worse, the financial picture of Canada is in a total state of confusion. Is it any wonder, given that confusion and financial mess, that the Government wants to push this Bill through with the least possible scrutiny? That is what is happening right now. The Government is telling the House and the general public that it wants to get this Bill through, regardless of the fact that the impact of many of its changes will be detrimental to individual Canadians, small businesses and corporations. Indeed, the Government is using a not so subtle form of blackmail to make sure they bring down the hammer of their majority on this Bill. It is trying to insinuate that, without the passage of this Bill, tax refunds cannot be

sent out to the many millions of Canadians who will be receiving them. That is downright duplicity on the part of this Government. No one knows better than that crowd over there that computers of Revenue Canada will be down from the middle of February to the end of March for reprogramming. There can be no tax refunds sent out during that period of time and they will not be available until April or even May of this year. As the Minister knows, some of the officials in Revenue Canada have had the honesty to admit that fact. However, none of the Government Ministers have deigned to do so.

The scrutiny of the 134 tax changes in this Bill will not hold up the mailing out of tax refunds. What will hold up the mailing out of those tax refunds is the Government's lack of planning in the manner in which the Department handles tax refunds.

When we get into the Committee of the Whole, we will have an opportunity to question the Minister on some of the more repugnant measures contained in this Bill. I want to mention a few of them in the time I have left. They are measures such as the taxation of employee benefits, the replacement of general averaging and income averaging annuity contracts by forward averaging, and the imposition of the 12.5 per cent small business redistribution tax. I want to say something about those particular measures.

Before I do so, I want to mention an issue that has been raised by Members on both sides of the House concerning individual tax reforms which have been sent out to Canadians all across the country. I was simply appalled to see confidential and private information printed on those forms; marital status, last year's income and social insurance numbers of individuals, with no security that these forms will actually land in the hands of the individuals to whom they are directed. There is no security or guarantee whatsoever. In fact, the release of that material on the 1982 Income Tax returns is surely a contravention of the Protection of Privacy Act. These Acts were put through by the House, yet the Government turns around and refutes them.

I have had dozens of people call my office about this particular issue. I have had many complaints from people who are concerned about what is happening here. These people are very upset that this private and confidential information which pertains to them particularly is now being made available for others to use. What they are most worried about is that if this particular step is currently being taken by the Government, what will it do next? What other information will it make available to the general public? Surely, if the Government makes that type of information available on the Income Tax forms it is sending out this year, it should make a definite determination right now that next year's returns will not contain the same private and confidential information.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, it seems the excellent speech by the Member for Kingston and the Islands (Miss MacDonald) has the Minister worked up. It will be difficult to get the Minister more excited than he now is in the time I have left. The points made by the Hon. Member were excellent. Perhaps that is why the Minister of National Revenue (Mr. Bussières) is excited.

My colleague spoke about this legislation being incomprehensible. People in my riding are telling me about their frustration and bewilderment over the complex Income Tax Act that has evolved over the last 20 years. Because people feel the Income Tax Act is unfair they try to find ways around it or they feel they must hire accountants at tremendous cost to keep them within the law. Billions of dollars of tax revenue are being lost each year as people try to get around the Act.

It is not very difficult to get around the Act with so many changes to it, such as the 139 additions from the last few budgets. We have had budget after budget with clause after clause added to the Income Tax Act. As a result, people revert to such procedures as the barter and cash systems, with jobs performed on a cash basis or in return for another project. Canadians are resorting to this practice because they feel too much money is being taken from them by the Government. Therefore, the underground movement begins. We, as parliamentarians, do not want that. As legislators, we do not want to enact legislation that people feel is unfair. However, that is the situation with this Bill.

The Minister who introduced these budgets said that we must close the loopholes. These loopholes exist in a tax system under which people have set up their businesses on which they depend for the income to raise their families. They are now called loopholes by the Government. Of course, as it discovers the political problems resulting from its budgets the Government backs off. In turn, the people and businesses of this nation sit back and wonder when the Government will stop its vacillation. The Government must determine the investment it should be making in the future, and how taxes should be levied in the future as well.

• (1800)

I have mentioned some of the difficulties this system of taxation is causing Canadians, Mr. Speaker. There are many other things I wish to say, but perhaps I may do that on another day, and call it six o'clock now.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

INDUSTRIAL SAFETY AND HEALTH—DUST HAZARD IN GRAIN ELEVATORS

Miss Aideen Nicholson (Trinity): Mr. Speaker, as a Member with a particular interest in occupational health and safety,

I have followed the disappointingly slow progress of negotiations with grain elevator operators over a number of years. Grain dust within elevators has long been considered a cause of serious lung disease. Furthermore, because the dust is combustible, high levels often constitute a fire and explosion hazard.

In 1972 the Government and the industry agreed on a system of voluntary compliance to improve the protection of workers. When that failed to produce results, the Department of Labour established a schedule with a three-year deadline, which in turn had to be extended by a further 18 months. However, by the end of 1982, 32 per cent of the 53 large terminal and transfer elevators, and 31 per cent of the 2,900 smaller primary elevators, were still without safe dust control measures. Clearly, persuasion has not worked and the time has come to enforce standards to protect the health of Canadian workers in grain elevators. I regret very much that we have not been able to arrive at voluntary compliance. This has always been the Canadian way. Voluntary standards are surely preferable in an industry. Management and workers surely have the same interest in maintaining a safe and healthy workplace. Where management has set up health and safety committees in other industries, the results have usually gone far beyond the immediate health and safety aspects, and have tended to result in better management-worker relations and higher productivity. There have been a lot of other gains.

It is unfortunate that in this particular industry progress has been slow, for whatever reason. I can understand that one reason may be the uncertainty about future rail planning and the high cost of installing safety measures. When human health and lives are at stake, surely that must be the overriding factor. The evidence is in that people who have worked in the grain industry are showing very definite signs of lung damage. As well, in 1978 there was a series of bad accidents in American terminals and we would not want to see that happen here.

In a recent speech the Minister said that he would have preferred to see voluntary standards work. He said that self-regulation is not predicated on a compromise in objectives—in this case the health and safety of the employee—but rather, it is predicated on a shared objective of management and labour and an agreed means of achieving it.

In 1978 this House passed amendments to the Canada Labour Code which gave workers the right to refuse to work if they thought conditions were unsafe and if other measures had failed to bring about the correction of difficulties. The refusal to work is a very serious decision for workers to arrive at. The voluntary improvement of conditions using the vehicle of health and safety committees with workers and management both involved is surely a much better decision. In these times particularly, when we talk about productivity, many of us are very much aware that we lose far more days of work through illness, industrial accident and injury than we do through strikes.

• (1805)

The issue of workers' safety is one which goes far beyond the grain industry. It needs to be addressed in every facet of Canadian working life. I had hoped that at this particular time, when, because of the six and five program bargaining on monetary issues is limited, we might have seen some very creative bargaining with good faith on both sides on occupational health and safety issues.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, there is certainly no question in this Chamber about the concern and interest of the Hon. Member for Trinity (Miss Nicholson) as it relates to occupational health and safety. She brings a great deal of interest to debate on this particular matter.

It should be noted that when the Minster of Labour (Mr. Caccia) replied to her question last week he was very concerned about the entire occupational safety and health of workers in the grain industry. In fact, industry officials have been informed that they will be required to show Labour Canada why they have not complied with the regulatory requirements for occupational safety and health. This directive places the onus on various companies to come up with some rationale or reason why they have not complied. I assure the Hon. Member that the Department of Labour will be following up on this matter very closely.

The primary objective of Labour Canada's grain dust program was to protect the pulmonary health of grain workers by reducing the amount of airborne dust in elevators. Included also was a requirement for environmental and medical surveillance. The directive contained specific objectives to be accomplished within certain time frames in accordance with established criteria. I wish to underline that certain objectives must now be met within a specified time frame. The industry will be contacted in the very near future and advised of the details of Labour Canada's follow-up plans, so that there can be no misunderstanding by the Department of Labour or the industry as a whole. I assure the Hon. Member that this matter is receiving the utmost attention of Labour Canada, the Minister and all his officials.

ENERGY—NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND NEWFOUNDLAND ON OFFSHORE RESOURCES. (B) TELEXED MESSAGE

Hon. John C. Crosbie (St. John's West): Mr. Speaker, I rise in connection with a question which I asked on January 26 of the Minister of Energy, Mines and Resources (Mr. Chrétien) that dealt with negotiations between the federal Government and Newfoundland on offshore resources.

Since asking that question, the Newfoundland Supreme Court on appeal brought down a decision, last Thursday, I think it was, in which it found that the Province of Newfoundland does not have legal ownership of the oil and gas and other minerals which lie off the shores of Newfoundland and Labrador. It has found, for technical, legal reasons, reasons of precedents and obscure points of law, which of course are dealt

with in these kinds of court cases, that technically and legally the Government of Canada owns these resources. That judgment will be appealed, of course, to the Supreme Court of Canada. There is another case starting tomorrow in the Supreme Court of Canada involving the very same issues on a reference by the Government of Canada.

First I want to say that I have the highest respect and regard for the Appellate Division of the Supreme Court of Newfoundland, as I have for the Supreme Court of Canada. I want now to turn to the parliamentary assistant and make the point that it matters not a whit what is the legal position. It does not matter whether or not the Government of Canada is found to be the legal owner of these resources. In equity and justice, they were all brought into Canada as resources by Newfoundland when Newfoundland joined Canada on March 31, 1949; two-thirds of the whole East Coast of Canada was brought into Confederation by Newfoundland. That is all of the area off Newfoundland, the Continental Shelf and off Labrador. Two-thirds of the whole Canadian East Coast offshore was brought into Confederation by Newfoundland. If Newfoundland had not joined Confederation, those resources would not have belonged to Canada at all.

• (1810)

We had a comparable situation in Canada in the period before 1930. I draw this to the Minister's attention. Up until 1930 neither Saskatchewan, Alberta nor Manitoba owned their mineral or natural resources under the soil of those three provinces. Those provinces were created from lands which the Dominion of Canada acquired, the lands of Saskatchewan and Alberta in 1905 and the lands of Manitoba, of course, earlier.

The legislation and the law was quite clear. The Government of Canada retained ownership of all the resources in those three western provinces. In 1930, because it was felt to be just and equitable under our system of confederation—the Canadian Constitution—to take such action, the Government of Canada and this House enacted legislation to provide for a transfer of ownership of those mineral resources from the Dominion of Canada to those three provinces; Manitoba, Saskatchewan and Alberta. Had that not been done, Alberta and Saskatchewan and their Governments would not today be in the healthy financial situation they are now in. Action was taken, and I will quote from the debates at the time. In this particular case the debate is dealing with Manitoba. The debate reads that the Government should place Manitoba:

—in a position of equality with the other provinces of Confederation with respect to the administration and control of its natural resources as from its entrance into Confederation in 1870.

What the Government must do to put Newfoundland and Labrador , Nova Scotia and other maritime provinces in a position of equality with the other provinces of Confederation, is to have this House pass legislation, and, if necessary pass the necessary amendments to the Constitution to provide for ownership of these offshore resources in the provinces off whose shores they lie. That is the only just and equitable position that can be taken by any Government that cares in this country. Those provinces are, by the way, the have-not provinces. Then they can be given an equal chance with the other, let's call them, land-locked provinces in Canada who do now own their resources.

I point out that when the boundaries of Ontario and Quebec were enlarged at the beginning of this century, by including in their areas large portions of what is now the Northwest Territories and the Arctic regions, the resources were also transferred to those provinces. If Newfoundland in this particular case is to have an equal position in Confederation with the other provinces, the action taken in 1930 has to be taken again. It was later on July 15, 1930 for Manitoba and on October 1, 1930 for Alberta and Saskatchewan.

The position of our national Party, and my position, as exemplified in a letter written to all the Provinces of Canada on September 12 or 14 of 1979, when we were in office by the then Prime Minister, Mr. Clark, is that we were carrying out that exact policy. That is our policy, and it will be our policy when we resume office again. We will transfer ownership to the offshore provinces of all the offshore oil and gas and other mineral resources. The "offshore" provinces will be put in the exact same situation as the other provinces of Canada. They will then be able to make their own way, stand on their own feet economically and have control over activity that is going to be impinging most heavily on them, no matter who has legal ownership of the particular resources. That is the only fair and equitable thing to do.

I ask the Parliamentary Secretary today—I suppose he cannot give me the answer—to plead with his Minister and the Government to cease their attempts to bully and browbeat the Province of Newfoundland and Labrador, and to change its policy, and announce in the next several weeks that the Government will transfer and convey to Newfoundland and Labrador, Nova Scotia, New Brunswick, P.E.I., and British Columbia rights of ownership, management and control over those resources. Therefore, the principles of Confederation will apply equally to all provinces including the less well endowed ones.

I want to appeal to the Government, Mr. Speaker. It could get the Hibernia development under way. It could start introducing the opportunity for some prosperity in eastern Canada if it moved now to carry out my advice. Wait no longer. If you, the Government, do not do that, I for one will support the Government of Newfoundland in its position that never should it agree to anything less. When we have a chance to form the administration in this country we will see that these things are carried out.

• (1815)

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I want first to say that I found the remarks by the Hon. Member to have been somewhat confusing. In the first instance, he said that he has a great deal of respect and admiration for those individuals who sit in the Supreme Court of Newfoundland. Then in his second breath he proceeded to explain the legal argument for one side of the case. I found that to be very confusing.

It should be noted that the Government of Canada has always been willing to enter into debate or discussions with the Government of Newfoundland to try to resolve the offshore dispute in that particular Province. I would like to remind Hon. Members of the extensive progress which the Minister of Energy, Mines and Resources (Mr. Chrétien) had made in his negotiations with Mr. Marshall before the Newfoundland Government began to resort to negotiations via telex. The Minister had found a solution to the four points made by Premier Peckford in his speech of October 12.

Mr. Crosbie: Absolute twaddle.

Mr. Dingwall: He confirmed his proposal that there be a revenue sharing regime which would initially provide the Province with 75 per cent of all offshore resource revenue. Second, he provided assurances that there would be no sudden and drastic reduction in equalization payments by the federal Government. Third, he offered to consider a specific provision for Newfoundland concerning the choice of a suitable production system. Fourth, he agreed to a system of offshore management involving three people each from Newfoundland and from the federal Government. These were the concerns of Premier Peckford which the Minister had met.

Then suddenly, after much hard work by the officials of both Governments, Newfoundland cut off the negotiations and began making greater demands by telex in the form of 17 entirely new points.

Mr. Crosbie: That's nonsense.

Mr. Dingwall: The Minister indicated in his response—

Mr. Crosbie: Try to be truthful.

Mr. Dingwall: —to Mr. Marshall's telegram that he was very surprised to find the Government of Newfoundland taking the position of setting out 17 positions before the negotiating talks could be resumed. I received that confirmation when I visited Newfoundland and met with Mr. Marshall. I specifically asked him whether he would return to the bargaining table and he said, "No, I will not return to the bargaining table until such time as these 17 points, many of which are new, are put into writing". He would not.

Mr. Crosbie: Hear, hear!

Mr. Dingwall: The Minister thought they had both agreed that they had to move away from their old positions upon which negotiations foundered last year. The Minister made it clear that while he was not prepared to negotiate by telex, he was ready to address each and every one of the 17 points with Mr. Marshall in meetings with him on a face to face basis.

On the matter of the work of the negotiators for the federal and Newfoundland Governments, the Minister reiterated his understanding that the mandate of his negotiators, as well as that of Newfoundland's negotiators, was to identify areas of agreement as well as areas of disagreement. The latter were to be referred to the two Ministers for consideration before they met their respective cabinets. Unfortunately, rather than agreeing to meet the federal Minister to discuss and try to resolve these points, Mr. Marshall decided to go back to the Government prematurely, and refused to continue the negotiations. Newfoundland changed the rules of the game and wanted negotiatons between cabinet. This could not work.

I do not wish to dwell at any length on the Hon. Member's comments concerning the decision of the Newfoundland Supreme Court. All I can say is that the matter is now being appealed before the Supreme Court of Canada, which shall decide.

FISHERIES—KIRBY TASK FORCE RECOMMENDATIONS—PRESENTATION OF GOVERNMENT RESPONSE. (B) REQUEST THAT GOVERNMENT SECURE EQUITY IN EAST COAST FISH PLANTS

Mr. Ted Miller (Nanaimo-Alberni): Mr. Speaker, I rise to discuss the question of Thursday, February 17, following the release of the Kirby Report on the Atlantic fishing industry. I would like to remind the Parliamentary Secretary that in the beginning the Kirby Task Force was formed to look into the severe financial difficulty in which the fishing industry found itself, particularly in Newfoundland, but also in Nova Scotia, New Brunswick, Prince Edward Island, Quebec and Labrador.

In November of 1981, ten fish plants shut down in Atlantic Canada. In January of 1982 *The Globe and Mail* reported:

> National Sea ... owes the Bank of Nova Scotia $100 million and the government of Nova Scotia ... $10 million. The Lake Group avoided bankruptcy through an 11th hour infusion of federal and provincial funds that will allow it to reopen its plants at Grand Bank and Galtois. They had been closed since late summer."

The *Financial Post* reported:

> Fishery Products Ltd. last week announced its plant at St. Anthony ... had lost $10 million in the past four years and might not open at all this year.

On August 13, 1981, St. John's *Evening Telegram* reported:

> Last Tuesday ... National Sea Products Ltd. announced it was shutting down its plant in St. John's and others in Nova Scotia, indefinitely ... laying off some 1800 workers—

• (1820)

The Kirby Report was initially supposed to be tabled, or at least given to the Government, in the summer of 1982. After a long one-year wait the report was made public, yet the Minister is hesitant about tabling it in the House of Commons so that the Forestries and Fisheries Committee can deal with it in any meaningful way. That report did not address the urgent problem of the fishing industry. In fact, Mr. Kirby and the Minister announced that it would be another two months before we would know about the financial conditions and the restructuring of the fishing industry. I do not think it is adequate that a report which has cost the Canadian taxpayer some two million dollars should not deal with the uncertainty of many communities in the Atlantic fisheries, including the still unemployed people in Ingall's Head, New Brunswick and Georgetown, Prince Edward Island. When I was there this weekend, I was questioned about the Georgetown, P.E.I., plant, whether it would be opening or not. I had to admit that I

did not know, that we had to wait two more months before the Government's restructuring program would be announced. We also have uncertainty in Lewisporte, Bridgeport and Jackson's Arm, Newfoundland, and Lismore, Nova Scotia, and the people of Grand Banks and Burin are fighting desperately to save their plants and the income of plantworkers in those communities.

The Report of the Task Force that started out as a result of thousands and thousands of plantworkers being unemployed in Atlantic Canada still has not addressed that problem. I think that is unfortunate because people are dependent on the fishing industry, and they have not really been dealt with in a fair way to this point by the Government.

There is some suggestion in Mr. Kirby's comments that some of those plants will never open again. There is some suggestion in the report that in order to open we may have to depend on some foreign capital. Some of his recommendations and options call for the possibility of the Atlantic fisheries, including the possibility of Fishery Products, Lakes Group and Nickerson, coming under a Crown corporation. We have no certainty that that is going to occur.

We now know how desperate the situation is. Kirby estimates, as a result of very detailed accounting investigations, that there is some $520 million of debt in the Atlantic fisheries, and there will have to be a massive amount of money put into that industry to protect this fleet and the jobs of fishermen. The Minister was not able to say whether or not there would be any equity position of Canadian taxpayers, or any say on the Board of Directors by community and plantworkers and fishermen if we are again going to bail out the fishing industry, as we did in 1974 with a $200 million bail-out, only to have companies that were no longer viable at that time come back to the Canadian taxpayer in 1982 and 1983 for another major infusion of capital.

• (1825)

It is not good enough to carry on with the same management scheme, and not good enough to say that this report will bring greater benefits to fishermen in 1985. The report does not deal with a better price for fishermen. It says that fishermen will have to carry out mandatory bleeding and gutting on their vessels to deliver a better product to the dock. However, it does not say that that better product will demand a better price. It says that a processor should be able to give a better price, but there is no mandatory provision whereby processors must guarantee fishermen a better price.

We are disappointed in the report because it does not deal with the key issue. We are disappointed that we cannot tell people in Georgetown, Fermeuse, Trepassey, Burin and Grand Bank that they are indeed going to have a fish plant with employment for their community. This Government has a responsibility to see that those jobs are protected and to ensure, when Canadian taxpayers' money goes into a bail-out, that there is some equity for the amount of money, and that the processors will be involved in the decision making.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, in releasing the report of the task force on Atlantic Fisheries on February 17, 1983, the Minister of Fisheries and Oceans (Mr. De Bané) made clear that the task force had two mandates. The first mandate was to advise the Government on the long-term policies it should implement to promote a healthy fishery in the future. It is that mandate which has been fulfilled with the release of the task force report.

The second mandate of the task force was to advise the Government on how to deal with the specific requests which came in late 1981 for financial assistance from the Lake Group and H. B. Nickerson and Sons Limited, both important integrated offshore groundfish companies.

As the Minister stated, it quickly became clear that what was required to solve the immediate financial crisis of these companies was substantial restructuring of the offshore processing sector. Such restructuring is more complicated than simply handing out financial assistance. The whole process became much more complicated when, in November of 1982, Fishery Products Limited also came forward with a request for financial assistance. The problem of how to put the activities of these three companies on a viable footing is extremely complex and can only be worked out through a process of negotiations with all interested parties, including the major creditors, provincial Governments and, of course, the Government of Canada. These negotiations are now in their final stages. They are critical both for industry and the Atlantic region.

The companies concerned have plants in many communities throughout the region. These plants are, in many cases, the lifeblood of the communities in which they are located. The Government is very much aware of the sentiments expressed by the Hon. Member and we hope we can make those decisions in addressing these problems very soon.

These negotiations, which have been going on for some months, are currently in a very delicate stage, and I am not in a position to go into any detail at the present time. I can say, however, that the objective of these negotiations is not to bail out existing shareholders. Rather, it is to restore the offshore sector to reasonable financial health so that it can continue to generate the jobs upon which so many communities and individuals depend. The extent to which the Government might have to become involved to achieve this objective, and the form in which such involvement might take, will be a matter for negotiation.

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

At 6.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, February 22, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed from Thursday, February 17, 1983 consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly (page 22957).

The Acting Speaker (Mr. Corbin): There is a certain custom in the House of Commons whereby when the Leader of the Official Opposition indicates that he wishes to rise, Hon. Members agree to permit him to speak at that time. Normally the Chair would recognize an Hon. Member from the Government Party. Is it agreed that the Chair recognize the Hon. Leader of the Opposition (Mr. Nielsen)?

Some Hon. Members: Agreed.

Hon. Erik Nielsen (Leader of the Opposition): Mr. Speaker, I thank the Hon. Member for Ottawa Centre (Mr. Evans) for his observance of that parliamentary courtesy.

I have seldom given titles to speeches which I deliver in this place, but because of the issue before us, I thought that in this instance I would entitle my speech: "Living in Never-never-land with the Grits"; and it might have the subtitle: "Neither a borrower nor a lender be", the purpose perhaps being to advance a short course on what is involved in this borrowing authority Bill.

All of us in this House have listened with keen attention, not to say bated breath, to the Deputy Prime Minister (Mr. MacEachen) on the subject of guidelines. There has been nothing like it since "Goldilocks and the Three Bears", or was it the "Three Little Pigs"? If he erred on the side of naiveté, or something else in that episode, he was quite sensible and down to earth in committee when in May the Minister said, and I quote:

> I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation—

That is what he said, "detailed information on the economic situation in the form of a budget".

When you are talking in terms of $14 billion for a fiscal year which is not yet upon us and for which a budget has not yet been presented, nothing else surely will do. There must be a detailed financial statement with, as the Deputy Prime Minister has said, the implications of that situation on the Government's fiscal situation. That can only mean a budget.

It may come as a surprise to Members on the Government side, some of those on the backbenches, to be reminded, as seems to be an increasing requirement these days, that they are responsible to Parliament. They cannot come in here and get a blank cheque covering the next fiscal period without producing a budget which constitutes an outline of their fiscal and monetary position.

Some Hon. Members: Hear, hear!

Mr. Nielsen: The borrowing authority demanded in the Bill constitutes an immediate inflationary pressure. It will force interest rates up, the most damaging development in the economy at the present time. We have had no indication from the Government of the purposes to which this enormous borrowing power will be put. It indicates an expectation of a deficit in 1983-84 considerably higher than the proposed $27 billion. Without a budget we have no indication of what policies this Government intends to implement to restore confidence, stimulate the economy and provide jobs.

Now the chickens are coming home to roost. This Government is faced with a major, almost disastrous, economic crisis. One cannot help being reminded of the fable by La Fontaine:

La cigale et la fourmi

"La cigale ayant chanté tout l'été
Se trouva fort dépourvue quand la bise fut venue."

I hope my accent was understandable.

Some Hon. Members: Hear, hear!

Mr. Nielsen: To the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Lalonde), I say "Go to the ant, thou sluggard", a piece of advice they would do well to embrace. Having brought the country to the sharp edge of insolvency, they want money. Without a budget, with no budgetary measures, no setting out of fiscal or monetary policy, they simply came into the House and said: "Fork over, boys", to the tune of $14 billion.

When one contemplates the financial situation of this Government, one is overcome with amazement that in a mere

three years so much could have been undone. It is a subject for students of political science and human conduct in years to come to attempt to explain how a Government could come down so fast, so far, in so short a time. What we must all be concerned about is that in its slide into insolvency and economic disarray, the Government has brought the entire economy down with it.

I, sir, am concerned about the size and the amount of this demand imposed on an already staggering economy in this country. It is conclusive proof, I submit, if any were needed at all, that this Government has no intention of mending its ways at all. Like a drunken sailor, it will go on throwing public money away until it leads this country to the edge of bankruptcy. The course of spending followed by this Government has been described as profligate, as wasteful and as reckless. It now, sir, borders on the edge of lunacy.

• (1110)

The first part of the Bill covering borrowing authority for $5 billion, representing part of the Government's cash requirements for the current fiscal year, must be taken in conjunction with the October budget. It is here that the details are set out covering the cash requirements for the current fiscal year. There are no such detailed explanations covering the second and larger amount of $14 billion.

As the Minister framed his demand, he must have been thinking of the lines from "The Ancient Mariner":

We were the first that ever burst
Into that silent sea.

It is a parliamentary first, sir, when you have a Minister who comes before Parliament and asks for authority to go to the public for $14 billion without the supporting and buttressing evidence of a budget. Perhaps he was thinking of the wreckage of the last three budgets now piled up on the beach. He decided to take the cash and let the explanations go until a later date. This House has been given no supporting documents, no financial picture, on the state of the economy, no current outline of fiscal and monetary policy. This mess which we are in is a direct result of mismanagement on the part of this Government. It is due to the two years in which the Prime Minister dragged the Canadian people through the labyrinth of constitutional reform. It is due to the Government's preoccupation with experimentation and centralization, and vast development programs which never got off the drawing board.

Giving this Government power to borrow $14 billion for unspecified purposes to be outlined in a budget which we have never seen is like giving a keg of whiskey to a drunk. This Government has a record of fiscal madness which is second to none. You have to go back, sir, to the Manchu dynasty to find a governing Party so remote from the ordinary citizens of this country.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Talk about the cart before the horse! This borrowing Bill is more evidence of the Government's mismanagement of the finances of the country. Its budgetary performance has been so inept that, in order to get one budget accepted by the House, it has to take three runs at it. We are now working on a budgetary resolution covering three budgets, approving budgetary measures which should have been through this House months and months ago. Now this lethargic, incompetent aggregation of political misfits find themselves confronted by the necessity of producing another budget to cover current and upcoming demands, and they cannot do so until they get rid of the logjam of previous budgetary resolutions which have remained piled up in the House while they played with Canagrex and other non-essentials.

So what do they do? Do they follow normal procedure and bring in a budget, followed by a request for borrowing authority for the purposes spelled out in such a budget? Not at all. The Liberals have decided to cut the Gordian knot of their own incompetence by dispensing with the need for a budget and simply demanding the right to go into the market for their cash needs. First comes the cash, and then whenever they get around to it they will produce a budget justifying their demands for the cash.

• (1115)

We have had a bellyful of this Government cutting corners, bypassing Parliament, raiding the Treasury and attempting to govern without responsibility. It produced two unworkable budgets and a third which was simply an exercise in plastic surgery. It wandered away in a jungle of hazy schemes like the CIDC, the CDC, the NEP and FIRA, which consumed enormous amounts of money, involving, for example, the purchase of Fina and BP. Now that it is time to do its housekeeping, it is completely at a loss.

The Minister's desire to be orderly and efficient cannot be used as an excuse to deprive Parliament of its right to full explanations and respect for the traditions of this place. If the Minister and the Government are faced with meeting huge debt commitments and refinancing requirements, all we can say, in all bluntness, is: "Don't come crying on our shoulders". For years we have warned about the runaway expenditures of the Government, and for just as many years we have been totally ignored. When the day comes that the Liberals can walk into this House and demand permission to borrow $14 billion without any explanation, without detailed taxation measures and fiscal proposals outlined in a budget, then this House has no further function but to act as a rubber stamp for the demands of Government.

Some Hon. Members: Hear, hear!

Mr. Nielsen: In the cursory explanations of the Minister of Finance which in no way addressed the issue as to why there was no budgetary explanation of the cash which he required, along with the proper tax measures, the Minister used the words "orderly" and "efficient" more often than did Mussolini when he was making the trains run on time.

Some Hon. Members: Oh, oh!

Mr. Nielsen: That is right. Where are our trains after the VIA cuts? In his speech, with a mere nod to the practice and traditions of this place, the Minister said:

> It is desirable that Parliament have adequate time to study and debate the budget as well as the new borrowing authority Bill.

It is more than desirable; it is absolutely and vitally necessary. The Canadian people are uneasy and very concerned about handing the Government another blank cheque. Canadians are asking themselves: "When will this stop?" Here is a Minister who comes in after three disastrous budgets, with the economy on its beam ends, and says: "Let us not worry about a budget this time. Just give us the money; we will take the cash and let the credit go." It is not that easy. This is Parliament. This is not Household Finance.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Surely no finance company would lend money on those terms. What would be the collateral? A bunch of gas stations?

Mr. Speaker, you, as the chief officer of Parliament, the guardian of its rights and privileges, the watchdog of its traditions, must be concerned about this abrogation of practice and tradition. You must surely be uneasy about a Government which comes in with all the finesse of Jack the Ripper and says: "give us money". Everyone who knows and respects Parliament and is aware of what this institution stands for must be conscious of the fact that if we sit still at this kind of hijacking of our rights, the institution itself will have entirely lost its validity.

• (1120)

We want the Minister to follow the practice of previous Ministers back to Confederation. We want him to outline his cash requirements for 1983-84 in a budget for that period, clearly outlining the state of the economy, the Government's fiscal and monetary position, the measures it contemplates taking to restore confidence and put Canadians back to work. That is the minimum that the Minister and the Government is obliged to accord Parliament. I warn the Minister and the Government, Parliament surely cannot stand for anything less than a full measure of its rights.

It would be the height of naiveté to inquire why the Government tries so hard at every turn to evade parliamentary scrutiny. The Auditor General had something to say about that. He said the expenditures of the Government were entirely out of control. This latest demand by the Minister of Finance proves in spades that the Auditor General was exactly correct.

Parliament is being asked to underwrite expenditures for a fiscal year not yet begun, in reference to a budget which has not yet been presented. It is the Government's way of covering up the mess that it is in. It is a mess entirely of its own making.

For two years the Prime Minister, like a modern Moses, led the country through the desert of constitutional reform. He was not concerned about the economy, he was not concerned about unemployment, he was not concerned about balancing the budget, he was not concerned about runaway deficits, he was not concerned about high interest rates, he was not concerned about accelerating bankruptcies, and he was not concerned about farm foreclosures.

None of that could penetrate the veil of mystical fanaticism in which he warpped himself. Like a prophet of old, he betook himself into a desert of his own making—with his "moozmaad"—and there he remained in isolation, fed by the ravens of his own party.

The problem which this country faces today, in spite of signs of an economic pickup in the United States, is that their policies have so disrupted the country's capacity to come back, that we may not get the benefit of their economic turn-around.

The Government is now in a position where it is borrowing to pay off its creditors. That is surely always a bad policy in financial circles. The request for authority to borrow $19 billion illustrates the chasm between the Government's perception of the economic parameters and the real needs of Canadians.

No one would object to a deficit, even one of the colossal proportions of the Government's deficit, if it meant that Canadians would get jobs. We know it will not mean that. It means a licence to the Government to continue its orgy of unproductive, ideological empire building. It means a licence to continue its ideological and destructive interventionism in the private sector. It means that this House is putting its seal of approval on policies which have driven this country to distraction, made us a laughing stock internationally, put hundreds of thousands of Canadians on the streets, and brought the economy to a rockbottom low. A deficit of this size creates a logjam in capital markets and reinitiates the battle over scarce capital that will result inevitably in pushing up interest rates.

The simple fact is that the resources the Government is asking for will not go to stimulating the economy. After all, it has had more than two years of the highest deficits and highest spending in the country's history to stimulate the economy. Instead, we have unemployment and foreclosures. So to suggest that this idiot Government is capable of providing jobs is to suggest that blood can be obtained from a stone.

There will be no new jobs, no stimulus. There will just be an added burden on the dead weight of centralist interventionism by the Prime Minister and his associates—both past and present—that will result in blocking our economy from benefiting from the resurgence now under way in the United States. They will use this to build an isolationist and separatist wall around the Canadian economy so that the benefits of the American comeback will not cross the border. That has been the record, and there is no warrant for believing that it will be anything different. There will be no end to the Liberal-induced recession in the country until the Liberal Government is removed from office.

Some Hon. Members: Hear, hear!

• (1125)

Mr. Nielsen: Certainly a deficit would be permissible in normal times for a normal Government to attempt to stimulate the economy. A deficit of this size for a Government which has been spending like drunken sailors for more than two years on non-productive, self-defeating projects is simply not acceptable or permissible. This Government ought to be cutting out unrealistic and counter-productive expenditures, such as the incredible purchase of hundreds of gas stations which have become a drug on the market.

They could open doors and allow constructively-motivated investment to flow back into Canada and provide new jobs. They could back out of energy and allow the energy industry to operate in accordance with the realities of the day rather than the textbook fumbling of the Government. They could do these things, but they will not because the Government is as remote from reality as though it were on hashish. Nowhere in the Government is there any sign of repentance, regret or remorse.

They have run up the largest deficit in history, with the highest expenditures in history, yet they sit over there, proud of their dismal record. Rather than curtailing their own expenditures, they turned to the pensioners, the superannuates and public servants. Now, by demanding a lump sum advance payment of $14 billion, they evade the problem of coming before Parliament with specific budgetary measures in support of their demand for cash.

The other day the Minister rose in the House and went through the motions of explaining the need for $14 billion for the next fiscal year. This is what it amounted to. He said: "We are broke. We need money; $14 billion will do for now. If we need more—and we will—we will be back." He went on to say that the required explanations will be forthcoming in the budget which is forthcoming. As to the precise time when the budget would appear, he was vague. He said, of course, that we could turn to the "Economic Outlook" for further information. That too will be reviewed in the budget, not yet here but forthcoming. This is why the House must not agree to this Bill, without the necessary explanations and taxation measures clearly spelled out in a budget for the 1983-84 fiscal period.

The Minister expressed a desire not to be hindered by borrowing authority constraints. Surely in view of the record of the Government, it is a primary requirement that the Government shall be hindered in every way by constraints. That is precisely what we are here for—we are here to protect the interests of Canadians, not to see the country ripped off by the Government.

Some Hon. Members: Hear, hear!

Mr. Nielsen: This approach by the Government is symptomatic of the deep financial mess into which it has plunged the country. The Government senses the oncoming storm and is trying to build itself a $14 billion hurricane cellar so that it will not have to come back to Parliament until some time next year. At this time and in the context of this Government's record of mismanagement and blundering, to approve a borrowing commitment of this size, with no further details than the hand-wringing pleas of the Minister, would signal the end of the usefulness of the institution.

• (1130)

This House, sir, should stand on its right to have detailed explanations of the reasons for this Government's borrowing. This Government should not be allowed to spend another single red cent of the taxpayers' money until we have those traditional explanations.

Canadians have come to the end of their rope. They will stand still no longer for any further rip-offs by this profligate Government which now comes to us in this totally untraditional fashion for borrowings of this magnitude.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Corbin): Questions? Comments? Debate?

Mr. John Evans (Ottawa Centre): Before the Leader of the Opposition (Mr. Nielsen) takes his leave, I would simply like to point out to him that the Estimates which detail the expenditures for the next year will be tabled in the House at three o'clock this afternoon. That should give Hon. Members a good explanation of precisely how the dollars that are being asked for in the borrowing authority Bill are to be expended over the next year; and a budget is forthcoming, Mr. Speaker.

Miss MacDonald: When?

Mr. Evans: The Minister has indicated clearly that a budget is forthcoming.

Mr. Lewis: What about the income?

Mr. Evans: I would suggest to Hon. Members opposite that the changing circumstance we now face, whether or not we are actually into an economic recovery—which many people are saying we are and which I personally agree we are—is altering the situation very dramatically.

The Acting Speaker (Mr. Corbin): Order, please. The Hon. Member for Kingston and the Islands (Miss MacDonald) is rising on a point of order.

Miss MacDonald: Mr. Speaker, with regard to the budget which the Hon. Member for Ottawa Centre (Mr. Evans) has been discussing, would he for the benefit of the House interpret the word forthcoming?

Mr. Fisher: We have time for that; show some courtesy.

Mr. Kempling: Listen to who is talking about courtesy.

The Acting Speaker (Mr. Corbin): Order, please. I must inform the Hon. Member that that is debate.

Mr. Evans: Being out of order, Mr. Speaker, is something which the Hon. Member is quite used to. The budget is coming within this month or the following month—

Mr. Kempling: Some time this year?

An Hon. Member: We have a forthcoming budget, do we?

Mr. Evans: The real reason the budget has not been brought down to this point in time, to my mind, is that the economic situation, as I have stated, is changing very rapidly. If the Government were to bring down a budget which did respond to these very real, changing economic conditions, the Opposition would be the first group to howl that the Government was not forecasting properly, that the Government had done something improper in bringing down a budget before the Government really knew what the economic situation was. Changes are happening very fast. Changes are occurring very fast in this country and very fast in other countries. This affects our economic condition very dramatically. Economic change and economic recovery is coming about very quickly in the United States. That will have an impact upon employment in the primary Canadian industries. What kinds of programs should be in place in a budget will depend on where the areas of greatest need are in this country in light of the changing economic circumstances.

We will have the Estimates today at three o'clock. Given that the Minister has indicated his intense desire to bring down a budget at the earliest possible date, the Opposition will certainly have sufficient material to evaluate how the Government intends to spend the money it is asking for in this borrowing authority Bill.

Along the lines of the Bill itself and in trying to add something to the debate in this area, I would like to carry on with the comments I was making last Friday in the debate. I had to shorten my comments because another Hon. Member wanted to speak and we had to cut the debate short. At that time I indicated that the economic situation we faced in this country is no different in substance from the economic situation that is being faced by most, if not all, western industrialized countries. Certainly there are differences in the numbers as far as the unemployed in this country are concerned versus the numbers of unemployed in other countries. There is a difference in the level of inflation in this country versus other countries as well as differences in the level of interest rates and so on. But uniformly all countries are facing the same dramatically difficult economic situation.

The particular economic situation which faces the world has been in the making for a great many years. First it was in the form of inflation, and subsequently there were the attempts to bring that inflation under control made by all Governments.

It is important that we understand the nature of inflation and what must be done in order to bring inflation under control. Then we can argue whether or not Members in this House believe it is important that we bring inflation under control. If what causes inflation and what needs to be done to bring inflation under control is understood, then we can ask the question: Is fighting inflation worth the price? I suggest to you, Mr. Speaker, that it is worth the price. Indeed, there is no option but to bring inflation down.

Quite frankly, we have succeeded quite dramatically in the last year in bringing down inflation. If you look at the inflation rate on an annualized basis for the last three months, Mr. Speaker, you will find inflation is now running at 3.2 per cent. Similarly, if you look at inflation for the last six months, it is running at less than 6 per cent. That is a clear indication of the trend, the elimination of inflation which will lead to lower interest rates. All observers who have the slightest knowledge of economics understand that lower interest rates will be the key to stimulating the recovery of the economy.

Let me go back to inflation, Mr. Speaker. I believe the fight against inflation and the recession have very common characteristics. First with regard to inflation, inflation comes about as a result of a situation where the purchasing power in a system exceeds the output of the system. In other words, standards of living in a country can only rise as fast as productivity or the increase in output of the system. If the money supply, the purchasing power of the system, grows faster, it will lead to rising prices. There is no argument about that; it is a basic fact. That is what gave rise to the inflationary spiral we saw, which the United States saw, which western Europe saw and which all countries in the western world saw during the 1970s.

Can inflation be allowed to continue and be left to run on its own? The answer from the Opposition, the answer from the Government and the answer from other Governments in other countries has really been no. There are very good reasons why that answer was resoundingly no. Because inflation leads to increased uncertainty, it cuts back on investment. Without investment there is no growth. Without growth there are no rising standards of living. The situation leads to higher interest rates. This we saw in an all too real way during the 1970s and especially during the first part of the 1980s. That is the reason that we had to bring inflation under control. All Members in the House were very concerned about inflation and called upon the Government to bring inflation under control.

• (1140)

How does one bring inflation under control if it is growing because of the increase in purchasing power at a rate that is higher than the rate of output in the country? The only way to reduce inflation is to reduce the purchasing power so that it is back in line with output. If that is not done, inflation will not be brought down. High inflation means that our dollar income had been growing faster than the output of products that those incomes were to buy. Therefore, to reduce inflation incomes must be constrained in dollar terms.

What is inflation, after all, but the market's natural adjustment mechanism which tells an economic society that it has been living beyond its means? That is what inflation is, a sign that the market is adjusting for excess purchasing power through a reduction of incomes to reduce the purchasing power. In order to eliminate inflation, the growth of income

has to be restrained so that it more closely corresponds to the growth of output.

The issue, then, is how should the income reduction in the system be distributed? In a normal, functioning marketing economy all individuals in society would share that reduction by some small amount. Unfortunately, that is not how our system or other systems in the western world operate. While the Japanese system operates that way to a much greater extent, our system operates on the basis that the great majority of people are able to protect their incomes and hold them at the previous level while the minority are deprived of incomes altogether. In other words, instead of our system adjusting to the fight against inflation by reducing everyone's income to bring income into line with output, it reduces the incomes of a few by a great amount and the incomes of many by very little. In other words, we throw people out of work rather than reducing incomes uniformly. The labour-management system in our country leads to that situation. Those who continue to be employed do very well but there are a large number of people who are thrown into destitution.

That is the system which has evolved in this country, in the United States and Western Europe over many generations. It is not a system that was introduced by this or any previous Government. Given this situation and the necessity to reduce inflation for all the reasons I have suggested, what can the Government do to raise our standard of living? There are methods which the Government can use. The Government can respond by reducing income security programs. The Government has done this over the years. We introduced the Unemployment Insurance Program to ensure that those people who are out of work as a result of this system have some kind of income to support themselves. We introduced welfare programs, medicare and public pension schemes.

If the system were to adjust normally, everyone's income would come down a little and employment would stay very high. This is the case in Japan where they have a 2.5 per cent rate of unemployment as opposed to our 12.5 per cent. In our system, however, a few are asked to take an enormous income loss while the rest have no income loss. The Government can respond by introducing programs and it can pay for those programs by imposing some form of involuntary tax, in the broad sense of the word, on those who continue to be employed in order to pay for those who are no longer employed. I believe that system is inefficient. Our compensation system should be modified and revised so that we have a more automatic, uniform and just method of adjusting to these changes which occur in our economy over a period of time.

There are three ways the system can pay for these kinds of income transfers. The first method involves the natural process of adjustment that comes about with inflation. Inflation effectively taxes people's incomes by raising prices and that inflationary system is generated by the increase in purchasing power. The increase in purchasing power is caused by increases in the money supply which is under the control of the Government. If the Government increases the money supply very rapidly and uses those funds to give money to people who are out of work while generating inflation, it can pay for those programs in that way. However, we know that this is not a very efficient method because it will have a negative impact on future growth rates and standards of living. In fact, Governments all over the world have tried to stop that kind of process.

The second method which can be used is for the Government simply to tax those who continue to receive income and use those revenues for its expenditure programs that pay those who no longer have incomes. We are presently in a very deep and difficult recession. Any tax increase at this point could, and I believe would, lead to a much more severe recessionary situation than we now face. I personally believe that this is certainly not the time to be talking about any kind of direct tax increase.

The third method is effectively to borrow against the future, since taxes cannot be imposed today due to the very fragile economy. Therefore, these income support programs that are very necessary—which I believe no Member would deny—would be paid for through another form of tax called a deficit. A deficit is no more and no less than an increase in future tax liabilities. The present economic situation being as it is, I believe the best way to stimulate the economy and maintain the income support programs that are necessary in our economy is to use the deficit. In other words, borrow against the future to ensure that we establish the conditions for growth today. Through growth, we will be able to reduce the deficit in the future.

Let me say that there are some conditions which should be met. If the decisions were up to me, there would be certain conditions that I would place on that deficit, its nature and how it should be employed. First, I think the use of borrowed moneys from the increased deficit should be oriented wherever possible toward expenditures which are in the form of an investment in future growth. This could be in the form of public works programs, railway expansions, port development or other programs that improve the infrastructure of the economy and make it more efficient and lively in the future. It can be used in other areas, such as skill training programs which are an investment in human capital as opposed to physical capital. If the deficit is used to improve the lot of those who are out of work and are suffering from the recession in order to make them more capable of participating in the future growth of the economy and being able to have higher incomes than they had without the skill training program, then it is a very valid use of the money.

Of course, the money should be used for straight income support programs to ensure that the critical mass of skilled workers in adversely affected industries, such as the forest and mining industries, can remain in those jobs, when we know that the demand for those products will increase in the future. That critical mass of skilled people has to be maintained in these areas so the industry can rebound when the recovery comes.

I think the NEED Program is another area where the deficit can be used effectively with regard to employment. It is

designed to keep that critical mass of employment available as the recovery comes.

• (1150)

We could bring forward, of course, viable projects for immediate start in the private sector. The deficit could be used to finance programs which would help bring forward some of these programs which the private sector has delayed.

We could also, and most importantly—and we talked about this last week—invest more heavily in the expansion and development of research and development facilities and people in this country, which again is an investment in the future. It is an expenditure today but it is an investment in the future. All of these things will lead to a more robust recovery and allow us to handle the deficit more carefully.

As a final point, Mr. Speaker, all of us are concerned about the deficit. It is very large. It certainly can be justified on the basis of the kinds of reductions in income or reductions in tax revenue that the Government is faced with and the increase in expenditures for these income support programs that are very necessary. That is what is causing the deficit to go up.

In closing, I have to say that I would call upon the Government to ensure that in the coming budget a program for deficit reduction is clearly spelled out, so that Canadians know as the economy recovers, as the growth occurs, that the very high deficit that we have today will be reduced in a systematic manner over the next three to five to seven years, to a level in relation to GNP that we consider appropriate for long-term stability in the Canadian economy.

The Acting Speaker (Mr. Corbin): Questions? Comments?

Mr. Lewis: Mr. Speaker, my colleague, the previous speaker, has pointed out that the Government is asking for $5 billion to the end of March and $14 billion for 1983-1984. My colleague has suggested that the Estimates will be tabled today. We know that there will be Supplementary Estimates after that.

Just out of curiosity, as my colleague is a learned economist by profession—

Mr. Kempling: Not too learned.

Mr. Lewis: —he appears to be suggesting that the presentation of expenditures is sufficient to support massive borrowing. As an accountant, I would suggest to him that if someone goes to the bank to borrow money, one has to show not only the expenditures that one is projecting but also the revenues. What we are asking for on this side is an accounting for the revenues for 1983-1984 before we, as the country's banker, approve this Bill. When can we expect to see the anticipated revenues for 1983-1984? We know, as of today, what the expenditures are. When do we get to see the anticipated revenues, before or after we are asked to approve a borrowing of $14 billion?

Mr. Evans: Mr. Speaker, as I indicated, the best estimate I have, and it is probably no better than the Hon. Member's opposite, is that a budget will be coming down before Easter. That was the latest information that we received in this House with regard to a budget. I think we should make it clear to the Canadian people who are watching and listening that the Government cannot spend without parliamentary authority. The Government might have borrowing authority, but the Government cannot spend any of that without the authority of Parliament, and the authority of Parliament is granted through the process of passing the Estimates. The Government could have $100 billion of borrowing authority, but it could not spend a dime if this House did not approve the Estimates.

An Hon. Member: Nonsense.

Mr. Evans: The Estimates are the control, except for the statutory payments in the statutory programs, of course; but the Estimates are the control that this House has over Government expenditures in the non-statutory area.

Mr. Kempling: They are passed or are deemed to have been passed. What a bunch of garbage!

Mr. Evans: Borrowing authority, Mr. Speaker, is simply the authority to finance those expenditures that are being approved by this Parliament.

Mr. Blenkarn: Mr. Speaker, we were all humoured by the Member for Ottawa Centre (Mr. Evans). Does he realize that Governments cannot spend money if they do not have money to spend? If we give them money to spend, we know how they spend it. He was talking about a budget and he said it should not be a blank cheque deficit. He suggested it had to be stimulative.

I was wondering if he could tell us how the deficits of, say, 1977 or 1976 or 1978 or last year or this year, $27.2 billion, have been so stimulative. Have they put people to work? Have they made the country prosperous? Have they made the country grow? Can he tell us about how stimulative these deficits have been and how borrowing money makes something stimulative.

Mr. Evans: Mr. Speaker, I think the Hon. Member and I have agreed on a number of points in this particular area. He knows as well as I do that I have been concerned about deficits, especially during a period when the economy is running relatively smoothly. My own personal opinion is that Governments should not run deficits during good times, but deficits are certainly appropriate during bad times.

In this House we are now debating deficits and borrowing authority during the worst economic recession we have had in 50 years in this country. That is what we are debating, and the question is: Is the borrowing that is being asked for by this Government to finance the deficit that is forecast by this Government appropriate in this economic situation? I suggest it is appropriate. I would not like to see it grow bigger and I would hope it could be brought down very dramatically and very rapidly as we come out of this recession; but certainly, faced with the economic realities we are faced with, the Opposition cannot stand and say we should slash away at the deficit at this point in time. Certainly we should as we recover

from the recession; there is no doubt about that in my mind and I agree with the Hon. Member from Mississauga South (Mr. Blenkarn). But today's request for borrowing authority I believe is appropriate to make sure that we spread the burden of this recession as widely as possible and remove the possibility of having people in this country in destitution as a result of having to cut back on Government support programs.

Mr. Crouse: Mr. Speaker, I have a question for the Hon. Member for Ottawa Centre (Mr. Evans). In 1968 it took approximately $12 billion to look after the needs of this nation, which at that time was composed of approximately 20 million people. This year the Government is asking for approximately $90 billion, an increase of $78 billion, to look after a nation of 24 million people. In other words, we have only had an increase of four million people between 1968 and the present, but the cost of looking after their affairs has increased from $12 billion to $90 billion.

I would like to ask the Hon. Member how many billions per million does he feel are required in order to bring about what he says is economic recovery?

Mr. Evans: Mr. Speaker, the Hon. Member's figures mask a great many things. One is that we have had a very serious bout of inflation over the period of time and $12 billion in 1968 cannot be directly compared to $90 billion in 1983. We have had 15 years during which there has been some very serious inflation and as a result those figures would have to be deflated dramatically.

The second point is that there has been a dramatic increase and improvement in services that are provided by Government to Canadians. If you look at the expenditures of the federal budget, 50 per cent goes in transfers to Provinces and people in this country for services that are directly received by Canadians. Right now 25 per cent goes to servicing the interest on the public debt. That is one of the reasons inflation had to be brought down, to bring down the interest rate and reduce that proportion. The other 25 per cent is used for all other matters, including 10 to 12 per cent for defence. Therefore, about 13 per cent of the federal budget goes to administer the operations of Government.

• (1200)

Many observers who recently have looked at the pattern of Government expenditures have found no evidence of runaway federal Government expenditures in the last five years. There has been restraint in the federal Government, not runaway expenditure increases. The increases have come in the form of statutory programs, the cost of administering the deficit due to higher interest rates and in other such areas. These are the two areas which led to the increase in programs which we deal with in the Estimates. They have not been out of control. They have not grown inordinately.

Mr. Taylor: Mr. Speaker, the Hon. Member talked about fighting inflation. One definition of inflation is too many dollars chasing too few goods.

Mr. Evans: That is the only definition of it.

Mr. Taylor: Wait for my question. Don't go away.

Mr. Evans: I thought this was debate.

The Acting Speaker (Mr. Corbin): I should inform the House that the time for questions and comments has been exhausted.

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, we have before us today another in a long and horrendous catalogue of borrowing Bills which this Government has placed before us since the February, 1980 election. It is the fourth of its kind in eight months—$6.6 billion in June, 1982; $7 billion in July, 1982; and $4 billion in November, 1982. The Government now has the temerity to request us to grant them a blank cheque. I do not know how Canadians, including Members of Parliament, could possibly visualize $19 billion and the other billions we have been asked for over the last three years. How could anyone visualize what is involved in that amount of money? It takes considerably more imagination that I could bring to bear.

The Government has given no clear indication as to how it intends to use this $19 billion. A few moments ago the Leader of the Opposition (Mr. Nielsen) suggested that it would be difficult for any borrower to get funds from a finance company, unless he believed the TV commercial "Never borrow money needlessly, but when you must"—for a vacation, third car, winter holiday or summer cottage. Perhaps that is the airy-fairy kind of thinking which this Government has. It has given no clear indication of the purpose of these funds.

Anyone attempting to borrow money is asked a number of questions. They are asked about their plans. The Minister of Finance (Mr. Lalonde) has given no indication as to what his plans are. He simply says: "trust us". With this Government's record of shenanigans over the last few months, why should we trust them with another $19 billion on top of the $6.6 billion, $7 billion and $4 billion of the past eight months?

A borrower is also asked about his credit rating. The lender wants to know how he measures up in terms of meeting financial commitments. I received a letter today which deals with a situation which I have raised in this House many times. It is perhaps on a smaller scale but it shows the abominable attitude this Government, its Departments and agencies have when it comes to meeting payroll commitments to its employees. The letter I received in the mail today is addressed "To whom it may concern". I am sure it was forwarded to cabinet ministers and officials as well as to Members of Parliament. I quote from the letter:

> I am writing this letter on behalf of the participants of the Salmo Workers Employment Society. (Employment Bridging Assistance Program). The reason of this letter is to find out why so many of the participants in this project are not receiving bi-weekly UIC pay cheques—
>
> When we owe the government money they expect it promptly or there is an interest penalty of some kind added on. Why then, when the Government owes us, can't we expect the same treatment from them?

That is a worth-while question, especially today.

We can't rely on this money that we've earned to pay our bills and the interest is starting to add up. If the Government was to pay the interest on these past due bills, they may realize the unfair treatment they give us.

We are doing this work because the country is in need of it and they are far behind. We trudge through deep snow, work through all kinds of weather, and climb mountainous terrain to thin and space trees, while regular UIC people sit at home in warmth and collect UIC benefits on time, while we suffer on these long delays on our UIC pay cheques. How would you like to do this type of work and not get paid on time for it? Some employees can't even afford to bring a lunch or drive their vehicle to work. Since Louisianna Pacific Canada Ltd. has been shut down in 1981 there has been very few jobs available in this area.

We appreciate the opportunity of being a member of the Employment Bridging Assistance Program. On this program we have received a great amount of training and experience in the forest industry. We have the feeling of some importance knowing that we are aiding our country in these poor economical times, but, it sure would be appreciated to have more support from the Government themselves as the Province is in need of this work being done and they are profiting by it. We would appreciate it very much for your attention on this matter.

Many of those involved with the sending of this letter do not have a great deal of education. However, they are willing to work for very little in order that they can be useful and make a contribution to society. Despite repeated urgings and having the various technical and other problems brought to their attention, the Government still has not devised a system whereby these people could be paid every two weeks. If an employer with that kind of reputation tried to borrow rather heavily from some agency, he would be looked at questioningly.

This letter does not talk about normal delays. There is a list of 18 employees attached to this letter. One is behind seven weeks, three are behind four weeks, the next two are so far behind they have lost track, three weeks, three weeks, four weeks, another inestimable number, four weeks, three weeks, four weeks, three weeks, three weeks, six weeks, three weeks and three weeks.

• (1210)

That is the record of this Government when it comes to paying its own employees, not to mention payments on other matters which are not normally covered by legislation in terms of the time in which those bills must be paid. God knows what it does when it is not required by law to make payments. And, of course, the federal Government is not required by law to make these payments either because the provincial Governments, in concert with it, have seen to it that the parts of provincial legislation which require payment of wages on time is excluded. So the Government has even bent the laws and the rules.

This is not the time, necessarily, to give a long catalogue of the ills of specific programs, but they are symptomatic of the inability of this Government to meet its financial commitments and of its faulty sense of priorities. How is it that the country has managed to pile up the terrible debt burden which it has over the past number of years? There are a multitude of reasons, Mr. Speaker, and Hon. Members are very aware of some of them. It is interesting to note that at a time when we are being asked to authorize the borrowing of another $19 billion as of June, 1982, the cumulative total of deferred corporation taxes was some $20.8 billion. We in this Party believe that deferred taxes are actually interest-free forgivable loans given to corporations through the taxation system. That is money which is owed to the people of Canada and which has not been paid. It has been deferred for a number of reasons, but ordinary Canadians do not have the right to defer their taxes. It seems incumbent upon some of us to point this out at a time when we are being asked to authorize the borrowing of yet another $19 billion. The corporate sector is not asked, or has not been asked over a number of years, to pay those debts, and that means that the rest of Canadians must.

Just the other day I received a copy of "Beale's Letter", an independent newsletter which is generally sent to chief executive officers in the forest industry mostly in the Pacific Northwest, but actually right across the continent. The editor of the newsletter—and it is a highly regarded one within the forest industry—was in Tacoma, Washington recently, and in this particular issue he dwells on some comments of an industrialist in the Tacoma area. He quotes the industrialist as saying:

If there's one thing that really worries me about Canada today, it's political uncertainty. What's going to happen to Trudeau? Will he be around another 10 years? And as for Clark—when he was prime minister it seemed Canada had no government at all.

The Acting Speaker (Mr. Corbin): Order, order. I hesitate to interrupt the Hon. Member, but when he refers to Hon. Members of this House, he should refer to them by their portfolios, their offices or their ridings.

Mr. Kristiansen: With all deference, I recognize that rule and generally try to obey it. I was just quoting something from a publication and the names appeared within it.

The Acting Speaker (Mr. Corbin): Order. Again the Chair must remind Hon. Members that we should not do indirectly what is not allowed to be done directly under our rules. The Speaker has on many occasions advised Hon. Members to proceed with extreme caution when quoting from documents. It is simply a matter of respecting each other's reasons for being here, and I would recommend to the Hon. Member that he adhere to that practice.

Mr. Kristiansen: Very good, Mr. Speaker. The problem, again, on the whole matter of confidence, not only in the political situation in Canada at present but for the future, over perhaps the next number of years, is that we as Hon. Members and representatives of our constituencies are affected by and share in that feeling of uneasiness as to whether the plans and priorities of this Government, or any future Government, are going to make more sense than they have in the past.

One of the major items which has led to the large deficit which we have today is the matter of deferred corporate taxes owing, the amount of which is almost equal to what is being asked for today. That general scheme of forgiven taxation is not only supported and advocated by the Government but has been supported strongly by the Official Opposition. The huge multi-billion dollar grants which were given to the oil and gas industry within the period of the last year was not only the

policy of the Government, but was supported by the Official Opposition. Huge bail-outs of the corporate sector have taken place, especially over the last few years, and hundreds of millions of dollars on each occasion has been taken out of the public purse. The public purse had been used continuously to bail out losers, and this has also been supported on both sides of the House.

What confidence can we, therefore, have when these holus-bolus hand-outs are given, either directly or by simply not collecting the money which the people are owed? How can we have confidence as long as it appears that one or the other of the two major Parties in this House, the Liberals or the Tories, will likely be the Government and this policy is not likely to be changed? How can we have any secure feeling whatsoever? We cannot.

There are two or three other programs which I would like to draw Hon. Members' attention to while discussing this Borrowing Authority Bill because they demonstrate again the incompetence of that bunch over there with their faulty sense of priorities. One such program is the Residential Rehabilitation Assistance Program. Among so many of the Government's employment-creation programs, this has been one of the most popular and most long standing. There were problems with it in its infancy, but they have been largely resolved. It has a well established delivery system and is one of the most productive and job-intensive programs ever to be offered by the Government, producing some $3 in job-creating private housing expenditures for every $1 of Government funds expended. It has also in its social purpose contributed greatly to many senior citizens, particularly, and to many other Canadians of modest means, enabling them to retain their own homes, which is surely a worth-while social objective.

Yet at a time when our national unemployment rate is some 1.6 million officially, when British Columbia's rate is 16 per cent, we see the RRAP budget for the British Columbia-Yukon region being reduced by some 15 per cent. At this same moment the Government is bragging that it has increased the individual amount of forgivable loans from $3,700 to $5,000. It has reduced the total amount available and issued directives which really leave us with a feeling that the operative slogan of the Government now should be: "Let the user of Government programs beware". Its directives have been to the co-ordinators of this program in the various areas, telling them not to advise people of the forgivable loan aspects of the program, and to try only to lend money which will be repayable. Some regional districts and one of them in my own constituency have had to tell the Government quite frankly to go to hell—that they are not going to defraud program consumers by omitting to list the facts of the program and what benefits the people are eligible for. They will not do that. If there is a program in place which offers assistance to people, then these people have the right to be informed.

• (1220)

At the same time, a new directive has been issued stating that no longer will it be possible for unused surplus funds in one part of the country to be used in the program in other areas which have demonstrated a need. Again, those allocations have been included in the budget and have been provided. With a program of job creation which is as useful and beneficial as this one, why should the Government deprive those areas which have shown initiative and have the demonstrated need for housing and jobs? Those jobs are surely needed. It simply makes no sense. There is a whole myriad of other job-creation programs, which is surely one of the reasons the Government feels it will be bound to borrow money, whether for the Canada Community Development Programs or Summer Employment Programs.

Why is it that when the deadline for applications to the Summer Canada Employment Program is March 4, we and our constituents have still not been advised as to the constituency allocations under that program? Apparently, according to calls made today, we will be told tomorrow, only a week before the deadline. How does the Government expect people in the communities, in volunteer organizations or wherever, to be able creatively and efficiently to expend public money to obtain the maximum social benefit when we and they are given less than a week's notice as to what funds will be available? Is that the way the Government plans its financing?

Mr. Thacker: Yes, exactly.

Mr. Kristiansen: People in my constituency and, I expect, people across the country are only human. They need a little bit of information upon which to base their judgments. They feel they have the responsibility to see to it that public funds are used in an efficient and responsible way. It is unfortunate that the Government seems to have failed to recognize the importance of that very necessary attribute in any responsible Government and any responsible citizen. It is for precisely that reason that we cannot support the appeal now before us.

Mr. Thacker: Because the Government is sub-human.

The Acting Speaker (Mr. Corbin): Order. Questions or comments?

Mr. Epp: Mr. Speaker, I would like to ask the Hon. Member who just spoke this question: Does he believe the federal deficit is too high?

Mr. Kristiansen: Is the Hon. Member referring to the current operating deficit or the accumulated debt? Certainly the accumulated debt of this nation is too high. The kind of appeal which is being made to us today is unjustified simply because we have not been given the appropriate information in order to determine whether or not the Government has any concrete investment plan which would give us any faith in its ability to expend those funds in an efficient way, a way which would in fact add to this nation's wealth and to its productivity rather than simply detract from it, as its policies have done in the past.

Mr. Epp: If the Hon. Member, then, says that the accumulated deficit is too high and that the deficit request is

unjustified because of lack of information, could he give the House an indication of what means he would take to reduce that deficit?

Mr. Kristiansen: Mr. Speaker, while I may not be able to be specific on this occasion, I can refer back to October of last year, I believe, when the Leader of this Party made some very specific suggestions in the city of Hamilton which would have cut approximately $2 billion from the deficit at that time. There are suggestions which this Party has made and which I have supported. I cannot draw them out of the air right now to express them in the House.

An Hon. Member: That is where they came from.

Mr. Kristiansen: They were very well documented and presented at the time and were not challenged, as I recall, by either the Government or the Opposition, and I would certainly stand by them.

Mr. Mayer: Mr. Speaker, could I ask the Hon. Member who just spoke on behalf of the NDP whether he could answer a question from another direction concerning the size of the deficit. With a GNP or total of goods and services in this country amounting to something under $300 billion, could he give us an indication as to what percentage he thinks the federal Government's deficit should be before it becomes too large, in terms of percentage? Would it be 3 per cent, 5 per cent, 7 per cent or 10 per cent? What would be his estimate as to an appropriate federal Government deficit compared against the GNP?

Mr. Kristiansen: Mr. Speaker, I would hestitate to throw out a given percentage term. That would seem to be playing a rather hypothetical game. It appears to me that a much more important consideration would be to determine whether or not expenditures or any planned borrowings by this or any other Government are to be directed at investing and increasing the wealth and productive capacity of the country, or whether we are simply to see a further pouring down the drain, with no visible, concrete, productive results.

Mr. Mayer: Mr. Speaker, I have a very short supplementary question. One of the other ways in which the Government can finance a deficit is by printing money. Could the Hon. Member indicate what he thinks would be appropriate in terms of increasing the money supply in these problem times? Should it be 3 per cent, 5 per cent or 10 per cent? Should it be 20 per cent as it was in 1975-76? Could he indicate what kind of advice he would give to the Governor of the Bank of Canada as to how far he should let the money supply increase?

Mr. Kristiansen: It certainly appears to this Party, Mr. Speaker, that over the years one of the problems has been the abuse of credit and expansion of the money supply, not only by Government but, even more so, by the corporate and private sectors. I do not know what position the Official Opposition would take concerning the kind of encouragement which has been given by Government taxation policy over the decades to financially support the kind of demand-creation advertising which has encouraged consumers to go out and buy what they do not want or need, or at least what they did not feel they wanted, until millions of dollars of private funds, supported by Government, deducted as legitimate costs of doing business, were spent in order to create exactly this kind of continuous and excessive demand by both the private and public sectors over the last few decades.

Mr. Thacker: Mr. Speaker, I have been a Member of this House since 1979, but it is only within the last three or four weeks that I have heard the NDP speaking about the creation of wealth, actually mentioning private enterprise as creating wealth.

Mr. Althouse: You should listen.

Mr. Thacker: When did the Hon. Member have this giant conversion on the road to Damascus, as it were, and begin to understand that wealth is really created by private enterprise rather than by Government enterprise?

Mr. Kristiansen: The question of the Hon. Member leaves me a little puzzled, because I have been a Member of this Party and the predecessor part since I was approximately 16 years old, and I have always recognized that there is a vital role to be played by the private sector within any economy. This Party and its predecessor, the CCF, have always held that view.

However, unlike the blind dogmatism of the Conservative Party, we recognize that no sector of the economy has a monopoly on virtue or on efficiency. If we believed that the private sector was always efficient, we would not be seeing the gross corporate failures and the continuous bail-outs which he and his friends in the Conservative Party and in the Liberal Party have endorsed over the past few months. Governments can fail and the private sector can fail. Government operations can succeed and private sector operations can succeed. We are not the doctrinaires. The Conservatives and the Liberals, with their blind faith in the private sector, are the ones who seem to feel that as long as they pray to the holy mother of private enterprise, all will be well; but that is just not the way it works.

Mr. Shields: Mr. Speaker, the Hon. Member indicated that advertising by private industry is creating unnecessary demand and making people buy things they do not want. Does the NDP advocate that we should pass laws to limit the kind of advertising that is directed to the consumer so that he will not buy things that he does not want? Or should we be advocating that consumers only buy things that the Government dictates they can buy, so that they will not make a mistake and buy things that they do not want because they were led down the garden path by advertising?

• (1230)

Mr. Kristiansen: Mr. Speaker, an argument could be made that there is a distinction. I hesitate to suggest that anyone should tell people what they should or should not buy. I would not tell them that. At no time have I or this Party suggested it. However, we think there is a legitimate question to be asked

about whether excessive amounts of money spent on advertising for creation of an image by a given company, or an excessive level of advertising beyond a certain percentage of the cost of production or perhaps of sales revenue, should legitimately be charged as a cost against a company's revenue.

That item has been raised before and it is in the program of the New Democratic Party. We do not suggest that there is a simple answer. We would be the last to suggest that people should be told what they should or should not buy, but we would be among the first to ask whether demand-creation advertising for products beyond a certain point is an acceptable charge, however indirect, against the public purse.

Mr. Friesen: Mr. Speaker, I was surprised to hear the Hon. Member become an advocate of the private sector all of a sudden—after all these years he says, since he was 16. If he is such a devotee of the marketplace, then why did he advocate in this House support for former Premier Barrett's position at the 1975 First Ministers' Conference, that all the natural resources of Canada could be turned over to federal control on the condition that they become nationalized? If he advocates that, would he include Kootenay Forest Products?

Mr. Kristiansen: Mr. Speaker, I am not certain of all the incidents; there was a specific situation in British Columbia a number of years ago regarding a particular resource. The Hon. Member did not mention it and I cannot recall which resource was in question at that time.

Regarding the last part of his question about whether this would apply to Kootenay Forest Products, I would say that it would be better for anybody, public or private, to operate that company rather than having it turned over to the private sector and then shut down, putting some 400 or 500 people on the dole as has been the case in the private sector. This was not the case when KFP was under the public sector, previously.

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I want to speak in the debate on the borrowing authority Bill today because this is a very important request that the Government is making. It is a request from a Government that has no concept whatever of financial responsibility, no understanding of the trust placed in it by Canadians and no comprehension of the need to demonstrate a concern for spending control or restraint.

The Government of six and five is coming before us with a borrowing request for $19 billion—$5 billion this year, $2 billion to curry over to next year, plus another $14 billion—$16 billion for next year. That is the largest borrowing request in the history of this Parliament. The Government will probably require another $19 billion after the $16 billion is used up to carry it through the balance of the year. It has asked for a total of $26 billion to date and has clearly shown that it is a Government which is out of control.

Let us examine the record, Mr. Speaker. In November, 1981 in the infamous MacEachen budget, the deficit was estimated at $10.5 billion and the borrowing requirement was some $6.5 billion. Eight months later, in June, 1982, the deficit had almost doubled to $19.5 billion and the borrowing requirement had gone up three times to about $17 billion.

Then we had a change of players. In September, 1982 we had a new Minister, one who would take control and would show that he knew what was going on. We heard that he would probably be a little more conservative in his estimates to show that he had things under control and would perhaps be able to cut back the borrowing requirement or the size of the deficit before the year was out. His first guess was that the deficit would be about $23.5 billion and the borrowing requirement would be $22 billion, an increase of $4 billion and $5 billion respectively over his predecessor's estimates.

Now we have the man who had it all under control telling us that the deficit is $27 billion, about 2.5 times the original estimate, and that the borrowing requirement is $26 billion, four times the original estimate. How could any Government be so far out in its estimates made just 15 months later? The utter contempt that this Government is showing Parliament and Canadians is unprecedented. In face of this incredible demonstration of incompetence, it is coming to Parliament and saying: "Give us a blank cheque. Give us a free rein over spending for the next few months. We are not going to tell you what is happening. We want total carte blanche to the end of this year before we come back, cap in hand, asking for more money."

There is no spending plan, no stated purpose for the amount of money required, no real control indicated of how the Government will keep its spending within reasonable limits. It is bad enough to be embarking on this crazy spending spree, but the Minister is breaking a clear commitment that he made to Parliament four or five months ago.

Last October the Minister said:

In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year—

He has not done that.

—set out estimates for 1983-84—

We have not seen them.

—and future fiscal years—

We have not seen any since November, 1981.

—and then seek additional borrowing authority as required.

As my colleague the Leader of the Opposition (Mr. Nielsen) just said, he is putting the cart before the horse and in so doing is breaking the clear commitment he made to Parliament in October, 1982. That fiscal plan must be presented to Parliament. That is why he is showing such contempt for Parliament and Canadians. There is no sense of need or of giving reasons why this borrowing authority is necessary today. That is why we oppose it so strongly.

This is quite consistent with what we have seen in the House in the past few days, Mr. Speaker. There is an utter lack of principle, an ignoring of guidelines on conflict of interest, as the Deputy Prime Minister (Mr. MacEachen) told us yesterday. It is quite consistent with the ignoring of the principles

that have been established over the years on control of spending by Parliament.

Here is a Government with the Deputy Prime Minister sitting on a platform with a former minister, Mr. Gillespie, when he knew that the Government of Canada had to sign an agreement, when he knew that the former minister stood to make a gain of $725,000 personally, when he knew there were no tenders being called by the Government for this particular project. It did not cross his mind that he should question whether there was something being done that was contrary to the principles of this Parliament, contrary to the guidelines that had been established.

What did we get from him yesterday? He said that those guidelines are there to be broken, that the guidelines are there for the conscience of the Ministers themselves. But if the Ministers have no conscience and if the Ministers have no principles, those guidelines are not worth the paper they are written on. That, Mr. Speaker, is the sort of Government we have been receiving from these people for 15 years and it is a Government that must be changed.

Let us look at what the borrowing authority signals to Canadians today. It shows that the spending of the Government is totally out of control; but worse, it is showing Canadians that there is no real sense of concern about this, no sense of concern that there is any real intention of submitting itself to the normal constraints of Parliament. It is asking for a blank cheque.

Last October the Minister said it would not be right to request more borrowing authority until the budget was brought forward with a five-year plan. Now, five months later, totally ignoring the principles he established at that time, he is saying; "Give me that blank cheque".

• (1240)

The last time we had a five-year plan was in November, 1981. It was out of date before it was presented in the House of Commons. The Minister has not had the courtesy or the principle to set before the House a five-year plan on which we as Canadians can judge where we are going and how we will get there before we give the Government approval to spend taxpayers' money. We have no idea of the budget deficit for next year. We have no idea of the financial requirements. We have no idea of the spending or the revenues which the Government has in mind for next year or the five-year period thereafter. Yet the Minister wants $19 billion of borrowing authority without any strings attached. It is essential that the Government honour the obligation made to the House and through the House to Canadians. We must have that commitment before we approve this Bill.

Interest rates during the last few months have been going up in the area of the marketplace which is established by the private investor, the saver, or people who have their money at risk. These are not the rates which are manipulated by the Bank of Canada; these rates are a reflection of the broad concerns in the marketplace at this time. These rates have been going up since the middle of December, but, more important, real interest rates or interest rates after the impact of inflation are at a near record high at this time. Last month inflation dropped one percentage point to about 8.3 per cent, which is down from about 12 per cent last summer. If we look at a more concentrated period of time, say the last six months, we will see that it ranged from 6 per cent to 6.5 per cent or, as the Hon. Member for Ottawa Centre (Mr. Evans) told us today, it is down to 3.2 per cent. That is his figure. I have not checked it out but I will take his word for it.

The reason Canadians are worried about the value of their money is very simple. They are worried that the dollars they have invested today in a Government bond or in a mortgage will lose their present value. This is why real interest rates after inflation are so high. Also they are concerned because they see that runaway budget deficits will lead to more inflation. Deficits also mean that Governments will borrow; Governments will go into the marketplace and compete with the private sector. That competition with the private sector will force up interest rates. It forces up the cost of money, which is interest rates. The federal Government will borrow some $30 billion this current calendar year, provincial Governments will borrow some $20 billion and the private sector will borrow another $20 billion. That combination must force up interest rates. It means that money invested today will be worth less some short period of time down the road.

Another reason for the fear is a lack of confidence over what the Government is doing. Let us look at what happened in 1981 and let me remind the House of that disastrous budget. We all know of its disastrous effects across the country. It hurt people who were small-businessmen, people who were on pensions, people who had health care plans, people who were trying to save for their retirement, farmers, fishermen, people in the North and businesses in general. All these people were hurt by that budget.

Why did the then Minister of Finance attack these people? It was not because he had any outrageous desire to hurt them; that is not what a politician likes to do. He said: "I am broke; the Government is broke. We need money. We have to get some money in the till." The Government was desperate at that time. It knew the deficit was too high. It was worried about it, so it brought in that budget in an attempt to get more money through an increase in taxes on that wide range of people.

If there was a problem in the 1981 budget with the deficit projection, as I reminded the House a minute ago, of $10.5 billion, think of the problem today with budget deficits of some $26 billion. Next year we are hearing stories that it could be as high as $30 billion. What is that doing to people? What is that doing to Canadians who are wondering what will happen to them in the next budget? They are very concerned that the same attack will come through increased taxes, taxes which will take away their ability to grow. They see their ability as small businesses to grow and create jobs for people taken away. A huge deficit increases the pressure on the Minister of Finance to increase taxes and to remove tax incentives which lead to planned expansion, the development of new technology

or the creation of jobs. This is why Canadians are worried today. This is what a high budget deficit means to them when we get down to the raw, real terms of the marketplace.

It is difficult to comprehend the runaway deficit. It is a huge amount of money. What is $27 billion? Can we picture how much money that is? It is very difficult to comprehend. This year with that deficit it means that each Canadian—every man, woman and child—will be going into debt by $1,125. Or to put it in family terms, in terms of our responsibilities as family people, it means that each family will be seeing its debt load through the Government of Canada increase by $3,700. That will be repeated next year, and it will be probably a little more because of a higher deficit that year. Whether it is in Newfoundland, Nova Scotia, British Columbia, Manitoba or Ontario, it is all the same—we will see our debt load increase by $3,700 per family.

Let us get down to the hard facts. Let us look at the impact of this on job security, the competitive position of the companies for which we work, and their ability to stay in business and continue to provide the jobs we need. We are all aware of the drop in the value of the Canadian dollar over the past eight years. This is one clear indication of the loss of a competitive position in the country. We are all aware that the deficit in our manufacturing trade balance has increased over the past ten years from $3 billion to $20 billion. This is also an indication that we are losing our competitive position. We are all aware that Canada is last in productivity of the industrialized countries of the world. This is another reason we are losing our competitive position.

What does all this mean to the average Canadian? It means that jobs are being lost, companies are going bankrupt, and small businesses are in the most serious position they have been in the last 20 to 40 years. How do we get out of this mess? How do we break the downward spiral of the Canadian dollar? How do we regain the competitive position we have lost in the past few years? We have to do all we can to help small-businessmen and large-businessmen take the necessary steps to recover our competitive position on a broader industrial basis. This means that we must give them incentives to expand, to buy new machinery, to develop and acquire new technology, not just for the high technology, glamour companies of the world, but for run-of-the-mill companies which need that technology just to maintain their position in an international environment. The deficit to them means potentially higher taxes. It means that the cost of the money they will need to allow their companies to expand will increase because Governments are competing directly with them.

When the Government shows no indication through the borrowing requirement it puts before us that it has its deficit under control or that it has any serious resolve to bring it under control, when Canadians see the deficit increase 2.5 times in 15 months and the financial requirements of the Government four times in that same period, is there any wonder there is a lack of confidence in what the future holds for the country?

I have spoken about small businesses and other businesses, but the same applies to individual families. I said that real interest rates, the interest rates after adjusting for inflation, are close to a record high today. We know that savings rates are high and that Canadians are putting record amounts of money into the sock for a rainy day. Why is that? With these record high interest rates it makes sense to save. If inflation is falling there is no urgency to rush out and buy that new car or that new stove because the price will be much higher in the next few months. It will not be higher because inflation rates are coming down. People are being encouraged to save.

• (1250)

Canadians are also worried because they feel they will lose their jobs. One million, six hundred thousand Canadians have lost their jobs, and if taxes are to increase because of high inflation, more jobs will be lost in the future. Canadians are taking the cautious course. They are taking a sensible course. They are leaving their money where it can be drawn upon for that rainy day.

I have shown why this deficit, this run away spending, is a fundamental problem for all Canadians. It is not just a number; it is a major threat to our way of life, our industrial base. It affects the ability of our industries to provide jobs for our economic future. By bringing in this totally irresponsible borrowing Bill the Government is showing no understanding of the problem, and by demonstrating this total lack of comprehension, it is making the problem far worse than it need be.

I urge the Government to adopt a three-part program for deficit control in its upcoming budget. This is absolutely essential if the Government is to face its loss of confidence out there among Canadians as a result of its policies.

Let me outline briefly what this three-point program is. First, we have to recognize that the safety net in place today cannot be changed. The safety net of Unemployment Insurance and welfare programs is there just for the times that we are now experiencing. Let us leave that safety net in place and recognize that there will be an increase in cost there.

Second, in order to finance that increased cost, the Government must review all Government spending programs, weed out the unproductive ones and either cancel them or defer them. That must be an objective in this forthcoming budget.

Third, I want to address the problem of the structural deficit, which has been growing from zero about ten years ago to $1 billion, $2 billion or $3 billion, then up to $5 billion, to a level of $10 billion for four years, and now it is over $20 billion. In fact, the deficit is close to $30 billion.

The Government must bring in a long-term plan to bring the structural problem under control. I do not want to hear any figures like those the Hon. Member for Ottawa Centre brings in. He says that the deficit will drop down to about X billion dollars in five years' time. Those figures do not mean anything. We know that from experience over the last 15 months. However, we must see a program that brings this structural problem under control on a long-term basis.

Some Hon. Members: Hear, hear!

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

Mr. McKinnon: Mr. Speaker, I notice today that Canada has suffered another blow on the international market. An Associated Press story from New York reports that economic recovery is under way in all seven major western industrialized countries, but Canada's anticipated rate of growth is the slowest. The U.S. Conference Board reports that Japan is showing an increase of 8 per cent this year; the United States will be growing at 5 per cent, and the list goes on until we finally reach Canada's rate, which is 1 per cent. Would the previous speaker care to comment on that?

Mr. Wilson: If I do not speak loudly enough, will you draw that to my attention, Mr. Speaker.

The Acting Speaker (Mr. Corbin): The Hon. Member should address his comments to the Chair.

Mr. Wilson: I will, Mr. Speaker. It is a very serious point which this very astute and wise Member of Parliament raises.

Some Hon. Members: Hear, hear!

Mr. Wilson: I believe there is a broader problem that we face in the country today, above and beyond the short-term problem of the international recession. We have been trying to draw this to the attention of the Government over the last few months.

Let us stand back and look at some of these broader problems that are coming together at this point in time. There are four points that I wish to outline. First, over the past two or three years we have suffered a major regional conflict, East versus West. That causes problems right across the country.

Second, during the same period of time this Government in particular has provoked differences between Canada and our major trading partners. That problem and the effect it has on our ability to trade and on our ability to deal and reach agreement on some major problems with the United States is hurting our short-term economy.

Third is the problem of the over-all micro-technology revolution, the information revolution. We have not faced up to that in the way we should as a people, and certainly this Government has not been leading our thinking in that direction.

The fourth problem I lay directly in the lap of this Government, that of its over-all role. This Government opposite over the past three years has taken on far too much of a requirement to solve every problem. It has concentrated too much of the decision-making within the bureaucratic apparatus that is here in Ottawa rather than having trust in the people, whether they are small-business people or otherwise.

It is the confluence of those four major areas that is at the heart of why Canada is suffering so much from international economic problems and why our rate of recovery is so much lower than that of other countries in the world.

Mr. Cosgrove: Mr. Speaker, as the Hon. Member for Etobicoke Centre (Mr. Wilson) was concluding his remarks, he touched upon a three-point program for deficit control. I was under the impression as he dealt with the last point of deficit control that he was short of time and he might have had a few more things to say. I would be interested in the specifics that he had in mind if, indeed, he had. If he would like to elaborate further on the specifics of what he referred to as controls for structural deficit, I would like to hear him.

Mr. Wilson: Mr. Speaker, I would be glad to elaborate, but I will elaborate on them after we see a budget in this House. The responsibility of the Government of Canada is to do just what I have set out; that is, to identify the structural problems and put forward Government policies for attacking those structural problems.

Since the Minister asked whether I had anything else to bring forward in my speech, there is one other point. I wrote a letter to the Minister of Finance (Mr. Lalonde) on September 13 and again on November 5. I raised some of the elements of the broader problems of borrowing in the Government; the problems of borrowing by Crown Corporations and guarantees to such corporations as Canadair, of the enterprise development program of Maislin, Massey-Ferguson, Consolidated Computer and so on. I said that in the next borrowing Bill there should be introduced some over-all control, some over-all limitation on this type of borrowing and guarantee, because the credit of the taxpayer, the Government of Canada, is brought to bear on that. In addition, I said it was essential that the Government commit itself to an annual report on the over-all financial requirements for the operations of the Government. They should be laid before the House of Commons so that we understand what is going on in these other indirect areas. We do not know that today.

It is for that reason that I addressed this letter to the Minister of Finance. He has not responded to it in his remarks in this debate. I hope the Minister of State will.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

S.O. 21

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

SHIPBUILDING

LAUZON SHIPYARDS—AWARDING OF CONTRACTS RELATING TO REPAIR OF SHIPS

Mr. Gaston Gourde (Lévis): Madam Speaker, on January 19 of this year, the Canadian Government officially announced a federal contribution of $122 million for the construction of a ferry for CN Marine. Starting in August 1983, this will mean work for nearly 1,500 people at Davie Shipbuilding Limited in Lauzon. This is very important news for the riding of Lévis and the Quebec City area, where otherwise the employment situation would have been a complete disaster. However, a few days ago, the president of the Lauzon shipyard workers union wrote to the Minister of Supply and Services (Mr. Blais) and to the Minister of National Defence (Mr. Lamontagne), as follows, and I quote:

> The Davie Company has informed us that its order book is empty, except for construction on the ferry *Gulfspan* for CN Marine, which is not expected to begin until the fall of 1983.

On behalf of workers in our Canadian shipyards and especially in Lauzon, I want to urge the Ministers concerned to speed up the procedure for awarding contracts for ship repairs, such as the HMCS *Nipigon*, tenders for which are to be made known on April 5 of this year.

* * *

[*English*]

HOUSE OF COMMONS

SUGGESTED TELEVISING OF S.O. 21 STATEMENTS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my ninety-second statement today is about these ninety-second statements.

I do not know how Your Honour and other Hon. Members feel about this 15 minutes under Standing Order 21 prior to Question Period. My own impression is that these brief statements by Members have been quite valuable to the daily parliamentary process.

Just look back over the number of Members of Parliament who have taken advantage of this period since we began statements on January 17. The vast majority of statements by Members on all sides of the House have been really meaningful. Hon. Members put a great deal of thought and expertise into these brief statements. They are not always partisan. They are often valuable messages to Canadians generally and to constituents in particular. For backbench MPs especially, they constitute a safety valve for those Members who cannot get on Question Period.

My point is that this 15-minute period should be included at the front end of the repeat broadcast of the daily proceedings of this hour. An ever increasing nation-wide audience is watching the playback of Question Period. I think our constituents might also want to see and hear these sometimes thoughtful presentations.

Madam Speaker, I would request that Your Honour take whatever steps are necessary to have the CBC parliamentary network, in conjunction with the House of Commons Broadcasting Services, televise statements by Members as part of the replay of the oral Question Period.

I believe that a message from your Office, Madam Speaker, to the President of the CBC would suffice to have this done. I know that CBC can mount it. I also know that Hon. Members and their constituents will appreciate it.

* * *

PARLIAMENT

RESPONSIBILITY ATTACHING TO PARLIAMENTARY IMMUNITY

Mrs. Ursula Appolloni (York South-Weston): Madam Speaker, immunity is a precious privilege conferred on parliamentarians so that they may better pursue the good of the state and of its citizens. However, like all privileges, the one of parliamentary immunity carries with it an awesome responsibility which is to ensure the protection of the innocent.

No court in the land would admit innuendo or unsubstantiated statements. No court in the land would deny or curtail the right to defence, whether the subject be a private citizen or a former Minister of the Crown.

Let this Parliament, then, as the highest court of all, pay extra heed to the responsibility of its Members lest, in the heat of debate and the glare of publicity, they besmirch innocent reputations, deny equal time and opportunity for rebuttal, and find themselves guilty of morally reprehensible character assassination.

* * *

INDIAN AFFAIRS

ONTARIO INDIAN FISHING AGREEMENT

Mr. John A. MacDougall (Timiskaming): Madam Speaker, the Ontario Indian Fishing Agreement is a matter of great concern to anglers, tourist operators and outfitters throughout the Province of Ontario.

This tripartite Agreement which has been signed by the Province of Ontario and native leaders, but has yet to be signed by the Government of Canada, calls for the granting of certain fishing privileges to the Indian people and the zoning of some lakes for a five-year period.

The lack of information provided to the public by the three parties negotiating the Agreement has resulted in concern and uncertainty among non-Indians throughout the Province. This is a direct result of the lack of public knowledge as to the purpose of the Agreement and the effects that it will have on fishing if and when it is implemented.

The controversy surrounding this Agreement is primarily due to a lack of public information and public input. As it appears that the federal Government is on the verge of signing this Agreement, I strongly urge that this Government and the other parties to the Agreement hold public information sessions across the Province, particularly in northern Ontario, to explain the Agreement and all its implications. In order to remove the suspicions that have resulted from misinformation and misrepresentation concerning the Agreement, these public information sessions are essential.

I urge the Government to ensure that allowance will be made for public input on this matter which is causing great, and perhaps unnecessary concern to many residents of the Province.

* * *

TRADE

CONTRACT FOR SALE OF EQUIPMENT TO CHILEAN PRISONS

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I was dismayed to learn that the Canadian Government is now in the business of promoting the sale of security equipment for Chilean prisons. Only three months ago the United Nations Report on human rights in Chile stated that there has been a substantial increase in torture in that country. Torture is an habitual practice of Chilean security agencies which can legally detain people for up to 20 days before placing them in the hands of the courts.

Our Government's role in the sale of this equipment is distressing, not only because of the likelihood of Chilean prisoners being tortured but also because it is a clear violation of the Government's own position regarding the sale of such equipment to that country. On August 31, 1981, the then Secretary of State for External Affairs, the Hon. Mark MacGuigan, wrote:

> —our own view is that defence equipment may be sold to Chile so long as that country is not involved in hostilities and Canadian equipment is not used against the civilian population.

But now a project officer from the Defence Programs Branch of External Affairs has been assigned to help five Canadian companies prepare their bids to sell military and security equipment to Chilie. The information that I have is that the equipment they are trying to sell includes an intrusion detection system for three new Chilean prisons. In addition, the Program for Export Market Development has approved a grant to one of these companies to help defray the costs of presenting the contract bids to the Chilean military government. The companies involved are planning to present their bids to the Chilean government this spring. I would urge the Government, instead of promoting the sale, to take immediate steps to stop it.

S.O. 21

HUMAN RIGHTS

ARREST OF DR. YOSIF BEGUN BY SOVIET AUTHORITIES

Mr. David Berger (Laurier): Madam Speaker, Dr. Yosif Begun, a Soviet Jew, who first applied to leave the U.S.S.R. in 1971, has been arrested and faces the possibility of a third term in prison. Dr. Begun has been convicted twice before, and since 1977 has served a two-year and a three-year prison term for trying to maintain his Jewish identity and to teach the Hebrew language.

On November 6, 1982, Dr. Begun was arrested and informed that he would be charged with anti-Soviet propaganda and agitation and face a 12-year sentence. His arrest came only five days prior to the scheduled opening of the Madrid Review Conference. This can only be interpreted as a direct provocation and denigration of the Final Act of the Helsinki Accords and the principles which Helsinki embodies. As such, it is an affront to Canada and the other signatory states.

I am informing the House that I intend to request the Secretary of State for External Affairs to direct the Canadian delegation presently in Madrid to bring the case of Yosif Begun to the attention of the Soviet delegation, and request that he be released and allowed to be repatriated to his homeland, Israel, and further, that the Government inform the Soviet representatives that Canada considers the case of Dr. Yosif Begun to be an indication of Soviet intentions to fulfil its commitment to the provisions of the Helsinki process.

Lazar Lubarsky, a friend of Yosif Begun, and a former prisoner in Russia himself, is in the Gallery today and is visiting Canada to obtain support for the release of Yosif Begun. I am sure my colleagues will join me in wishing him well in his efforts.

Some Hon. Members: Hear, hear!

* * *

CANADIAN PACIFIC RAILWAY

ELIMINATION OF JOBS IN NEW BRUNSWICK

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, Canadian Pacific Railway facilities in New Brunswick have suffered substantial lay-offs in the past 16 months. Twenty-eight jobs have been lost from the customer service centre and 62 truckers were let go recently. Rumour threatens that another 17 jobs will be lost in Saint John and McAdam on May 1.

The CPR employees are appealing to the federal Government to assure them of protection and fair treatment. Clerical employees are suffering a $3,300 financial loss because of the six and five restraints, and continue to lose their jobs at an alarming rate. They are being squeezed from both sides.

The Brotherhood of Railway, Airline and Steamship Clerk locals in Saint John are asking the CPR to adopt policies of retirement at 55 with full pension, job reduction only through attrition, and the retention of all employees now holding permanent jobs. The adoption of these proposals would make it

possible for CPR employees to hold their jobs with confidence and security.

As the federal Government has regulated CPR to adhere to the restraint program, it carries the responsibility of assuring that the employees are offered some protection from unwanted job loss. On behalf of CPR employees I appeal to the Government to adopt these proposals and consider the significant ramifications of further lay-offs on both the employees and the region.

* * *

• (1410)

AGRICULTURE

VEGETABLE GREENHOUSE INDUSTRY—IMPACT OF ENERGY COSTS

Mr. Robert Daudlin (Essex-Kent): Madam Speaker, I rise to draw attention to the threatened existence of the vegetable greenhouse industry due to the rising costs of production, one of the major components of which is energy in the form of natural gas.

In the early 1970s it was estimated that energy costs represented approximately 20 to 25 per cent of the greenhouse growers' operational costs. Today, due to increasing prices, energy costs represent at least 50 per cent of those production costs, and are rising.

These rapidly increasing costs have put the industry under extreme pressure because of the need for greenhouses to be built of uninsulated glass or plastic, to provide for sufficient light to ensure a good crop. This prerequisite has minimized the cost of efficient energy conservation opportunities which have been available to other industries over the same period. The problem the industry is experiencing is evidenced by the fact that stabilization payments were paid to the growers in all but one year since the 1977-79 growing season.

To alleviate this pressure, representatives of the Ontario Greenhouse Vegetable Growers' Marketing Board have met with the Government to request that the federal excise tax on natural gas, first introduced in 1980 and now equalling 68 cents per MCF, be refunded to those growers in food production.

I would add my support to this worthy proposal and urge the Government to act upon this request, by using the experience and mechanism of refunding the excise tax to other farmers in the production of food. This act of equity would help ensure that the greenhouse vegetable growers continue to operate—

Madam Speaker: Order!

STATUS OF WOMEN

CALL FOR ESTABLISHMENT OF STANDING COMMITTEE ON WOMEN'S ISSUES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, a report commissioned by the Canadian Advisory Council on the Status of Women, "A Working Majority: What Women Must Do For Pay," has just been released. It reinforces what many of us have been saying all along, that the economic inequality of women in this country is growing; it is not being reduced. But what perhaps is the most reprehensible revelation in the report is that it points out that the federal Government's Canada Employment Centres are more of a hindrance than a help to those women who are locked into menial, low-paying jobs in the clerical, sales, service and processing occupations.

This report indicates that women in these job ghettos have fewer opportunities for advancement, receive less pay, and lower and fewer benefits than do their male counterparts.

This report makes it even more imperative that the proposal that has been put forward by the Progressive Conservative Party and by the New Democratic Party for a standing committee to deal with issues primarily of concern to women be adopted immediately by this House. Only the Liberal Party has so far refused to act on this matter. Surely even the Minister Responsible for the Status of Women can see how vital—

Madam Speaker: Order!

* * *

ENVIRONMENTAL AFFAIRS

UNITED STATES REACTION TO ACID RAIN POLLUTION

Mr. Jim Fulton (Skeena): Madam Speaker, I would like to address the serious problem of continued Government inaction on the acid rain problem that threatens our lakes, forests, farmlands, and health. In a comprehensive report released yesterday, hand picked Reagan-supporting American scientists would not agree with Canadian scientists that current sulphur dioxide emissions should be cut in half. The American response has been to demand further studies, further reviews, and further inaction. That is a view created by the manipulative politics of Reaganism that put the interests and profits of industrial polluters before the health, well-being, and economy of the North American public.

When is the Minister of the Environment going to legislate acceptable limits to acid rain? When will he convene a lobby of Members of Parliament and scientists to address the U.S. Congress on acid rain and toxic waste dumps? When will the Prime Minister get involved to ensure an agreement with the United States is reached? When will the Government take unilateral action to stop these deadly emissions? When will the Government admit that the steps that it has taken to date have so far just promoted the status quo?

If the Liberal Government put as much enthusiasm into solving acid rain as it has into achieving a weapons testing agreement with the United States, we would have a solution. Instead, Canada is and will continue to be a waste dump for U.S. industry.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—CONTRIBUTION OF ALASTAIR GILLESPIE TO PROJECT

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Deputy Prime Minister, my fellow Nova Scotian, concerning the liquefication project involving Scotia Coal in which his former colleague, Alastair Gillespie, appears to have been foisted off on the other consortium members who, prima facie, would appear to have had something to contribute to this project. Accordingly, I want to ask the Deputy Prime Minister just what did his friend Alastair have to contribute to the success of this project, which we all hope will be successful, with the exception of a few dollars up front which now have the potential to make him a very rich man.

[*Translation*]

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, this is a question for the Department of Energy, Mines and Resources. I have had an opportunity to examine the issue, and Mr. Gillespie's contribution to the project was to form a consortium for the purpose of promoting a concept that was of great interest to the Government of Nova Scotia, namely, using Nova Scotia coal to produce oil that could then be used as a substitute for imported oil. I think Mr. Gillespie's contribution was to persuade the various partners in this project, and particularly the Government of Nova Scotia, that it was in the best interests of Cape Breton and all Canadians to try to maximize the utilization of the vast quantities of coal for which Cape Breton was and still is famous.

[*English*]

QUERY RESPECTING POSSIBLE BENEFITS TO ALASTAIR GILLESPIE

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, the most interesting formula here appears to be the Gillespie formula of making $25,000 up front suddenly turn into $750,000. That is the kind of development program that would benefit all Nova Scotians, if we could just make it a little bit more general.

Some Hon. Members: Hear, hear!

Mr. MacKay: I was hoping that the Deputy Prime Minister would elaborate on this, because yesterday he talked about the principal ingredients in this whole affair, benefits, knowledge, and guidelines. Yesterday the Deputy Prime Minister downgraded the guidelines aspect—he said they were just guidelines—and no one over there is willing to concede very much in the nature of knowledge about this whole affair, although it is becoming apparent that more and more people are deemed to have known or have imputed knowledge.

Having downgraded the knowledge and the guidelines, surely none of the Liberal members are seriously suggesting that their friend Alastair is not getting substantial benefits, and I come back to my question, for what?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, it was said in the House that Mr. Gillespie had signed an agreement with a certain number of corporations and he had invested some money. It was agreed that if the project were successful and they wanted to buy him out, they would have to pay him a certain price, according to the contract that is already in the hands of the Opposition.

It was clear in the agreement signed between the consortium and the Government that none of the money coming from the Nova Scotia Treasury was to be for the benefit of the contract of Mr. Gillespie. The money should not be used for that purpose. It was clearly understood in the agreement that the Nova Scotia Government and the federal Government signed with the consortium headed by Mr. Gillespie.

APPLICATION OF MINISTERIAL CONDUCT GUIDELINES

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I appreciate those answers, but I want to again ask the Deputy Prime Minister and remind him that he appears to have been the Vice-Chairman of the Treasury Board Committee at the time that this particular project was approved, some time ago. Why was that Committee not looking at any other such project under the National Energy Program? What made the Gillespie project so unique in that respect? Would the Deputy Prime Minister or the Minister of Energy not agree that this particular deal would fit in very nicely under the recent announcement made by Iona Campagnola, the President of the Liberal Party, wherein the Liberal Party is finally investigating itself and its tendency to reward supporters and former cabinet ministers with generous business deals and contracts. The name of Judd Buchanan comes readily to mind as an example.

Would the Deputy Prime Minister or the Minister of Energy explain the relationship, if any, between the prime ministerial guidelines and this new initiative that was recently announced by their president, Ms. Campagnola?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I do not know what question the Hon. Member is asking. We have debated that for many days

in the House of Commons and have said exactly that there was no conflict of interest.

Some Hon. Members: Oh, oh!

Mr. Chrétien: Then make an accusation.

Mr. Nielsen: I make it.

Mr. Chrétien: There was no conflict of interest on the part of anybody. It was a project that was in the open and that was enthusiastically supported by Premier Buchanan of Nova Scotia. He was convinced that he had a good case even before he had the agreement of the federal Government. He was keen to have an announcement made in Cape Breton. Premier Buchanan was kind enough to proceed faster than the agreement, and he invited the local MP to be there. That was because everything was above board and it was in the best interests of the people of Nova Scotia, particularly those looking for economic development in Cape Breton.

ADVICE GIVEN BY DEPARTMENTAL OFFICIALS

Right Hon. Joe Clark (Yellowhead): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. It has to do with the Gillespie affair. He spoke of people who were enthusiastic about the proposal. He will know that as recently as September, 1982, his own officials warned him against proceeding with this project. His own officials said, and I quote:

> It is clear that the project is not commercially viable.

In light of that information received by the Minister from his own officials, will he tell us what it was, other than the Gillespie factor, that caused the Government of Canada to ignore the warnings of its own officials?

• (1420)

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, as the second phase of the project was proceeding I received some information about the request for additional funds. At that time I accepted the recommendation of the officials that none should be forthcoming. Eventually, after clarification and debate, the new formula for the testing of this new technology was discovered. It was proposed and recommended that it now be accepted. I made a statement through my parliamentary assistant that we were interested in entering into negotiations with them. We are negotiating at this time. No final decision has been made.

Mr. Clark: We presume that Alastair Gillespie is doing the negotiating for a fat fee.

OFFICIALS' RECOMMENDATIONS

Right Hon. Joe Clark (Yellowhead): Madam Speaker, the Minister will know that there was placed before Cabinet on September 13, 1982 a Cabinet document which, among other things, stated that the consortium, Mr. Gillespie, is seeking a capital grant of "approximately 95 per cent of the net present value of the capital investment." It said that each permanent job created by the project would have to be valued at over $1¼ million per job. It said:

> Front-end capital assistance in the range of $200 million per year over the five-year construction period for the project would likely be required for the project to proceed.

It said that kind of funding could not be found within the energy envelope. In light of all these recommendations by his own officials against this project, why is the Minister still considering it, apart from a favour to Alastair Gillespie? What other than Alastair Gillespie's involvement justifies this action, against the advice of the Minister's own officials?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, one of the reasons is very simple. It is because we are still receiving representations from the Tory Government of Nova Scotia.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

APPLICATION OF CONDUCT GUIDELINES TO ALASTAIR GILLESPIE

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the local Member of Parliament who was present when this project was announced in Cape Breton. If I could get the attention of the local Member, the Deputy Prime Minister, I would ask my question. Yesterday, in all his rather noisy obfuscation of the issue, he refused to answer a specific question. I would like to put that question to him again today. In view of all the evidence that has been revealed outside and inside the House in the past week on this important issue, it clearly shows that Mr. Gillespie, within the two-year period prescribed by the Government guidelines, did negotiate with his Department. Will the Deputy Prime Minister tell the House today whether, in his opinion, Mr. Gillespie did or did not violate the guidelines? Yes or no?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I am glad to be referred to as the local Member. Probably I will have that title long after the Hon. Member has left the House, when he would still like to retain the title of local Member. The Hon. Member has asked my opinion. What is important here is the opinion expressed by those who have been involved in the transaction, both Mr. Gillespie and Mr. Cohen with whom he has had discussions. In the case of Mr. Gillespie, I understand he has stated that he has not been in breach of the guidelines. Mr. Cohen has stated quite clearly to me that at no time did he feel that he was being lobbied in any way.

OBLIGATION OF DEPUTY PRIME MINISTER

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Deputy Prime Minister simply cannot get away with that answer. He knows that one of the guidelines pertains to present

Ministers, not former Ministers. He knows that, as the local Member, he was on a platform. He was side by side with Mr. Gillespie announcing this project. The Deputy Prime Minister was praising Mr. Gillespie for taking advantage of legislation or a proposal that he himself had instigated.

Considering that the Deputy Prime Minister has a responsibility under the guidelines not to leave any impression or support for the idea that something incorrect might be being done, does he not agree that, as Deputy Prime Minister, he had an obligation to ensure that the guidelines were being enforced? Did he not have an obligation to make sure that Mr. Gillespie was living up to his obligation? That is the question.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member is quite unclear about what the guidelines say, and what has been characteristic of the questioning in the House is that Hon. Members have created their own views as to what the guidelines say. The guidelines make it absolutely clear that, in the case of serving Ministers they should not in any way grant preferential treatment to any former office holder. That is my obligation. That guideline has been fully enforced as far as I am concerned. I believe also it has been fully observed with respect to the then Minister of Energy and the present Minister of Energy. I have no hesitation in assuring the Hon. Member of that.

DEPUTY PRIME MINISTER'S APPEARANCE WITH ALASTAIR GILLESPIE

Hon. Edward Broadbent (Oshawa): Madam Speaker, I know that Members on this side are very familiar with the guidelines. I will read this to the Minister and then ask my question. I quote:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

Considering that that is the guideline, and considering that the Minister appeared with Mr. Gillespie in Cape Breton and publicly praised him for taking advantage of a deal that was in accord with a proposal that he had implemented as Minister, and considering that we know that Mr. Gillespie acted improperly at the time—

Madam Speaker: Order, please. I can accept a short introduction to a question, but certainly supplementary questions do not require any preamble.

Mr. Broadbent: I see the Minister smiling. He knows that the factual situation is very relevant to his judgment. Does he not agree that if, as Deputy Prime Minister, he is publicly seen with a former Minister who is doing wrong, he is not carrying out his obligations as laid down in the guidelines?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member is getting more and more absurd every time he gets up in the House. The guidelines state very clearly that, and I quote:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

• (1430)

There is no suggestion at any point in the guidelines that Ministers are prohibited from having official dealings with former office holders. There is no prohibition in the guidelines at any point that contact, that conversation, cannot be had with former office holders. And if the Hon. Member is suggesting that appearing at an event with Mr. Gillespie in Port Hawkesbury, an event which included the Premier of Nova Scotia, the President of the Cape Breton Development Corporation, the Vice-President of PetroCan, the Vice-President of Gulf Products, and the Vice-President of Algas—all of these people were there in a public event, known to all of Nova Scotia—if the Hon. Member is trying to suggest two years later that there is something wrong, well, he is getting more absurd everytime he gets up in the House.

Some Hon. Members: Hear, hear!

REQUEST THAT DEPUTY PRIME MINISTER RESIGN

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Deputy Prime Minister. This event was known to everyone, according to the Deputy Prime Minister, except, of course, the present Minister of Finance, who knew nothing. I say to the Deputy Prime Minister that if "Joe Doe" from Port Hawkesbury phones Mickey Cohen, he will get a busy signal, but if Alastair Gillespie phones Mickey Cohen, he says, "Hi Al, what can I do for you?"

I ask the Deputy Prime Minister what does it take in terms of present Hon. Members of this Cabinet in order to obtain their honourable resignation from this Cabinet—a criminal conviction? Why does he not do the honourable thing in terms of his clear conflict of interest in this matter, dealing with a man who is clearly in conflict of interest, a former Cabinet colleague, in promoting this project? Why does he not now tender his resignation and do the honourable thing?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I have examined the guidelines very carefully. I received the guidelines when they were issued. The Prime Minister has examined the guidelines. And it is my view, Madam Speaker, because I consult my conscience and I consult my judgment—

Some Hon. Members: Oh, oh!

Mr. MacEachen: —I have concluded that there is not the slightest grounds for believing that any Member of the Government has breached these guidelines. The Hon. Member is asking me to accept his advice. Hon. Members, since they began their attack on present Ministers, and since they began their attack on former Ministers, have clothed their sentences in the clothing of high ethics, of high morality, and in their

conduct, Madam Speaker, they have departed from every principle of natural justice, because their purpose—

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. MacEachen: —because, Madam Speaker, their purpose is not to protect public ethics and public morality. Their purpose is to score political points at any expense, at any cost. They are not going to get away with it, Madam Speaker.

Some Hon. Members: Hear, hear!

Madam Speaker: Order. Order, please.

Mr. Hnatyshyn: Madam Speaker, it is not I who wallows in the mud. It is the Members of the Treasury benches who have not the courage to stand up and tell the truth in this House.

Some Hon. Members: Hear, hear!

REQUEST THAT TWO MINISTERS RESIGN

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the Deputy Prime Minister talks about ethics. He talks about doing the right thing. Let me remind the Deputy Prime Minister that in the United States Richard Nixon did not get into trouble on the basis of the original wrongdoing. It was on the basis of the coverup—

Madam Speaker: Order. Order, please.

Some Hon. Members: Hear, hear!

Madam Speaker: Order, please. The Hon. Member is on a supplementary question. I have said that, if I can accept a small preamble or an introduction to a question, I certainly cannot accept a preamble to a supplementary question. I would ask the Hon. Member, in the interest of the Question Period and using up the time as it should be, to put his question.

Mr. Hnatyshyn: I apologize, Madam Speaker, to you as the Speaker of the House, but not to the Minister. I ask the Minister whether or not he accepts the fact that if a present Minister deals with a former Minister who is in breach of the guidelines set down by his Prime Minister, that bespeaks preferential treatment and privileged access on the part of current Ministers? On that basis, does the Minister not agree with me that the honourable thing is for the Minister of Finance and himself to tender their resignations immediately?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, if I thought the Hon. Member's question was based upon a deep concern for the public interest, I might take it seriously. His concern is totally political and that has characterized his party's conduct since this false issue has been raised.

QUERY RESPECTING POSSIBLE CONFERRING OF BENEFIT ON ALASTAIR GILLESPIE

Mr. John Thomson (Calgary South): Madam Speaker, my question is directed to the Minister of Energy. My question is simple and straightforward. Was a benefit conferred on Mr. Gillespie under the terms of the contract between himself and the consortium? Let us forget about who conferred the benefit and let us forget the timing in which the deal took place. Would the Minister just answer the simple question? In his opinion, Madam Speaker, was a benefit conferred or was it not?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, under the contract with the consortium, Mr. Gillespie was paid a certain honorarium for the work he was putting into the project. He has also invested $25,000 as a minor shareholder. It was in the provisions of the contract between the companies and Mr. Gillespie that if they wanted him out, they had to offer him a certain compensation. This would be the case if he wanted out or was pushed out, as any minority shareholder would try to protect himself in a deal like that. And all that was to happen only when the project was successful. Of course, so far they are still at the point of completing the first stage of the feasibility study and I do not believe Mr. Gillespie has gained, or is in a position to gain anything from the Government, as I said before. As to the negotiations between himself and the representative of the consortium, who was the representative of Gulf company, they signed a contract so that, because he had invested some money, he was to be protected in that fashion.

DETAILS OF TRANSACTION

Mr. John Thomson (Calgary South): Madam Speaker, is the Minister saying that this is a normal, everyday commercial transaction which a minority shareholder could expect? In other words, could you and I, Madam Speaker, go out and invest $25,000 in a project and expect to be bought out for $250,000? Is that a normal commercial transaction, in the Minister's opinion?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I was not there at the negotiations between the representative of Gulf and Mr. Gillespie. I am telling the House of Commons that the negotiations were held between Mr. Gillespie and the companies. The representative who was involved in the negotiations between Mr. Gillespie and the consortium was a man from Gulf Canada, which was involved in the deal, Mr. Joe De Grandis. They agreed to these terms and the Government had absolutely nothing to do with it.

• (1440)

REGIONAL ECONOMIC DEVELOPMENT

NEW BRUNSWICK ZINC REFINERY PROJECT

Mr. Maurice Harquail (Restigouche): Madam Speaker, I thank my hon. colleagues from both sides of the House, and yourself, for allowing us to come back to the economy, specifically with respect—

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Harquail: Madam Speaker, there are many Canadians who share the same concerns as we do on this side of the House with respect to various questions relating to the economy.

My question is directed to the Minister of State for Economic Development and is with regard to employment in Atlantic Canada. The inflation rate is down to 6 per cent, interest rates are down to 11 per cent, and the CPI was .03 per cent in January, 1983—

Some Hon. Members: Order.

Mr. Harquail: —making the first decline in the CPI since September of 1978.

My question relates to the project which was announced in the speech of the Minister of Finance on November 12, 1981, with regard to the new Zinc refinery plant in New Brunswick. I would like to know if the Minister can give us assurances, based on discussions with the Prime Minister and the Deputy Prime Minister, that he will take immediate steps, in coordination with the Minister of Industry, Trade and Commerce and the Minister of Energy, Mines and Resources, to ensure that all pressures are brought to bear on the Noranda Group and Brunswick Mining Limited to see that this important project, which will create 1,500 person years of work, is realized?

Madam Speaker: Order, order.

Some Hon. Members: Hear, hear!

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, this is a very significant project, not only for New Brunswick, but also for the country. It has obviously been referred to in the economic development perspective which has been developed for New Brunswick, and it is under consideration. I will be discussing the matter with my colleagues. I might add that we have economic development perspectives destined for all of Atlantic Canada, in fact, for the whole country, which will ensure economic growth in those various regions. However, the project to which the Hon. Member referred is certainly one of the important ones.

ENERGY

REQUEST THAT OIL PRICE BE ALLOWED TO DROP

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, we spent a great deal of time in the House today dealing with one of the Liberal election promises, that of caring and sharing. I would like to direct a question concerning a second promise to the Minister of Energy, Mines and Resources. That was the promise of the Government to keep the price of energy in Canada and the price of oil below the world price.

Knowing that we have an absolute economic disaster in this country and that OECD and numerous other analysts have projected slower recovery in Canada than elsewhere, and knowing that we are facing thousands of business bankruptcies and lower competitiveness of goods produced in Canada, I would like to ask the Minister why he is not willing to allow the price of energy and oil to track downward as the blended Canadian price rather than the world price of oil, toward which the Government appears to be attempting to shift that pricing policy. In particular, he knows that this would reduce unemployment and get the economy rolling again.

[*Translation*]

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I think the Hon. Member is making a mistake. The policy is still the same. We have not changed it. Representations are being made to change it but it is still the same. The cost of oil in Canada breaks down as follows: the world price is paid for imported oil and for new oil produced in Canada, while up to 75 per cent of the world price is paid for old oil produced in Canada, which means that at the wellhead, the price in Canada is still below the world price. Therefore, the Hon. Member is wrong in saying that we have changed our policy. It has not changed in the last two years.

[*English*]

Mr. Skelly: Madam Speaker, I am sure the Minister will be saying that again next week. It would be nice if he could give us a firm commitment in the House.

PRICE OF GASOLINE

Mr. Ray Skelly (Comox-Powell River): My second question concerns the fact that that price is a fiction, and the Minister and the Government know it. When the price of gasoline in the United States is 95 cents a gallon and the pump price in Canada is $2 plus a gallon, can the Minister tell us why the Liberal federal Government is not prepared to deal with gas pump policy rather than that wellhead fiction so that Canadians can at least obtain a fair price for energy during this economic recession?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): It is very easy, Madam Speaker. We cannot get rid of the provincial Governments. For example, the price—

Some Hon. Members: Oh, oh!

Mr. Chrétien: —the taxes vary from one Province to another. Therefore, a decision not to allow any taxes by the Provinces at the pump level might be possible, but we cannot do that. We must deal with the price at the wellhead, but the price at the pump is not controlled by us because, above the wellhead prices, one must take into account the federal taxes.

Some Hon. Members: Aha!

Mr. Chrétien: Yes, they are very much comparable to the level in the United States. Of course, in Canada, in many Provinces the level of provincial taxes is much higher than the level in the United States.

Madam Speaker: The Hon. Member for St. John's West.

Mr. Crosbie: Madam Speaker—

Some Hon. Members: Leader!

Mr. Crosbie: It is wonderful to know one has admirers on the other side, Madam Speaker.

Mr. Chrétien: On the Government side, John!

An Hon. Member: You don't have any on this side!

Some Hon. Members: Oh, oh!

Mr. Crosbie: We do not need any from the group to our left, Madam Speaker.

* * *

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—QUERY RESPECTING POSSIBLE CONSULTATION WITH PRIME MINISTER

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is directed to the Deputy Prime Minister, who said yesterday in this House that federal Cabinet Ministers have only their consciences to answer to when interpreting the Prime Minister's conflict of interest guidelines. It is very difficult to appeal to something that might not be there.

Some Hon. Members: Oh, oh!

An Hon. Member: You were talking about yourself.

Mr. Crosbie: However, I ask the Deputy Prime Minister whether he or the present Minister of Finance, who was then Minister of Energy, Mines and Resources, discussed with the Prime Minister the question of Mr. Gillespie's activities in so far as they knew about them—and the Deputy Prime Minister did know about them—in reaching the decision based on their consciences as to whether it was within the rules or not, or did they refer the question to the office which is set up to look after Ministers' statements under the other rules which apply to Ministers? What action, if any, was taken to consult with the Prime Minister or any other officials on this subject in order to determine whether their decision was right or wrong in carrying on as they did?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I have a suggestion. The words used by the Hon. Member, "carrying on as they did", were probably used to infer all sorts of activities which did not take place. Precisely what happened is that I attended a press conference in my own constituency to—

Mr. Baker (Nepean-Carleton): Oh, local boy makes good.

Mr. MacEachen: —to participate in an announcement of a project which, if successful, would have a very beneficial effect on a very depressed part of Canada. That is one thing I did.

Mr. Clark: That violated Alastair Gillespie's guidelines.

Mr. MacEachen: The second thing I did was to be informed about this project. As I mentioned yesterday, my staff knew about it. Indeed, at one point Mr. Gillespie advised me about the project, and I think I mentioned that yesterday.

Mr. Clark: When, Allan?

Mr. MacEachen: These are the facts, and the Hon. Member is asking did I go to the Prime Minister to find out if that was right or did I go to some other committee to find out if that was right. I did not, Madam Speaker, because I found that these activities in which I engaged were totally in conformity with the guidelines. I venture to make the other point that, if I failed to participate in the way I did, I would have been shirking my responsibilities as a Member of Parliament, as a Member of the Government of Canada, and shirking my responsibilities to the people of Nova Scotia.

Some Hon. Members: Hear, hear!

Mr. Crosbie: I suggest to the Deputy Prime Minister that he shirked his duty to his conscience, which he mentioned here yesterday.

Some Hon. Members: Hear, hear!

Mr. Crosbie: That is where he shirked his duty.

REQUEST THAT DEPUTY PRIME MINISTER RESIGN

Hon. John C. Crosbie (St. John's West): I would like to ask the Deputy Prime Minister a supplementary question. While we cannot yet be certain whether the then Minister of Energy, Mines and Resources knew that Mr. Gillespie was the initiator of this project, we are sure that the Deputy Prime Minister, by his own testimony here in the House, knew he was the initiator of this project through the Department of Energy, Mines and Resources in the Deputy Prime Minister's district. The Deputy Prime Minister knew, and Dr. P. J. Read, who was directly involved with Mr. Gillespie for eight months, briefed the present Minister of State for Mines, who is responsible for the status of women, concerning the whole situation. It is peculiar

that she would have been briefed, but not the Minister of Energy, Mines and Resources.

• (1450)

In view of that, is it not obvious to the Deputy Prime Minister that the conflict of interest guidelines have been breached, at least by him, possibly by the Minister of State for Mines, possibly by the Minister of Energy, Mines and Resources, and that the whole thing dictates that he refer again to his conscience and resign?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I knew that the Hon. Member was arrogant, but I never thought he would become so arrogant that he would attempt to tell any other individual what their conscience told that person. I think that that is an arrogation that not even the greatest theologian in history attributed to himself. Because of that arrogance that the Hon. Member shows, I reject his suggestion as coming from a mind that is besotted and besetted with arrogance and a clear unwillingness to listen to facts, and a total obsession—

Mr. Crosbie: You are punch drunk with conscience.

Mr. MacEachen: —with recovering from the humiliation he received in this House in December, 1979.

Mr. Crosbie: Your conscience is punch drunk.

* * *

THE ECONOMY

REPORT PREPARED BY UNIVERSITY OF TORONTO PROFESSORS

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, my question is for the Minister of Finance. Some time ago I had delivered to his office a copy of a report by Professors Bossoms and Dungan at the University of Toronto, which report was given considerable prominence on the front page of the business section of Saturday's *Globe and Mail*. Has the Minister's Department had an opportunity to analyze this report fully? It purports to show that, if we had no recession, the Government would now be showing a surplus rather than a deficit, as compared with the United States where there is a very large surplus under the same kind of study.

I would also like to ask the Minister if he has had an opportunity to have the report analyzed and if he could indicate if this would have a major bearing on his budget considerations.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker—

Some Hon. Members: Resign.

Mr. Lalonde: —first of all I want to say that I have received the study referred to by the Hon. Member and have referred it to my officials for further consideration. I also read the story in Saturday's *Globe and Mail*. I think the comments made by Professors Bossoms and Dungan are very important and very relevant. This study deserves the consideration of all Members of the House as we consider the next budget.

I want to underline to the Hon. Member that one aspect that certainly struck my eyes particularly was the statement by Professor Bossoms that the key thing, if there is going to be an activist fiscal policy that attempts to increase the deficit deliberately to help the economy, is that I should make sure it is temporary in nature. I have that very much in mind indeed.

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AGRICULTURE

DEPARTMENT'S ADVERTISEMENTS ON PROPOSED CROWSNEST PASS RATE CHANGES

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is for the Minister of Agriculture. I have sent him notice of the question since this involves long-standing parliamentary practice, and I want to make certain that his answers are very accurate.

Since the announcement of the Government's intentions to change the Crow rate is, at this point, only an announcement and not the policy of the country nor of his Department, can the Minister explain to the House why his Department is taking out full-page advertisements in newspapers which argue his Party's case for making the Crow changes? Will he also explain why public money should be used to argue what is, at this point, only Liberal Party policy?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the ads are being taken out because of what was said by another level of government and, in most instances, because of what the Provinces are doing with ads. The Province of Quebec, especially, has taken out huge ads, with movies and slide displays et cetera. There is only one way to fight that, and that is to fight it with what is accurately being put forward by the Government. We are trying to do that in the best way we know at the present time. The ads are not free. We know that, and we are estimating that the total ad program will probably cost around $350,000.

FUNDING FOR ADVERTISEMENTS

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I should like to ask the Minister to tell us the source of the funds he is using. He says he is proposing to use about $350,000. What branch of his Department are these funds coming from? How is the expenditure described in the estimates, and when were the estimates on this particular expenditure passed?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the funds we are using are funds from my Department and several other departments that are available for communications.

Oral Questions

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—REQUEST THAT MINISTER OF STATE (MINES) RESIGN

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, we now have another Minister involved in the "coal-gate" affair. My question is to the Minister of State for Mines, both in her capacity as junior Minister to the then Minister of Energy, Mines and Resources and in her capacity as the Minister who took over a component of the Department formerly headed by Alastair Gillespie.

She admits that her Department was involved in the Scotia Liquifuels project, a project headed by Alastair Gillespie, for some six months prior to June, 1981, and she admits that she has discussed the project with Mr. Gillespie.

Given that the guidelines established by the Prime Minister in 1980—and I hope she pays more attention to them than the Deputy Prime Minister does—prohibit that kind of transaction between any former Minister and any current Minister responsible for the same Department or agency, will she at least have the decency to rise in this House and submit her resignation?

Hon. Judy Erola (Minister of State (Mines)): No, Madam Speaker, I will not. I did not admit that I had conversations with the former Minister. I said to the press that I had had conversations within the past year, well within the guidelines.

QUERY RESPECTING MINISTER'S KNOWLEDGE

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, is the Minister now asking us to believe that the project which was headed by Alastair Gillespie, on which she was briefed by P. J. Read of the Department of Energy, Mines and Resources, who had been dealing with Mr. Gillespie for some eight months, the project which her colleague, the Deputy Prime Minister, had been negotiating and had appeared publicly with Alastair Gillespie in April, 1981—that all of these things took place and that she was totally unaware of any involvement of Mr. Gillespie? Is that what she is asking us to believe?

Hon. Judy Erola (Minister of State (Mines)): Yes, Madam Speaker. What I find appalling about all of this is that the Hon. Member for Kingston and the Islands is not looking at the project as she should be, as an exciting technological breakthrough for Canada and Canadians.

TECHNICAL RE-EVALUATION OF PROJECT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, in an exchange across the aisle a moment ago the Minister of Energy, Mines and Resources asserted that Mr. Gillespie had received no benefit. I point out to him that he has already received $30,000 under the annual stipend paid to him, plus $600 per diem—in fact, the return of his initial investment.

The question I have for the Minister is this. In view of his officials' recommendation that the Government offer to the consortium additional federal financial support for a technical re-evaluation of the project, focusing particularly on processes which would utilize higher ratios of natural gas to coal and offer higher saleable product yields—has that offer been made to the consortium pursuant to the recommendations of his officials? Was it made in the amount of $750,000 and, if so, from what fund are those moneys to be obtained?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, this is what is being negotiated at this time. There is no final decision on that. If we decide to go ahead, this money would not be from the same fund. It would be from a fund in the coal division of the Department of Energy, Mines and Resources. We are discussing that at this time.

Mr. Clark: The slurry fund or the slush fund?

Mr. Chrétien: My officials are in touch with the Government of Nova Scotia and the consortium on this project. We made an announcement that we were to enter into negotiations. We are at that phase at this time. If we decide to sign, we will inform the House immediately after the decision, one way or the other.

• (1500)

Mr. Nielsen: There was some doubt in my mind whether that was to come from the slurry fund or from the slush fund, but the Minister seems to have clarified that.

REQUEST THAT PRE-FEASIBILITY STUDY BE TABLED

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my next question is directed to the Deputy Prime Minister. He agreed yesterday to come clean with the House and to table all relevant documents with respect to this transaction. In view of the fact that he and the rest of the Cabinet are aware that the consortium—and I quote from the document which he has seen—has completed a pre-feasibility study for the facility, will he table that pre-feasibility study, as well as the feasibility study which, by contract, the consortium was bound to produce in December, 1982?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I undertook yesterday to table all documents that were possible to be tabled.

Some Hon. Members: Oh, oh!

Mr. MacEachen: I am in the process of completing that commitment, as I volunteered yesterday. The Hon. Member talks about coming clean. We were quite prepared to table the letters that were mentioned in the questions yesterday, and the Minister of Energy, Mines and Resources will determine what is available for tabling in the House.

ROUTINE PROCEEDINGS

[*English*]

MAIN ESTIMATES, 1983-84

A message from His Excellency the Governor General transmitting Estimates for the financial year ending March 31, 1984, was presented by Hon. Herb Gray (President of Treasury Board) and read by Madam Speaker to the House.

Hon. Herb Gray (President of Treasury Board): Madam Speaker, in addition to tabling Part II of the Main Estimates, I would also like to table in support of the Estimates Part I, the Government Expenditure Plan, and, on behalf of my colleagues, Part III, consisting of 47 departmental expenditure plans.

EXPLANATORY STATEMENT BY PRESIDENT OF TREASURY BOARD

Hon. Herb Gray (President of Treasury Board): Madam Speaker, this is the first step in Parliament's consideration of the detailed expenditure budget of the Government for 1983-84. It is for Parliament to grant final approval of this spending plan. When approved, these Estimates establish the framework within which the activities of the federal Government itself are carried out and accounted for. Tabling of these Estimates is the end of months of intensive preparation by the Government.

[*Translation*]

Madam Speaker, the Main Estimates provide a detailed and comprehensive description of the Government's present policies, activities and programs. However, they do not give more than an overview of total government spending as projected at the present time. If we consider the time required for decision-making and producing the forty-nine volumes that make up the Estimates this year, it means that the Federal Government must be able to adapt to the circumstances and have the flexibility to review and revise its programs so as to promote economic recovery.

Madam Speaker, I also wish to remind Hon. Members that the budget the Minister of Finance (Mr. Lalonde) expects to bring down shortly may very well affect the Government's expenditure plan for the coming year. Of course, any changes in the Estimates as a result of the budget will require approval by Parliament of Supplementary Estimates or a separate Bill. The Government's 6 and 5 program has also had an impact on the Estimates. Capping of compensation in the Federal Public Service and capping of Old Age Security benefits, family allowances and indexing of public service pensions has made funds available for creating jobs and establishing other programs to help Canadians cope with these difficult times and speed up the country's economic recovery.

[*English*]

This year the Estimates are presented as a group of volumes: Part I, The Government Expenditure Plan; Part II, the Estimates proper, long referred to as the Blue Book; and Part III's Program Expenditure Plans that provide detailed program information.

This is the third year Part I has been prepared and tabled. It provides Parliament with an overview of Government spending in a form conducive to an understanding of total expenditures, and focuses on the broad policy areas to which resources are allocated by Parliament through programs of Departments and agencies.

Part II, that is the Blue Book, continues to support the items that may eventually be included in the Appropriation Act, of the Main Estimates. When the new form of the Estimates is fully developed, there will be changes to the form and content of Part II. However, this year it is the traditional Blue Book in structure and content.

Several volumes of Part III are tabled this year for the second time and a further number are provided for the first time. These volumes, 47 in all, provide information to the Standing Committee of Parliament that has the task of examining the Estimates for each Ministry. Each volume includes explanations of what the Department expects to achieve with the resources requested and includes, where possible, a statement of the benefits expected from the program. Part III will be expanded over the next few years to include volumes for all Departments and agencies. Therefore I have tabled, on behalf of my colleagues, the 47 Department Expenditure Plans. These documents, which are prepared by and are the responsibility of individual Departments, provide a great deal of further detail on Government programs and, more specifically, what the Government hopes to achieve with the money it plans to spend through these Estimates.

In recognition of the fact that individual Members will have particularly strong interest in examining certain programs and Departments but not others, we are not having automatic distribution of all volumes of Part III to all Members. However, Members can obtain these documents from the Parliamentary Distribution Centre by simply indicating those of interest to them on a list of available volumes included with their copies of Part I and the Blue Book.

A further initiative in improving the information available to Parliament is the planned revision of the Blue Book. As I have said, the new concept of the Estimates calls for presentation in three parts. Because consultation with Members on the form of Part I and Part III proved very constructive, it is my intention to initiate in the near future discussions with Members on proposals to amend the form and content of the current Blue Book. I would only note at this time our expectation of a reduction in the volume of the Blue Book when all part III books are available and it becomes possible to relocate information to Part III without reducing the information available to Parliament for its consideration.

I would now like to focus on Part I of the Estimates, the Government Expenditure Plan. The updated plan for 1983-84 and the information related to 1982-83 reflect the policies and programs announced by the Ministers of Finance in the June,

1982 budget and the October, 1982 economic statement. Because final decisions have not yet been made on the measures to be included in the next budget, Part I of the Estimates does not include any information on the planning years beyond 1983-1984. Information on the Government's multi-year expenditure plans will, however, be presented in the next budget, including any changes the Government may make for the current fiscal year.

• (1510)

As announced last Thursday by my colleague, the Minister of Finance (Mr. Lalonde), total forecast spending in 1983-1984 is $88.9 billion, an increase of 9.6 per cent over the revised forecast of $81.1 billion for 1982-1983. This rate of growth in spending is the lowest since 1979-1980.

Mr. Lewis: But it is not six and five.

Mr. Gray: Even while funding substantial increases in existing and new measures to assist Canadians in this difficult economic period, the Government has been able to restrain over-all spending growth by implementing a number of spending restraint initiatives. The restraint program announced in the June budget, which, of course, directly affects about one-half of total spending, results in funds available for reallocation of over $700 million in wages and salaries, Old Age Security, Family Allowance payments and Public Service pension costs. In addition, planned spending on aid to developing countries and on defence was reduced by several hundred million dollars. Much of the over-all 9.6 per cent spending increase is due to programs designed to protect those Canadians most in need, to provide support to sectors hard hit by the recession and to enhance the prospects of economic recovery.

Within this total expenditure plan of $88.9 billion, these Main Estimates provide for budgetary expenditures of $85.6 billion, and for $1.8 billion in loans, investments and advances. Within the over-all plan the Government has $0.9 billion in reserves to cover adjustments to statutory programs as well as $2.4 billion in envelope reserves to cover cost adjustments to other programs and to provide for planned but not yet announced initiatives. I should emphasize that these reserves are not free money for which no use has been found. A substantial portion is simply a prudent contingency fund against the inevitable uncertainties of precisely anticipating thousands of costs over one year in advance.

In regard to remaining reserves, Government decisions and approvals in principle have already been developed which effectively earmark the reserves for a variety of initiatives. Once the details of such items are finalized, and should any of the contingency funds be required, parliamentary approval will, of course, be sought through Supplementary Estimates.

The planned total outlays of $88.9 billion also reflect two other adjustments. First, Estimates must be adjusted down by the forecast $0.5 billion in repayments on loans issued in previous years. Second, since the Government cannot legally spend more money than Parliament authorizes, and in fact always spends less, a downward adjustment for the lapse of expenditure authority must be made, for which the current projection is $1.4 billion.

I would now like to focus on the $85.6 billion in budgetary expenditures provided for in these Main Estimates. Thirteen items account for about 80 per cent of the total increase of $12.7 billion in budgetary Main Estimates. These items include increases of $2.7 billion in payments to persons for Old Age Security, Guaranteed Income Supplement, spouse's allowances and the Government's contribution to Unemployment Insurance benefits. Increases of $2.2 billion occur through transfers to the Provinces under the Established Programs Financing Program, the Canada Assistance Plan and fiscal transfer payments. Public debt costs are up $1.8 billion. Other items in this category are petroleum incentives payments, National Defence, direct job creation, Canada Mortgage and Housing Corporation, the Trade Industrial Program of Industry, Trade and Commerce, payments to VIA Rail and the budget of the Canadian International Development Agency.

[*Translation*]

Although Hon. Members will find a host of explanations and information on changes that have been made as compared to last year's Estimates in the various documents I am tabling today and pertinent press releases, I would like to put this total increase into its proper perspective, namely, the economic environment in which we live and the effect of including in the Estimates some of the measures introduced by the Government last year.

[*English*]

We are all very much aware that the Canadian economy has been passing through one of the most difficult periods since the Second World War. While encouraging signs of improvement are beginning to emerge, particularly with regard to inflation and interest rates, we must be mindful that the recession has been deep and recovery will be gradual. As Members know, almost two-thirds of these budgetary Estimates are for statutory expenditures, thus of a non-discretionary nature. That is, they are based on continuing authority given by Acts of the current or previous Parliaments. These acts determine the basis whereby individuals, businesses, provincial and other Governments become entitled to receive federal funds, and in most cases the amount of money to be paid. I would like to speak briefly about just four of these payments which are directly, and particularly strongly, affected by current economic conditions.

First, public debt charges, which include the interest due and payable on outstanding debt as well as servicing costs and costs of issuing new debt. These costs, totalling $18.6 billion in 1983-1984, are $1.8 billion higher than the 1982-1983 Main Estimates level. This increase is attributable to the growth in total debt, partially offset by lower interest rates. A key factor in the rise in total debt is, of course, the very sharp decline in federal tax revenues as a result of the difficult economic circumstances.

Mr. Thacker: You got us into them.

Mr. Gray: Under the Established Programs Financing Act, 1977, the federal Government contributes to the financing of hospital insurance, medicare, extended health care and post-secondary education. The federal contribution consists of a combination of tax transfers and cash payments, the combined value of which grows with the total value of economic activity in Canada. If the tax transfer portion grows very slowly, the federal Government makes up the difference in increased direct cash payments. The depressed tax revenues which I just noted have caused a sharper rise in the cash portion of the federal payment under Established Programs Financing, which has increased $1.1 billion, or 21 per cent, to a total of $6.6 billion in the 1983-1984 Main Estimates.

As the Minister of Finance has also noted, we cannot expect a rapid recovery in our economy and the level of unemployment is of particular concern. While the Government has taken a number of measures to improve employment prospects, the unemployment outlook remains difficult. As a direct result these Main Estimates show a dramatic increase in the Government's contribution to Unemployment Insurance designed to reduce the financial burden on the unemployed. This year, $2.9 billion has been allocated to Unemployment Insurance, an increase of some $1.681 billion over the last fiscal year.

The final statutory payments I will mention are the federal contributions to the Provinces under the Canada Assistance Plan. The federal Government pays for 50 per cent of eligible provincial and municipal expenditures for assistance payments, welfare services and certain health services. We also cover one-half of the costs of child support services, such as foster care and daycare and a broad array of other family and social support services. During 1983-1984 it is estimated the federal Government will transfer $3.1 billion to continue these programs. This increase of $0.6 billion, or 21 per cent, over the 1982-1983 Main Estimates level is attributable in large measure to current economic conditions.

I noted earlier that the Government has taken a number of decisions in the past year not only to increase spending in existing programs to ease hardship and speed recovery, but has also implemented a number of new initiatives. Of course, since some of these initiatives were approved after the 1982-1983 Main Estimates were presented to Parliament, they have been funded through Supplementary Estimates in the current fiscal year.

• (1520)

I would like to mention just three of these items which are included in the Main Estimates for the first time in the 1983-84 documents which I have tabled today.

With the passage of legislation in June, 1982, the Petroleum Incentives Program became fully operational and the Supplementary Estimates (B) which I tabled last November included $1.8 billion for this item in the current fiscal year, 1982-83. These payments are included in the Main Estimates, for the first time in 1983-84, and account for $1.2 billion of the total change from 1982-83 Main Estimates.

Another new measure is the Small Business Investment Grant Program designed to assist small and medium-sized businesses. This new program, announced in the June, 1982 budget, accounts for $0.2 billion of the over-all increase from the 1982-83 Main Estimates.

The last item that I want to mention is the $0.2 billion increase due to funds included in 1983-84 Main Estimates for the New Employment Expansion and Development Program.

[*Translation*]

Madam Speaker, these are only a few of the many programs and activities mentioned in the White paper. In fact, the Main Estimates contain hundreds of further changes, on both the plus and the minus side. I would therefore invite Hon. Members, if they require further information on the subject, to consult Parts I, II and III which I am tabling today, as well as the additional information appearing in the press releases.

[*English*]

Finally, I would like to focus on one other element of the budgetary Main Estimates, which is the total operating and capital costs of all federal Departments and agencies. The Department of National Defence has total operating and capital costs in these Estimates of $7.8 billion, an increase of $0.8 billion from 1982-83. This increase is in keeping with the Government's commitment to NATO to sustain the increase in defence expenditures by 3 per cent annually in real terms. A significant part of the growth continues to be devoted to the re-equipment and modernization of the Canadian Forces.

The total operating and capital expenditures of all other Departments and agencies is $12.8 billion in these Main Estimates. This cost of running the Government, up $1.1 billion from 1982-83, is increasing only about one-half as fast as total Main Estimates. The category of total spending has roughly only kept pace with inflation over the past six years, thus remaining constant in real terms, despite the growing number of new programs and increasing demands for federal Government services. This year, the share of these total operating and capital costs in budgetary Main Estimates is 15 per cent.

Of course, as I mentioned earlier, this area of spending has been particularly affected this year by the Government's six and five restraint program, since operating costs are in large measure accounted for by the salaries and wages of some 225,000 federal employees. As Members know, the salaries and wages of our employees have been limited as required by the Public Sector Compensation Restraint Act. In addition, in preparing the detailed departmental budgets for non-personnel operating costs presented in these Estimates, the Government has limited Departments and agencies to a maximum adjustment of 6 per cent for the effects of inflation.

Of course, the total increase in operating costs is above 6 per cent, since there are additional resources required to enable the Government to develop and implement new policies and programs and to meet the increasing demands for existing program services.

In the same vein, restrictive adjustments have also been applied to annually authorized grants and contributions made to organizations outside the Government.

I would now like to say a few words about the growth in the Public Service as measured by the increase in the number of person-years. The Government believes that for 1983-84 it should keep the rate of growth of the Public Service in the 1 per cent range, despite the calls by many for expanding Government assistance. Therefore, the Treasury Board has informed Departments and agencies with large person-year requirements that their 1983-84 authorized person-year level is in fact lower in total by 0.2 per cent than the levels shown in the Blue Book. However, there was not time to reflect throughout the Main Estimates this decision to limit over-all growth to 1 per cent without significantly delaying the tabling date.

Therefore, the Main Estimates documents before the House indicate a 1983-84 total of 258,463 person-years for Departments and agencies whose personnel requirements are controlled by Treasury Board. This figure is 3,141 person-years, or 1.2 per cent, over the 1982-83 Main Estimates. However, I have just noted that the Treasury Board has already taken steps to reduce this to 1 per cent over-all growth. A large proportion of the over-all increase reflects short-term requirements for the implementation of recent Government initiatives, such as the NEED Program.

In reviewing the largest specific year-over-year increases, pressures for the provision of greater services to the public become even more apparent. The Canada Employment and Immigration Commission has increased by over 1,400 person-years. Besides the requirement of approximately 500 for the administration of the NEED Program, over 800 will be used to assist in the processing of claims for Unemployment Insurance. In the Department of Transport an additional 250 person-years will be used for regulatory activities related to air safety and the operation and maintenance of air navigation aids and facilities.

The RCMP requires an additional 343 person-years for law enforcement and demand-driven functions, such as provincial and municipal police agreements which are, of course, cost recoverable.

To conclude, I want to say as President of Treasury Board that I have set as a major priority the continuation of our policy of improving the management and efficiency of the federal Government. I am well aware of the difficulties of the task. However, I believe we can still further improve management in Government and the efficiency and effectiveness of Government as a whole. The consequences of the current economic situation pose difficulties for Government itself as well as for Canadians generally. But it has also produced a positive effect in making us demand the best from our systems, the best from our people and the best from ourselves.

Some Hon. Members: Hear, hear!

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my colleagues and I briefly reviewed these Estimates in a briefing session which commenced at noon. These Estimates, which are massive, involve Part I and Part II, as set out by the Minister, together with 47 baby Blue Books. The Estimates disclose to the House and to the country an unconscionable amount of spending. They are expenditures that we as Members and our constituents cannot begin to fathom even if we were to work on them day after day.

When the Minister of Finance (Mr. Lalonde) presented his demands to the House under the borrowing authority statute on February 17, he said that the spending for the next current year would increase by 9.6 per cent. That was a total, complete and fraudulent misrepresentation to the House. That misrepresentation was repeated this afternoon by the President of the Treasury Board (Mr. Gray). He knows better. One is supposed to compare oranges and oranges, not oranges and apples. The President of the Treasury Board is comparing what he has spent so far in this fiscal year and what he intends to spend by March 31 with the Estimates for next year, which are always much too low.

Let me compare what he has said in the House in prior years with what he is saying now. In 1982-83, the Government produced its Estimates. I am sure Members will remember Part I of the Government Expenditure Plan. That book says that the Government would spend approximately $76,300 million. However, it spent $81,150 million. If you compare it against other items you will find that the Minister spent nearly $7 billion over and above what he said he was going to spend a year ago. What we are comparing here, when he says that his expenses are increasing at 9.6 per cent, are last year's Main Estimates plus Supplementary A, Supplementary B and Supplementary C with this year's Main Estimates. But this year's Main Estimates do not include an anticipated $600 million loss in Canada Post. This year's Main Estimates do not include what we are told is going to be required to continue with the further bail-out of Canadair and de Havilland.

• (1530)

What do the Estimates really include? They include the minimum amount that the Government intends to spend. Last year it came back to the House for $7 billion dollars worth of Supplementaries. Indeed, it has not come back for all of its Supplementaries yet. Supplementary C, which we do not have before the House yet, is going to be $1,850,017,341, and that is also included in these Estimates. We have a spending plan by a Government gone crazy, we do not know where they are going. The Government says that it has covered the contingencies by providing a 7 per cent central reserve and a 3 per cent envelope reserve. But all previous history indicates that these reserves are just not so. The fact is that if we go back over the history of this Government since it took office on February 18, 1980 we find that its expenses for the year 1980-1981 increased over the previous year by 13 per cent. Its expenses for the year 1981-1982 increased over the previous year by 17.6 per cent. Its expenses this year increased over last year by 17.8 per cent. Where are we going? They say it is going to increase 9.6 per

cent, and I say to you, Mr. Speaker, that you have no reason at all to believe them. Does anyone in this House have any reason to believe them?

An Hon. Member: No reason at all.

Mr. Smith: Oh ye of little faith.

Mr. Blenkarn: My friend says, "Oh ye of little faith". You would have to have faith to move mountains to believe them.

Mr. Kempling: Robbers.

Mr. Blenkarn: We know how they act with their former colleagues. That is how you can believe them. We know what standards of morality they have.

Mr. Kempling: They have none.

Mr. Blenkarn: That is how you can believe them. You know how they perform, that is how you believe them.

Mr. Kempling: No morals at all.

Mr. Smith: Wash your mouth out with soap.

Mr. Kempling: You should wash your morals out with soap.

Mr. Blenkarn: I thought it would be important that we take a look at some of the spending items in the Blue Book that we have analyzed in the brief time we have had.

First of all, I thought we might compare various kinds of things that the Government does. I thought we would compare, for example, salaries and wages. We are under the six and five program for salaries and wages. The salaries and wages paid by the Government this year will increase 8.8 per cent. That is where six and five is. Other personnel expenses—I do not know what they are, but they are personnel expenses—are going to increase by 13.5 per cent. The Government spending on transportation and communications—and bear in mind that a big part of that is Bell Telephone expenses that are frozen at six and five—are going to increase by 16 per cent. I suppose that is the extra gasoline required, or whatever, for a new fleet of Challenger jets.

There is one figure that I want to give you that I cannot believe. The Government says that its propaganda expenses are going to go down by 1.6 per cent. Perhaps we can analyze that as we go through the Blue Book to find out if in fact the propaganda exercise will only go down by 1.6 per cent.

But that is the only thing that goes down. Professional services go up by 15.6 per cent; rentals go up by 15.6 per cent; the purchase and repair of machinery goes up by 45.1 per cent; utility expenses go up by 14 per cent; construction of buildings goes up by 13.6 per cent and the purchasing of furnishings and fixtures in buildings goes up by 22.8 per cent. We have been told that it is the cost of the debt that is running up this budgetary deficit. That only goes up by 11.8 per cent.

I think we could then compare the expenditures by Department. The Government has broken the budget down into envelopes, and we all want to know what is in the envelope. In the Department of Energy, Mines and Resources, the Energy envelope, goes up by 14 per cent. The Economic Development envelope goes up by 25.6 per cent. The Social Affairs envelope goes up by 19.3 per cent. Justice and Legal Affairs goes up by 15.1 per cent. Fiscal arrangements goes up by 10.6 per cent. External Affairs goes up by 12.7 per cent.

The Minister in his statement said that Defence was going up by 12.9 per cent. Again he is giving us a wrong story. The fact is that it is only 11.3 per cent. The reason is that he cut his Defence expenditures last year and now he is restoring them. Comparing Main Estimates with Main Estimates shows that Defence spending goes up by only 11.3 per cent.

I am not going to go through all these and bore everyone completely. I want to say that there is only one Department, one envelope in the whole bunch, that really does not go up at all beyond the six and five guidelines, and that is the cost of running this place. We all know the proclivity to waste that we have here, but our expenditures in this Parliament are only going up by 5.1 per cent. That is within the guidelines. We know what is wasted here, we know because we are here. We know what we could cut back in this place if we really wanted to, yet our expenses only go up 5.1 per cent. Think of what we could cut back if we really worked at it in other Departments, in other envelopes of this Government.

We have advocated to this House that a serious study should be made on the Estimates to cut them back, to get back to where we should be, so we will not have to continue to go to the market and borrow and borrow and borrow. There is unbelievable fat in these Estimates. It can be cut back, and it is a challenge to the committees of this House of Commons to tackle these estimated expenditures and cut them back.

In that respect, if the President of the Treasury Board had any real intention of trimming the fat in Government, he would form a special committee of this House to supervise the cutting back of Estimates. He would say to Departments, "I do not care what you would like to do. Here is what you can afford, trim it to that". This is a Government totally out of control. Expenditures have gone up in the 17 per cent range two years in a row, back-to-back. They are likely to go up 17 per cent this year even though the Government says it will be 9.6 per cent. This Government is out of control.

• (1540)

If you look at inflation, you will notice that with this depression we have had a lowering of inflation rates. Today the Hon. Member for Ottawa Centre (Mr. Evans) indicated in this House that the seasonally-adjusted inflation rate over the last three months was 3.2 per cent. If that is the case, why should Government expenditures be three times the rate of inflation in their increase? Why should the cost of Government creep up three times the inflation rate? Do we really need a positive increase over inflation by 6.4 per cent? Do we need that much more Government in Canada, or does this Government want us to have that much more government? Is this the kind of Government that gets Chairman Mao to do its projections? That is what the Minister of Finance (Mr. Lalonde) suggested.

I suggest that if we allow this kind of expenditure program which is now set to go at a rate at least three times higher than what the Government says is the current inflation rate, we have done a great disservice to our constituents and to Canada. These Estimates are improper, wasteful and must be turned back.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, this really is a "Gray Day" for Canada. We have just had the opportunity of perusing about three kilograms of "Gray" matter in an effort to understand what it was the Minister of Finance (Mr. Lalonde) was telling us a few days ago. At that time he said, "Just hold off, Canadians, because I promise you I am not going to say a single word of what will be in the $19 billion request I am bringing forward today, but just wait until February 22 because it will all be in the Estimates and you will have a very clear idea of what the Government of Canada is going to do with your money."

Something is drastically wrong. We have just had the opportunity, not to study carefully I admit, but to peruse the Estimates for the forthcoming year. Either there is a plan for the Government to do nothing particularly new other than simply lift all of the budgets up a number of percentage points, which I will come to in a moment, or the Minister of Finance was unintentionally misleading Members of Parliament and Canadians.

When you look at the documents before us, some very puzzling points come to mind. For example, I remember quite distinctly the Minister of Finance saying that Government expenditures this year will be up not 6 per cent, as the guidelines of the Government would indicate, but 9.6 per cent.

A lot of senior citizens in this country are puzzled because their increase was restricted to 6 per cent. A lot of mothers in this country were expecting a higher increase in their Family Allowance rather than having it capped at 6 per cent. The Government said it would ignore all their six and five programs and lift their expenditures by 9.6 per cent.

We talked to a number of officials from the Government who presumably are knowledgeable on how the Government plans to spend its money. They suggest that the budgetary Main Estimates for 1983 are going to go up 17.4 per cent. I think you can use some peculiar form of rationale, smoke and mirrors and some creative accounting to justify those two figures, 9.6 and 17.4. However, this document tells us that the Main Estimates, that area of Government expenditure where the Government has discretionary power, will increase more than 17 per cent in the coming year.

What does that say about the Government's attitude toward its six and five program? What does it say about the Government's attitude toward honesty, fair play and being forthright with the people of Canada? They say different things, depending on which Minister is making the comment. Whether that is intentional or not I leave up to people's speculation.

At this point one begins to wonder whether there is some effort being made on behalf of Government Members to encourage the public of Canada to think in creative ways about what it is they are doing. Canadians were waiting for the Government to indicate today how it will be spending the taxpayers' money and borrowed money in the year ahead. They have waited to see what the Government plans to do.

I note with interest that the Government has given up forecasting. It has made so many errors in the last 12 months that any attempt to forecast for another year or more would be totally futile. It simply does not have the ability, the talent or the technology to make any real comment about where the economy is going. For that reason I say that these Estimates are virtually useless at this point.

The Estimates that have been tabled today will not help Members of Parliament, Canadians or anyone else to understand what the Government is trying to do, unless it is trying to do nothing. That they will understand. We cannot rely on the Estimates before us. Let me give a single example of that.

A gross distortion of information has been presented in the Estimates for the past year and for this year. I read with interest in one of the summary statements that direct job creation under CEIC was going to increase by $216 million. When we look at what actually happened, we find that expenditures did not increase by $216 million. As the Government's own forecaster suggested, they increased to approximately $482 million. That is a 125 per cent error in the Estimates. When you look carefully at what that means, not only was there a 125 per cent error in the Estimates of last year in that very critical area of job creation, but it will increase total job-creation expenditures for this fiscal year by only 21 per cent.

What kind of signal is that to the people of Canada? The Minister of Finance said that unemployment will be dramatically high this year, and that it is one of the highest priorities of this Government. However, when you look at what the Government is estimating for 1983 in the area of job-creation, you find that they are going to be expanding by only 21 per cent. The figures before us do not say that. They say that job creation will go up by 170 per cent. That looks good, a 170 per cent increase. However, when you look at the fine tuning, when you do the simple calculations, you find that it is not a 170 per cent but a 21 per cent increase. That is their commitment for real job creation in 1983?

• (1550)

One can only say, Mr. Speaker, just based on that one simple example—and we have not even begun to analyze these Estimates which are critical for 1983 job creation—that the Government is misleading the House in a dramatic way.

However, let us consider something else which we find in these Estimates, Mr. Speaker. I am assuming, first of all, that we all agree that job creation is important. We would like to see more money moved into that particular area. We find from the Estimates, then, in terms of direct job creation under CEIC,—that $100 million more than was spent last year will be invested in job creation. We also noticed that a certain amount of money has gone for PIP grants. Not $100 million,

Mr. Speaker, but $1.15 billion has gone for PIP grants to encourage, by and large, the multinational oil companies to explore the frontier areas of Canada. I am not making a judgment on whether or not that is a wise investment, but I personally do not think it is a particularly wise investment. But let us just say that $1.15 billion is going to assist, by and large, the multinational oil companies operating in Canada to explore in the frontier areas. How many jobs will that $1.5 billion create, Mr. Speaker? If we are seriously interested in job creation, that is the most unlikely place to spend a single dollar. The jobs created in that sector under the PIP grants will give us less return than spending money in any other sector of Government spending. Setting aside the rhetoric and looking at where the Government is actually going to be putting its job-creation money, Mr. Speaker, tells us that they are not serious when it comes to job creation because their actions go completely against the rhetoric which we hear from some of the more progressive Members opposite.

I notice with interest, as well, where some of the Government priorities lie, again without necessarily making a judgment at this point. I notice that when it comes to Government spending for operating and in capital costs, over-all Government spending by the Minister of Finance's own admission, is going to increase by 9.6 per cent. Let us say for a moment that we believe him. I personally do not believe him on this point, but if we take him at his word, he says spending for Government operating and capital costs will increase by 9.6 per cent. But there is another area, which is quite different from the 9.6 per cent area, and that is the area of Defence. Defence expenditures appear to be going up 11.3 per cent. It seems that in terms of over-all Government spending, we have identified military spending as a higher priority than other areas. That is an observation. I also notice something, Mr. Speaker, which I believe is a very sad comment on the Government's position towards war veterans. We realize as Members of Parliament how much time it takes to process concerns brought to our attention by veterans. Yet, in terms of person-years, one of the few Departments in the Government which is going to have a decrease of 11.4 per cent in person-years is the Department of Veterans Affairs. Some veterans in my constituency have waited one year, and some two years, simply to have their applications processed through to completion. To find that man-years in the Department of Veterans Affairs are going to be decreased by 11.4 per cent leaves one simply speechless.

We also notice, Mr. Speaker, there is no reference in these Estimates of Government expenditures for 1983 to de Havilland and Canadair when they come back asking for $100 million each, or $200 million or $300 million. There is no mention of that, when those companies are on record themselves as saying, "We will be back asking for more when we require more." There is no mention of that, Mr. Speaker. There is also no mention of the contract work which the Government relies on to a large extent. There is an attempt, and I commend the Government for it, to evaluate carefully its expansion in terms of man-years to ensure that the return to the Government is maximized. But when I see there is no mention of money set aside for contract work, and knowing the amount of contract work which takes place, particularly with the federal Government, I believe we are leaving a large void, a large vacuum in these Estimates.

If the Government, and the Minister himself, are serious about these Estimates, when these Estimates go to the respective committees they should receive the kind of thorough analysis which they deserve, not the usual sit around and chit-chat with the Minister for an hour or two, a handful of questions and a lot of gobbledygook on behalf of the Minister trying to skate around the issues. Then we vote, and the majority of the Government Members vote in favour and the Opposition vote against, and we all go home for the evening. That is not the kind of examination, study and investigation which Canadians want, Mr. Speaker, during these very critical times.

When we discuss those Estimates in the House of Commons or in committee, what is our goal? What is the point of these Estimates? What is the point of our discussion, our analysis, our examination? Are we attempting to find ways and means of developing a full employment option for this country? Are we trying to reduce Government spending by a certain amount? Are we attempting to support certain kinds of industries or provide certain kinds of services to Canadians? What is it, Mr. Speaker, that we are attempting to do with this examination? If we are simply examining it for the sake of examining it, then, of course, it is not going to be an appropriate investigation. Therefore, before we go into committees to examine these Estimates, surely we need to have some kind of strategy, some kind of game plan, some kind of program which will direct us in our inquiries to see if in fact we are getting the "bang for the buck" which Canadians ought to be receiving.

In conclusion then, Mr. Speaker, I make an appeal on behalf of the New Democratic Party to the Minister: when we have an opportunity to evaluate these Estimates in detail, as the Minister has indicated in his speech, would he give us a framework within which to operate, a strategy, so that our examination can be aimed toward some purpose, some goal, so that there is some objective which the examination is attempting to achieve.

We look forward to getting the Estimates into committee as quickly as possible. In attempting to digest these Estimates, however, Mr. Speaker, I think that a great deal of that enthusiasm and commitment to do the job well will be eliminated because we all know how successful these Estimates have been in years past at predicting and explaining the reality of the Canadian economy, and going in with that cloud over us, I suspect that once again this examination is going to be marginal, if not completely fruitless.

The Acting Speaker (Mr. Corbin): Order. Before proceeding to the question period, the Chair should remind Hon. Members that it has the discretion of limiting the time for the proceedings on questions. I would propose to the House, in view of the Minister's statement having lasted some 23 minutes, approximately—and this is a proposal from the Chair—that we set the time for the question period at some 20

minutes. And unless there are some strong objections from Hon. Members at this time, I think that at about 4.20 p.m. we should end the time provided for questions.

Mr. Lewis: Mr. Speaker, to the best of my knowledge, going back to the last time there was a statement on motions, I do not remember any correlation between the length of the Minister's remarks and the questions. I believe we can, on this occasion, agree to that, but I would much appreciate the question period being controlled by the Chair in accordance with the flow of questions and the sense of the House.

• (1600)

With all due respect, I would also ask that Your Honour monitor the answers on this historic occasion of the first statement on motions since December, 1981. I do not feel that this should be a precedent which is set in stone, for I want some time to think about this and discuss it with my colleagues.

Mr. Riis: Mr. Speaker, I would agree with the suggestion that rather than allocating a certain period of time, we should leave it to the discretion of the Chair to decide when a meaningful interchange of questions and answers has terminated. I know that the Minister himself, judging from his comments to us earlier and the thrust of his speech, is an individual who is open and quite prepared to do his best at this point, to examine and clarify any questions raised by Hon. Members.

In the spirit of the Minister's comments, I would suggest that rather than setting aside a prescribed period of time, let us just see, and perhaps after only ten minutes Your Honour might, in your wisdom, find that the ebb and flow is sufficient, or perhaps that it should continue for 30 minutes.

Mr. Smith: Mr. Speaker, we on this side of the House believe your proposition is a reasonable one. I might say that we are frequently urged by Hon. Members opposite to have more statements by Ministers. Quite frankly, I would think that would be a healthy trend, but it cannot be totally open-ended. There must be reasonable limits. I welcome Your Honour's proposition.

Mr. Malone: I agree with the Parliamentary Secretary when he says it would be healthy for Parliament to have more statements on motions. With regard to the question as to whether or not there should be fixed times attached to the length of the question period, may I put forward at least one argument for Your Honour's consideration as to why that is probably better left to your discretion? If we state that the period will be 20 minutes, we will have then signalled to the Minister answering the questions how much time he needs to use up. He could have two questions and two ten-minute answers. He would then know he would have to work until 20 after.

Some Hon. Members: Oh, oh!

An Hon. Member: Not Herb. Be fair.

Mr. Malone: If it is left to Your Honour's discretion, then I believe the Minister would be more likely to be psychologically forced into the position of answering the questions that Hon. Members might ask. On the other hand, if he knows that all he must do is use up 20 minutes, then it is to his advantage. He would simply need to know how much time he has for buffoonery, without necessarily responding to the question. I think that if Your Honour believes it should be 20 minutes, Your Honour's judgment would be fine, but it should not be a preknown fact.

The Acting Speaker (Mr. Corbin): The Chair thanks Hon. Members for their wise comments. Standing Orders do create some difficulty for the Chair in the proceedings inasmuch as they leave the matter entirely to the discretion of the Chair. I have made good note of Hon. Members' responses to the Chair's suggestion and I will be guided accordingly.

Miss Carney: Mr. Speaker, I would like to address a question to the President of the Treasury Board (Mr. Gray), dealing with some of the questions which have been raised by the two Hon. Members who spoke previously, and which we attempted to explore in the lock-up.

First, last year the Government forecast an increase in outlays of 11.7 per cent in the Main Estimates while, in actual fact, the increase in Government expenditures was 17.8 per cent. I believe my colleague, the Hon. Member for Mississauga South (Mr. Blenkarn), made that point. The Minister is now forecasting an increase in Government expenditures of 9.6 per cent. What assurances can the Minister give the House that he can hold Government outlays to 9.6 per cent in the absence of any budget or revenue forecast or, in fact, any responsible fiscal forecast?

Mr. Gray: Mr. Speaker, what we are discussing here is a comparison of the total outlays as announced to the House by the Minister of Finance (Mr. Lalonde) in his statement last week and as restated in Part I of the Estimates, amounting to $81,150,000,000 for 1982-83, with a forecast of total outlays for 1983-84, giving a projected increase in total outlays of 9.6 per cent.

However, there are some elements in the total outlays projected for 1983-84 which indicate why we basically are discussing a forecast. We cannot be totally certain what the demand will be on the Unemployment Insurance Fund. It may require more, but it will hopefully require even less than we have estimated we will have to provide.

With respect to our transfers to the Provinces under the Established Programs Financing legislation, we have estimated that our cash transfers to the Provinces will have to increase because the tax revenues which they had expected to receive under this legislation are likely to be less because of the weakened economic situation. This may also change.

Therefore, we are giving a picture at a point in time as to what we expect the total outlays for 1983-84 to be. But we are obviously discussing a forecast. We will work in order to stick to it, but there are certain factors not under our control which

will affect the amounts of money which we will have to provide under statutes passed by this Parliament.

Miss Carney: Mr. Speaker, I would like to address another question to the President of the Treasury Board. I can understand his problem in dealing with a forecast which is at a special moment in time. However, what I cannot understand is the difficulty which the Government seems to have on its side of the House in getting its own numbers together. The Hon. Member for Kamloops-Shuswap (Mr. Riis) has already discussed the discrepancy in the job program, and I would like to address one concerning the housing program.

The allocation for Canada Mortgage and Housing Corporation shows a substantial increase this year of about $482 million. In the Blue Book Estimates, the Government states that $122 million of this amount is included for the purposes of extending the Government aid program to first-time home buyers. In his statement last week, the Minister of Finance (Mr. Lalonde) used the figure of $240 million. There is a discrepancy of $120 million in the space of a few days. Could the Minister explain why it is not possible to get better numbers on some of these spending programs?

Mr. Malone: What's a million?

Mr. Blenkarn: What's a hundred million?

Mr. Gray: Mr. Speaker, I think it is the custom, when one deals with specific programs, to address the question to the Minister responsible. However, I would remind the Hon. Member that subsequent to the Main Estimates for 1982-83 which were tabled last year, we had the June budget and the October economic statement, and both of those declarations proposed to Parliament substantial additional expenditures in such areas as housing. The Hon. Member should take that fact into account when making her comparison with regard to numbers.

Miss Carney: Mr. Speaker, I would like to ask the President of the Treasury Board another question. I am not referring to figures which are tabled months after each other. I am referring to program figures or Estimates which are given in this House by the Government within days of each other, which indicate that the Government's financial figures given to us are unreliable, and not to be trusted.

According to the Privy Council Estimates, this year the Government will spend about $4 billion on commissions of inquiry, task forces and others.

Mr. Gray: Four billion?

Miss Carney: How much of this amount will be related to the Macdonald Commission on the economy?

Mr. Gray: Did the Hon. Member say $4 billion or $4 million?

Miss Carney: I said $4 billion, which is the figure in my notes, but I will have to check the Estimates.

Mr. Gray: Yes. I respectfully suggest that the Hon. Member check her numbers. I think that most of the amounts with respect to the Macdonald Commission on the economy will be dealt with in Supplementary Estimates. I will provide her with the information, hopefully during the course of this question period, with respect to what is in these Estimates on the Macdonald Commission.

• (1610)

Mr. Beatty: Mr. Speaker, I should like to ask the Minister about the Government spending on propaganda this year. He will recall that on page 15 of the June budget paper last year it was set out that in fiscal years 1982-83 and 1983-84 there would be $15 million for each of those years cut from departmental publishing and advertising, for a total of $30 million.

In view of the fact that on page 1-48 of the Main Estimates under the heading "Information" the difference between 1982-83 and 1983-84 is only about $5.5 million, could the Minister tell us where the other $24.5 million is in cuts in propaganda as promised by the former Minister of Finance.

Mr. Gray: Mr. Speaker, I reject the use of the word "propaganda". The Government is carrying out activities through advertisements to inform the public, in exactly same way the Conservative Government of Ontario and the Conservative Government of Alberta are doing. My hon. friend never complains about their activities which, in many ways, go beyond anything done by the federal Government.

I will be providing my hon. friend with further information in answer to his question. I can say that work is being done with respect to restraint of advertising expenditures which, if my efforts are successful, will go beyond what is in the Blue Book.

Mr. Beatty: Mr. Speaker, these figures were included in the June budget under the former Minister of Finance. Is the President of the Treasury Board (Mr. Gray) now telling the House that he has not given the sort of attention that is necessary to these Government-wide figures on information, propaganda, advertising and publications—he can use his own terms? Is he saying that he has not bothered to check to see whether the $30 million promised in the June budget has been cut out and, if so, where is the other $24.5 million?

Mr. Gray: Mr. Speaker, I am not only working to see that what was said in the June budget was carried out, I am working to see to what extent we can go beyond that. I hope that when this becomes more evident even my hon. friend will applaud these efforts.

Mr. Wright: Mr. Speaker, I have a question for the President of the Treasury Board (Mr. Gray). In Table 5 on page 1-49 under the heading "All Other Expenditures", the 1983-84 Estimates show $7.5 billion, while the 1982-83 Estimates were $3.5 billion. That is an increase of 88 per cent, Mr. Speaker. Given that inflation is approximately 8.3 per cent, how does the Minister account for this serious increase?

Mr. Gray: Mr. Speaker, there is a whole range of increases that are not connected with the rate of inflation, nor should they be. We are providing substantial additional funding in support of housing, and substantial additional funding in support of job creation, both directly through Government efforts and in support of the private sector. There are a number of items like that which I do not think, nor do I think the Canadian public believes, should be limited to an increase equal to the rate of inflation. If that were the case, we would not be responding to the additional needs and requirements caused by our difficult economic situation. This is the explanation my hon. friend is seeking.

Mr. Wright: Mr. Speaker, it is too bad that this could not be translated into jobs. As the former Minister of Public Works knows, his program was a failure.

In Table 5, under "Purchase, Repair and Upkeep", the 1983-84 Estimates are $1.056 billion, while the 1982 Estimates were $726 million. That is an increase of 45 per cent. Given the inflation figures that I have just quoted, could the Minister tell the House why there is such an increase?

Mr. Gray: Mr. Speaker, unfortunately the need to repair and maintain Government buildings and facilities is not linked to the rate of inflation. The rate at which things wear out or need to be repaired has something to do with the degree of actual use and normal maintenance requirements. I wish it were possible to limit these expenditures to the rate of inflation in some cases. I would ask my hon. friend what the facts are with respect to the need to carry out repairs and maintenance in order to effectively preserve these important assets belonging to the Canadian people. I think we have to deal with the reality which may or may not have anything to do with the rate of inflation.

Mr. Friesen: Mr. Speaker, I should like to ask the Minister a question about VIA Rail. On page 29-82, Vote 80 I notice that the 1983-84 Estimates are for $755.4 million, while the 1981-82 Estimates were for $540.617 million. Last year there was a 20 per cent cutback in VIA Rail services in order to save $100 million. If you deduct the $100 million from the 1982-83 figure, it means the Government is now asking for $200 million more in these Estimates for VIA Rail, with a 20 per cent cutback.

To corroborate that, in Part I of the Blue Book at page 49, the Minister said:

> In the Department of Transport, of the total 451 increase in person-years, 155 are required for regulatory activities related to air safety, 104 will be used for the operation and maintenance of air navigation aids and facilities, and 127 have been approved for the Marine Program for requirements such as search and rescue, improved vessel traffic management services and a transfer of responsibilities from the Department of Public Works.

Man-years for VIA Rail are not mentioned anywhere. Where will the $200 million be spent—will it be totally on administration?

Mr. Gray: Mr. Speaker, I could suggest that this quetion be referred to the responsible Minister, but I will try to assist my hon. friend by giving him the information that I have.

First of all—and I stand to be corrected—when it comes to man-years for VIA Rail, that is not part of the controlled person-years under the jurisdiction of the Treasury Board. In any event, my hon. friend may recall that we had Supplementary Estimates last year of $137.2 million in order to reflect more accurately the cost of providing rail passenger service.

What we are doing, basically, is to carry over to this year what was in last year's Main Estimates and what was in the Supplementary Estimates, with the exception of some additional funding provided last year for assistance to CN, CP and VIA employees who were affected by changes in railway passenger service.

The further increase of 1983-84 over forecast outlays of 1982-83, include $73 million additional payments for services provided by CP and CN, costed in accordance with the provision of the Canadian Transport Commission costing order R-6313 and the Commission's staff estimates of appropriate inflation indices for railway costs in 1983-84.

My hon. friend will recall that this is basically done after the fact, which is something that Members of the House have questioned from time to time. This matter is under review. I am also informed that the figures my hon. friend mentioned include the provision of $43 million for additional capital expenditures, of which the most significant item is further expenditure for the purchase of ten LRC train sets. This is a most useful support for Canadian industrial activity, especially since it involves something that the NDP spokesman claims to be interested in, and that is the use of significant Canadian technological development.

I hope this information will be of assistance to my hon. friend.

Mr. Friesen: Mr. Speaker, I stand to be corrected but I thought that several years ago we passed an Estimate which was a pay-out to CN, forgiving it for $600 million or $800 million so that it could operate on its own, as a Crown corporation ought to operate, and compete in the sector.

Is the Minister now saying that there is an extra $47 million in capital expenditures being given to VIA Rail in order to help it along, even though it is supposed to be running on its own? Did I understand him correctly as saying that some of that $200 million was designed as a kind of severance pay to employees who had been injured because of the cutback of 20 per cent of rail services?

• (1620)

Mr. Gray: Mr. Speaker, again I think a detailed answer to this question should be given by the responsible Minister. I am told that there was funding provided in the Supplementary Estimates last year to assist in the adjustment of CN, CP and VIA Rail employees affected by the cutback in railway passenger services.

Again this is not a matter I claim to follow in depth or in detail, but I do not think either the House or the Government has taken a decision that VIA Rail is to be immediately self-sustaining. Instead, the decision of the House was that the

provision of railway services was a justified need and that, therefore, the House should provide payments to VIA Rail to enable that particular level of service to be maintained. This is why there was an amount in last year's Main Estimates that was approved by the House, and this is why there was a further amount approved by the House in the Supplementary Estimates. This is being picked up again in the Main Estimates for 1983-84. Of course it is up to the House to decide whether or not the amounts in question are to be approved.

Mr. Riis: Mr. Speaker, I have a very short question for the President of the Treasury Board (Mr. Gray) dealing with the amount of money per job created in the area designated as PIP grants, with which the Minister is familiar. While I realize he may not have the figure available, will he give us some general indication as to what it would cost under that particular sector from a job-creation cost point of view?

Mr. Gray: Mr. Speaker, I regret that I do not have information about the cost per job likely to be created by PIP grants. I remind my Hon. friend that PIP was not intended to respond to the need for short-term job creation. Its purpose was to carry out a long-term and long-range program to develop our own Canadian oil and gas energy resources. It is part of a long-range effort by the Government, widely supported by the Canadian people, to develop self-sufficiency in oil and gas and to do so in a way which provides opportunities for Canadian industrial and regional benefits, both with respect to the provision of machinery and equipment and also jobs.

One has to look at PIP in a somewhat different way than one looks at the NEED Program, which was directly related to short-term job creation of a kind that, hopefully, will leave some lasting benefit. However, I do not think one would expect it to have exactly the same benefit from PIP and the results sought from it, in terms of creating a basically Canadian oil and gas industry in the hands of Canadians for the benefit of Canadians. PIP is a longer-term program.

While I will see what figures I can provide for my hon. friend in terms of job creation, I would say that this is a somewhat different matter from the type of jobs we hope to create and are creating under the NEED Program.

We are carrying out a long-term development of something which is basic to the well-being of our whole Canadian industrial base. It is reasonably well known that the oil and gas industry is not labour-intensive. Be that as it may, if it is not directly labour-intensive, it is still an outlet for Canadian professional services and, hopefully, for Canadian machinery and equipment. It is a basis for thousands of other jobs over the years in Canadian industrial sectors that will benefit from having a strong Canadian oil and gas sector. I think the Canadian public will very much agree with the approach I have described.

Mr. Riis: Mr. Speaker, sometimes one wishes one had not asked questions which allowed the Minister to go off on so many tangents. I will try to be more specific in my last question.

When we go into the respective committees to examine the Estimates in detail, does the Minister feel that there will be sufficient information to understand the priorities of the Government, so that we can evaluate the Estimates for particular areas within some framework and understand clearly what it is the Government of Canada is attempting to do today?

Mr. Gray: Mr. Speaker, I am told that there is no Parliament in the world which has so much information from the executive side of Government with respect to its expenditure programs. When one looks at the quantity of material which I tabled, it would be hard for any reasonable person to say that we are not making a very sincere and substantial effort to provide not only a lot of information but to provide information in a meaningful form.

I suppose it is always possible to bring about improvements. In fact, I said in my speech in the House that I intended to consult with Hon. Members as to how we could improve the format of Part II in the Blue Book. We have made some very substantial strides forward, not only in the quantity of information provided, but in its over-all quality.

I suppose we could go further. An effort was made to inform some Opposition spokespersons in the brief period available before I tabled the Estimates. If Hon. Members wanted to do their homework using the information provided, they would certainly be in a position to carry out a very meaningful investigation, not only of the Government's expenditure programs but of the priorities underlying them.

Mr. Thacker: Mr. Speaker, Canadians have been deluged with bumper stickers and various advertising programs calling for six and five. The Minister has now admitted that the Main Estimates for 1983-84 will be up 9.6 per cent over 1982-83.

Will the Minister admit in good faith that once the Supplementaries are in, A, B, C and D, for the year 1983-84, the percentage increase will be closer to 17 per cent or 18 per cent, which will be a similar increase in terms of what Government expenditures have been in 1981-82 over the year before and in 1982-83 over the year before?

Mr. Gray: Mr. Speaker, I am really not in a position to agree with my hon. friend. We certainly intend to make a very important and substantial effort to remain within the expenditure framework reflected by the total outlays figure. As I said to my hon. friend, there are certain factors which are not within the Government's control with respect to programs such as Unemployment Insurance and other statutory programs involving transfers to individuals, to businesses, and to provincial and municipal Governments. The Government is obliged to carry out what the statutes in question indicate. If because of a decline, for example, in revenues generated by the tax points allowed to a provincial Government, it is not getting the revenues it expected, the federal Government has no alternative but to increase the cash payments required under the established programs legislation.

If unemployment continues at high levels or even goes up higher—and I hope this never happens—the Government will

be obliged to increase its payment to the Unemployment Insurance Fund. There are certain factors which we can forecast to the best of our ability but which are beyond our absolute control.

Mr. Thacker: Mr. Speaker, that of course is true, but from all the data which the Minister has and based on historical projections of the amount of the Supplementary Estimates, will he agree and admit that when we get to this time next year and look at 1984-85 the percentage increase this year over last year will likely again be in the order of 17 per cent or 18 per cent?

Mr. Gray: Mr. Speaker, I am not prepared to agree or to admit that. Let us see what happens. Let us hope that things improve in the economy so that some of these forecasted expenditures do not have to be carried out at the level we have here. Perhaps they will be even less than 9.6 per cent. On the other hand, as I said to my hon. friend, you cannot say at this point that events will not develop so that we have to make payments above the forecast level. There is a possibility we will go above this. But we are giving a forecast at this point in time to the best of the information we have. All I can say is, let us see what happens, as the Hon. Member puts it, when we meet on this subject this time next year.

• (1630)

The Acting Speaker (Mr. Corbin): Order, please. The Chair, guided as it is by the wise comments made earlier at the beginning of question period, I proposes at this time to recognize two more Members who have risen; the Hon. Member for Capilano (Mr. Huntington) and the Hon. Member for Edmonton West (Mr. Lambert), after which we will revert to Routine Proceedings.

Mr. Huntington: Mr. Speaker, I have a question for the President of the Treasury Board (Mr. Gray). I know it is difficult for him to answer questions that should be directed to appropriate Ministers, but in view of the fact he was recently Minister of Industry, Trade and Commerce and DREE, perhaps he could help me with the problem I have.

At the top of page 17 in Part I of the Estimates, funding continues for the organization of the pulp and paper industry. This troubles me because Canada had built one of the most modern steel industries in the world on the principle of capital cost allowance. If the steel industry can become modern in terms of world competition, why is that that the pulp and paper companies in certain parts of Canada have to rely on Government grants? Is it because they have been drawing down too much of their earnings in the form of dividends instead of using the money for capital replacement in order to remain modern, not requiring Government assistance?

Mr. Gray: Mr. Speaker, it is my understanding that back, I think, in 1979 the federal Government and the provincial Governments of eastern Canada, including the Conservative Governments of Ontario, New Brunswick and those other Governments that were Conservative at the time, agreed with one another that it was in the over-all public interest, not only in their region but in all of Canada to lever several billion dollars in additional investment from the private sector, the pulp and paper companies to enable them to modernize and upgrade so that employment would be stabilized and so they could meet competition from companies in the southern United States, where there are faster growing trees and totally new plants.

As a consequence, we have had the results we have been seeking from several hundred million dollars in joint investment by federal and provincial Governments. We have had investment by the private sector in modernizing our pulp and paper companies which will turn out to be several billion dollars. We have stabilized employment and we have made our industry in eastern Canada more competitive in a way that would not otherwise be the case. We have taken steps in the best interests of the entire country.

I invite my hon. friend to take this up with his colleagues, the Conservative Members of his caucus from New Brunswick, Ontario and Nova Scotia. They will give him the same explanation I have given him, and an even fuller one, if at all possible. They will strongly dissent from any suggestion by him that this program is not in the interests of their area or of the country as a whole.

Mr. Huntington: Mr. Speaker, I cannot accept the answer of the President of the Treasury Board because it does not specifically address the question I asked.

I appreciate the need to modernize plants in those areas, but is it because the draw downs in dividends have been too heavy for companies to take advantage of capital cost allowance in the management of their balance sheet, as the steel industry has done and as other pulp and paper industries in Canada have done—as they have done on the West Coast? Why is it necessary for the Government to intervene where there has been less than good management, when the Government does not have to intervene where there has been good management?

Mr. Gray: Mr. Speaker, I regret that I do not have any detailed information at hand that would be available to the Minister responsible for Forestry or to my successor, the Minister of Industry, Trade and Commerce (Mr. Lumley). The amounts are in the Estimates so that we can carry out our side of the agreements which were signed by Conservative and other provincial Governments with respect to the modernization of the pulp and paper sector of eastern Canada. Subject to correction when it comes to western Canada, we have provided assistance in other ways, marketing assistance through the COMDE Program. I could be mistaken, but we have provided assistance in some cases through the DREE Program in some of the Provinces. We have said that we are willing to sit down with the provincial Governments in Western Canada to see if we could develop a program equivalent to that already in place in eastern Canada.

I am not in a position to say what factors make the pulp and paper industry in eastern Canada differ from the steel industry, and so on, but I do know that if we had not done this we

would have imperilled, in fact lost, tens of thousands of jobs in areas represented by colleagues of the Hon. Member, and by his friend in his caucus.

Mr. Huntington: Address the question, Herb.

Mr. Gray: We would have failed to take steps that were strongly urged upon us by provincial Governments made up of the same Party he says he is a part of. The debate is not between myself and my hon. friend; the debate is as much or more between him and his colleagues in his Party from Eastern Canada. I hope those colleagues will note what he said and they will work it out in their caucus along with all the other things that they have to work out.

Mr. Lewis: We have no Gillespies.

Mr. Lang: You wish you did.

Mr. Lambert: Mr. Speaker, I hope I will get answers from the Minister that will not get buried in that sort of political flim-flam in which he likes to indulge. I would refer the Minister to Table 2.1 and 2.2 of Part I of the Government expenditure plan. Along the same line as the point discussed by my colleague, the Hon. Member for Lethbridge-Foothills (Mr. Thacker), I would like to remind the Minister that for years many of us have been complaining about the totally misleading impression left by the tables as we see them at the beginning of Chapter 2 of the expenditure plan. To this extent, I think the Minister would agree that total outlays for 1982-1983 as shown are not anywhere near reality because they were prepared for publication in this Blue Book at least six weeks ago. They were closed at the end of December, 1982, and we still have three months to go to complete fiscal 1982-1983.

Therefore, we have not seen Final Estimates or Estimates C. My colleague, the Hon. Member for Winnipeg North Centre (Mr. Knowles) who has seen so many of those, will tell you that those are usually very interesting Supplementary Estimates, and they are usually the biggest ones. The figure of $81.150 billion may be many billions of dollars greater. In addition to which, there are only two figures in the 1983-1984 column which may have, shall we say, some accuracy. One is the projection of the budgetary expenditures, and the second is loans. There are no Supplementary Estimates A; there are no Supplementary Estimates B and there are no Supplementary Estimates C. Therefore, the whole table which shows changes year by year of the expenditures pales off into something that is totally incomplete and misleading. Can the Minister give us more accurate figures for the total outlays of 1982-1983? What does he anticipate as President of the Treasury Board? This is something we want to know because we are being asked, at the same time as we are starting to consider this, to consider borrowing authority for another $14 billion for 1983-1984. Therefore, the information is very pertinent now and not six months hence. I apologize for the length of the question, but can he give us more precise information as to 1982-83 and 1983-84?

• (1640)

Mr. Gray: Mr. Speaker, it is my understanding that the figure in Part I, Table 2.1, includes an amount for final Supplementaries. We will be tabling them in the House before too long, and the amounts and exact details will be available.

With respect to the proposed expenditures for 1983-84, the Member is right to the extent that this Table is something of a shorthand expression of the projected total outlays. But these not only cover the amounts in the Blue Book, they also cover, as the Table says, amounts for loans, investments and advances. They cover amounts for a central reserve to cover adjustments to statutory programs. They cover envelope reserves, expenditures which will be reflected in the Supplementary Estimates once decisions are taken on new expenditure programs or the adjustment of existing expenditure programs.

There is also an allowance for lapses, in other words for all the moneys proposed in the Blue Book not being spent, as well as an adjustment or allowance for repayment of previous years' loans.

I will go over these amounts again for the main budgetary Estimates of $85.618 billion, for loans investment and advances we have $1.843 billion. There is a central reserve of $891 million. There are envelope reserves of $2.452 billion. From these amounts we have to deduct the allowance for lapses of $1.407 billion and the repayment of previous year's loans in the amount of $497 million. When the first group of numbers I gave are added up and the last two are deducted from them you get the figure in the final column of Table 2.1 of $88.9 billion.

As I said, I agree that Table 2.1 itself is rather abbreviated, but all this other information is displayed in various tables throughout the Part I expenditure plan and was also contained in my statement earlier this afternoon.

Mr. Lambert: Mr. Speaker, just for the Minister's edification, may I suggest that he look at Table 2.2 where the figures come out the same, $88.9 billion. Included in there are the envelope reserves and the provision for lapses. Therefore, there is no difference.

If the figure of $87.852 billion for budgetary expenditures is firm but contains the provision for some flexibility—which it must—such as reserves for the envelopes and adjustment for the lapses, what is the purpose of bringing in supplementary reserves on three different occasions, which will bump up the total of $88.9 billion or the $87.852 billion for budgetary expenses to almost $95 billion, if one looks at the projections of the last few years?

Mr. Gray: Mr. Speaker, any use of the envelope reserve will have to be reflected in Supplementary Estimates tabled in the House and voted on in the House. I do not see it as bumping up the amounts.

Incidentally, when my hon. friend's Party was in Government, they took great pride in the fact that they were instituting this program and expenditure management system. We are

simply carrying forward the elements of the system and displaying it in the way that it was first presented, if I am not mistaken, by my hon. friend's Government, although I am told, some substantial work on this system was done by the Government that was in office prior to 1979. If there are some qualms about the way things are displayed under it, I suggest that responsibility has to be shared by both sides of the House for what we have here today, in terms of the form of presentation of the Estimates.

Mr. Lewis: Mr. Speaker, I rise on a point of order. I would like to compliment the Minister on the form of his presentation, if not the substance. If I had the opportunity to ask a question, I would have inquired whether the little six and five stickers will be replaced by ones that say 9.6.

However, I would suggest that we have seen today the parliamentary tradition carried out as I understand it. We have had the Minister come to the House and make a statement.

We have had the opportunity on this side for our Members to be briefed. There have been replies by the Official Opposition and the New Democratic Party. As well, there was a brief question period which followed the flow and ebb of what should happen in the House as we suggested earlier.

Our objections in the past have been about seeing Government policies, such as the Government reply to the Kent Commission report, stated on university campuses. We believe that it demeans this House of Parliament. We find that to be totally offensive to the way the public and representatives of the public should find out about Government policy.

I do not want this to go to the Minister's head, but I suggest that this is the way it should happen and we commend today's practice to the Government in the future.

Mr. Gray: Briefly, Mr. Speaker, I want to say that I appreciate my hon. friend's comments and I will draw them to the attention of my colleagues. I do want to point out to him, however, that the Government, as far as I am aware, never said that it would limit all of its expenditures to 6 per cent and 5 per cent. What it was limiting was very clearly stated in the June budget and, in fact, it would not be legally possible to limit all its expenditures to 6 per cent and 5 per cent since there are statutes passed by this Parliament calling for a certain formula for expenditures which we have to obey, as we are doing in the material tabled today.

* * *

PRIVILEGE

MR. ALTHOUSE—GOVERNMENT EXPENDITURES NOT CONTAINED IN ESTIMATES

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, I rise on a question of privilege. I did not hurry to raise this because it is so rare that we get a ministerial statement in the House. I did not want to intervene in that process.

However, there was a matter arising out of question period which I think should be dealt with by this body because I believe it deals with the ancient rights and privileges of Members of this House. My understanding of the basic tenets of the parliamentary process is that Members of Parliament oversee, review and pass Government policy into law, after some amendments, with regard to expenditures. As well, we review the Estimates that are based on the approval of those policies. We witnessed that function here this afternoon.

I noted that in the provincial legislatures of this country, a provincial Government introduces a policy to the legislature, the expenditures that are required to implement the policy are passed, and then the policy is put into place. I believe this is what happened with regard to provincial opposition to change in the Crowsnest rates.

We discovered today that some Provinces, having gone through that procedure, have received approval from provincial Members to embark upon an advertising program to oppose what is at the moment the Government policy proposal by the Minister of Agriculture (Mr. Whelan) to meet that advertising thrust with an arbitrary action of his own. It is an action which does not have the backing or approval of the House. The policy has never been presented to the House. The Government is expending funds that have not been approved by the House since that policy has never been introduced in the House. We have no funds in last year's Estimates to embark upon a program of advertising to explain a policy which has never been introduced to this House, to explain why the Government may be coming in with a policy to do away with the Crowsnest pass rate agreement.

• (1650)

Therefore I submit that the expenditure is being made without the approval of this House. It has not been included in the Estimates of this House and, because it is being made without our approval, our rights and privileges as Members of Parliament are being trampled upon for many, many generations it has been the undisputed right and privilege of Parliamentarians to be presented with the revenue and expenditure proposals by the Government.

Mr. Deputy Speaker: The Hon. Member raises as a matter of privilege some details concerning the manner in which Government funds are expended. At this stage the Government has laid before the House a statement of its proposed expenditures, and at this stage the House will be dealing, through the procedures that have been followed, with these matters. If at any time expenditures are made by Departments that are not approved by Parliament then there are appropriate means for Members of this House to take action through the committees and through other measures available to them.

At this stage it hardly seems to be a matter of privilege to raise a question concerning the way in which money is spent, when the Government has just laid before the House a statement of how it will spend the funds for which it is requesting Parliamentary approval.

Mr. Althouse: Mr. Speaker—

Mr. Deputy Speaker: I say to the Hon. Member for Humboldt-Lake Centre that I have ruled that there is no point of privilege in the matter which he has raised before the House. Does he have something else to raise?

Mr. Althouse: Yes, Mr. Speaker, I do not wish to argue with you but I would point out that my remarks were perhaps misconstrued.

Mr. Deputy Speaker: The matter has been dealt with.

Mr. Gordon Taylor (Bow River): Mr. Speaker, my point of order does not involve the expenditures that are going to take place in the future.

Mr. Althouse: Mine did not either.

Mr. Taylor: I am suggesting that there is a flagrant abuse when money during the last year which had been voted on is spent for advertising a policy that has not yet been adopted by this House.

Mr. Deputy Speaker: We are dealing with exactly the same point. It may be a grievance, it may be a matter that Hon. Members may seek to raise on Opposition days or by other methods that are available to them, but it is hardly at this point a matter of privilege.

Mr. Jim Fulton (Skeena): Mr. Speaker, I think I could probably help you on this point. If you check the "blues" that my colleague, the Hon. Member for Humboldt-Lake Centre (Mr. Althouse) was referring to, you will see that he was not referring to—

Mr. Deputy Speaker: The Member is raising the same point. The Chair has ruled on the point and will not hear further argument. The Chair listened to the argument which was raised as a matter of privilege. Whatever else it is, it is not privilege.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following question will be answered today: No. 4,583.

[*Text*]

DEFINITION OF LETTER

Question No. 4,583—**Mr. McCuish:**

1. Did public consultations and discussions with officials of the Canada Post Corporation on the subject of the definition of a "letter" take place during the past year and, if so, on what dates and at what locations were meetings held?

2. (a) What were the names of the individuals, groups and organizations that were involved (b) were they contacted in advance of the meetings and, if so (i) through what means (ii) what was the cost involved?

Order Paper Questions

3. Which officials in the Corporation participated and was a report with recommendations prepared for the President and Chief Executive Officer?

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): The Canada Post Corporation has informed me as follows: 1. Yes. See part 2 for dates and locations.

2. Organizations	Location	Dates
Customs & Excise	Ottawa	February 5, 1982 May 24, 1982
Canadian Direct Mail Association	Toronto	June 18, 1982
Magazine Association of Canada	Toronto	June 18, 1982
Canadian Chamber of Commerce	Montreal	June 21, 1982 September 1, 1982 October 26, 1982
Canadian Daily Newspaper Publishers Association	Ottawa	June 22, 1982
Canadian Federation of Independent Business	Toronto	June 23, 1982
Canadian Business Press	Toronto	June 23, 1982
Consumers Association of Canada	Ottawa	June 30, 1982
Ontario Municipal Electrical Association	Toronto	July 28, 1982 October 5, 1982 November 3, 1982
Ontario Natural Gas Association	Toronto	July 30, 1982 November 3, 1982
Canadian Bankers' Association	Ottawa Toronto	August 31, 1982 October 29, 1982
Canadian Payments Association	Ottawa	August 31, 1982
Canadian Depository for Securities	Toronto	October 29, 1982
Retail Council of Canada	Toronto	November 4, 1982
Canadian Manufacturers' Association	Toronto	November 4, 1982
Montreal Board of Trade	Montreal	November 16, 1982
Nepean Hydro	Ottawa	November 24, 1982
Canadian Gas Association	Toronto	July 30, 1982 November 3, 1982
Canadian Greeting Cards Association	Toronto	June 18, 1982
Canadian Electrical Association	Toronto	November 3, 1982
Canadian Organizations for Small Business	Ottawa	July 1982

2. (b) Yes. (i) by telephone, (ii) approximately $6,830 for travel expenses.

3. The following officials of the Corporation were involved at different times in these meetings:

L. Sperling	—	Vice President, Corporate Planning & Business Development
R. W. Rapley	—	Group General Manager, Corporate Affairs
P. McInenly	—	General Counsel, Legal Services
Y. Gariépy	—	Vice President, MOPS Planning and Administration
D. Campbell	—	Marketing Planning Branch
R. A. Harling	—	Marketing Planning Branch

Yes, a report was prepared for the President and Chief Executive Officer.

[*English*]

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

Mr. Deputy Speaker: Shall all the remaining questions stand?

Some Hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Fundy-Royal (Mr. Corbett)—Agriculture—Application of feed freight assistance program to Maritime farmers, (b) division of funds between Quebec and New Brunswick; the Hon. Member for Saskatoon West (Mr. Hnatyshyn)—The Administration—Cape Breton coal agreement—application of guidelines on ministerial conduct, (b) knowledge of Minister of Energy, Mines and Resources; the Hon. Member for Vancouver East (Mrs. Mitchell)—Social Security—Canadian Council on Social Development poverty statistic. (b) request for pension increases.

GOVERNMENT ORDERS

[*Translation*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly (p. 22957).

Hon. Roméo LeBlanc (Minister of Public Works): Mr. Speaker, I am delighted with this opportunity to take part very briefly in the debate and support the measures being proposed by the Minister of Finance (Mr. Lalonde) in Bill C-143. I most certainly wish to emphasize the importance of these proposals which are aimed at maintaining adequate funding to stimulate the housing industry and to help those in Canada who are most in need of housing. As Hon. Members are aware, housing and residential construction has become a major government activity in creating employment and economic growth.

The housing sector has a beneficial impact on all other sectors of economic activity, and most important of all, it makes a massive use of Canadian materials and services rather than imports.

[*English*]

The House would like me probably to provide some facts for this assertion. Each 10,000 unit increase in housing starts creates over 25,000 person years of employment.

Miss Bégin: Hear, hear!

Mr. LeBlanc: Close to 8,000 of these jobs are in the construction industry.

Miss Bégin: Excellent. That is what we want.

Mr. LeBlanc: It is very useful, Mr. Speaker, to have a cheering section close by.

The remaining jobs occur in manufacturing, trade, transportation services, forestry and other industries. These initiatives are not make-work plans, or make-work projects, helpful as such projects might be. Money invested in housing produces real, durable products that respond to the fundamental needs of the Canadian people.

As the Minister of Finance has pointed out, it is not possible to relate the proposed borrowings to specific programs, but the need for additional borrowing arises from the extraordinary measures which the Government has undertaken to assist those most urgently in need of help and to continue and accelerate the economic recovery. Many of those extraordinary measures are related to housing. During 1982, the Government author-

ized a budget of over $1 billion to stimulate the housing industry.

● (1700)

I would like to remind Hon. Members of some of the highly successful initiatives the Government has introduced. To date, nearly 165,000 Canadian families have availed themselves of the $3,000 grant provided under the Canada Home Ownership Stimulation Plan to buy homes. That involved a commitment by the Government of almost half a billion dollars.

As Hon. Members are aware, the plan was extended to assist with the purchase of new homes built before the end of April 1983, and another $100 million was provided for this purpose. This program has had its intended effect.

I would like to remind Hon. Members that the number of single detached houses started in January 1983 across Canada was more than 4,800. This was the largest ever recorded for any January in Canadian history. Housing starts have rebounded to the level of 165,000, on an annual basis, in January. This sharp rise in production continues a trend which began in the last quarter of 1982, and I am confident that it is going to continue well into 1983.

At the moment our forecasters are talking about 150,000 starts in 1983. That would be a considerable improvement over the previous year. I would like to aim higher. I think, with interest rates staying low, chances are that we will be beyond the forecast level of 150,000.

Housing starts are not the only area where our efforts are being rewarded with success. As a matter of fact, as the Minister of Finance has pointed out, mortgage interest rates are now 12 per cent for one-year mortgages, the lowest level in several years. Six and five is working, and inflation rates have declined significantly. At the same time, $115 million has been established in grants for renovations under the Canada Home Renovation Plan. This program is very effective, creating jobs at a cost of $5,000 per person-year because of the way this program triggers private expenditure.

Under the Canada Rental Supply Plan, commitments were made in 1982 to provide interest-free loans for the construction of some 11,000 new rental housing units in communities where vacancy rates are low. There remains authority for an additional 19,000 units under this program.

I would like to point out that the effect of these very substantial investments by the Government are multiplied by the leverage which they exert on private money. Under the Canadian Home Renovation Plan, for instance, our experience shows that every Government dollar invested levers three more dollars of private money. The Government's contribution to date of $115 million represents a total investment of public and private funds amounting to about $450 million.

These Government housing initiatives have proved to be extremely successful, more successful than even our optimistic expectations. They have been most enthusiastically received by Canadians, which suggests that they are responding to a very generous genuine need. In this area, I wish to pay tribute to my predecessor, the Minister of State for Finance (Mr. Cosgrove), who brought most of these programs forward. These measures have increased public confidence in the home ownership market and made an important contribution to economic recovery and more employment.

While I am speaking of the strides we are making toward overcoming the current recession and improving the housing conditions of Canadians, I might draw to the attention of Hon. Members that the shortage of housing for rent that has plagued so many communities is very much improved. The latest Canada Mortgage and Housing Corporation vacancy survey shows that almost 2.5 per cent of rental units were vacant as compared to about 1.5 per cent six months before. The forecast is that the vacancy rate will rise even higher in 1983 as more builders take advantage of the Canada Rental Supply Plan.

All the measures taken are designed to help restore the country's economic health and they make large demands on the Government's financial resources. The steps the Government has taken in housing have provided the basis for concerted national action to get housing moving again. The success of the Government measures has required the commitment and co-operation of other orders of Government, of the industry and of the lending institutions. We have worked together in a spirit of national purpose and commitment to get housing going and to contribute to economic renewal.

The Government's actions have demonstrated its concern for existing home owners, for first-time home buyers and for renters. Canadians see housing as central to their social and financial security, and our measures have helped restore that security. Confidence is needed if first-time home buyers are to purchase a house, and this confidence has been provided.

There are substantial rewards for the economy and for individual Canadians in achieving these results. A lot remains to be done, but federal housing actions in the past year will create an estimated 180,000 jobs. These jobs will be in rental construction, the construction of single family dwellings and the renovation and installation of existing homes. Jobs will be created in the production of building materials and in the manufacture and distribution of appliances and other household furnishings. These benefits will flow to all regions of this country.

The federal Government wants to increase the housing supply and its wants to restore security and confidence. The Government, through its actions, has provided over a billion dollars for housing initiatives. This is in addition to the Government's ongoing support for social housing, for rehabilitation under the RRAP, for home insulation and for support of native housing. These are new funds allocated to housing. It is important that Hon. Members and the public understand that these funds do not represent the replacement of private funds with federal funds. As I said earlier, many actions did trigger considerable investment of private funds in the housing sector. These funds provide incentives to Canadians. They represent the Government working with Canadians to create an environ-

ment, a partnership, for economic recovery and for renewed security and confidence.

Mr. Malone: Mr. Speaker, I know that everything that happens in the Minister's Department of Housing is not evil. Bearing in mind that one program has some merit to it, the $3,000 grant for a home buyer, why would the Minister have a cut-off date, even though it has been extended, of April 30 for those areas below latitude 55 when he knows full well that in places like The Pas, Grande Prairie or Fort St. John there is still frost in the ground? In some cases, it will take all of the $3,000 grant simply to put the footings or the foundation in frozen ground. Why have a policy which causes someone to spend that which you get in order to get that which you got?

Mr. LeBlanc: Mr. Speaker, I have received representations from Members opposite and on this side of the House. We are reviewing the lines as they were drawn. This, I must say, was done with the very large expertise and knowledge of the officials of the Corporation. But we have undertaken to review this and find out if we can accommodate more Canadians in their housing needs.

• (1710)

I would like to make it very clear that our intention is to encourage the construction of houses, and I will do everything which is within the legal powers given to me to make sure that Canadians are not excluded by conditions of climate, if we can help it.

Mr. Malone: Mr. Speaker, if the Hon. Minister would bear in mind that the objective is to get houses built, I think he might take this as a representation to extend that date. Alternatively, would he give consideration, if he is not going to do that, to sending the Minister of Agriculture (Mr. Whelan) out to speak a chinook over the building sites, or sending the Prime Minister (Mr. Trudeau) out to wrestle the footings into the ground, or even to sending the Minister of Finance (Mr. Lalonde) out as an ice breaker so those footings can be put in the ground prior to the end of April?

Mr. LeBlanc: Mr. Speaker, I take these as representations without necessarily endorsing some of the rhetoric. But the Hon. Member is right. The goal of this program is to encourage housing. We have tried to be as flexible as possible and this we will continue to do.

Mr. Lewis: Mr. Speaker, the Minister has made extensive reference to the Government's spending plans with reference to housing, and we can understand the disaster he has followed and what he is trying to do. But we notice today that the Estimates show that six and five has been replaced by 9.6, and the Government is asking for $88.9 billion. Today the Government is asking for permission to borrow $14 billion for the 1983-84 year. Can the Minister tell the House what the Government's estimates are for revenues for 1983-84?

Mr. LeBlanc: Mr. Speaker, I doubt very much that this is in the venue of my responsibility. I believe the questions I heard in the previous debate would have been more properly put to my predecessor, or my colleague, the President of the Treasury Board (Mr. Gray).

Mrs. Mitchell: Mr. Speaker, I would like to ask several questions in one, if I may. I wonder if the Minister is aware of the MURB disaster which his predecessor created? In my riding most of the affordable, decent housing was torn down for the end-of-the-year MURB programs. Now they are sitting there as holes in the ground with nothing being built on them. That is typical, I believe, of the expedient, short-term kind of programs which they have featured.

I wonder, also, since the Minister talks about extremely successful programs, if he is aware that the reason why vacancy rates are lower, at least in western cities, is the economic situation where key populations have shifted eastward again. In fact, there has not been an increase in affordable housing for people.

Also, has the Minister considered taking a look at social trends whereby home ownership and homes which are subsidized with Government grants are going largely to couples without children? Families with children are still living in apartment buildings and will continue to do so because they cannot afford private homes. I do not think there is any program related to this.

Finally, Mr. Speaker, what is the Minister going to do about increasing, rather than decreasing, allocations for non-profit housing units, particularly in order to have some kind of housing for low income people who, as he knows, are increasing in great numbers?

Mr. LeBlanc: Mr. Speaker, I hope that I cover most of the points raised by the Hon. Member for Vancouver East (Mrs. Mitchell). I was briefed on the MURB situation when I was out there a couple of weeks ago and I recognize that it is a problem which will not be easy to solve, but we must address it. Some areas felt that the program of MURBs was quite successful. Other areas felt the program had contributed to building some luxury condominiums. On balance, it was not recommended that the program be prolonged beyond a certain date, while trying to find ways to accommodate those who had made commitments to it.

The Hon. Member raised the matter of affordability and, of course, that is the other problem of housing: affordability versus availability. I might say, Mr. Speaker, in spite of the programs which I have described of $1 billion new dollars in 1983-84, the fact is that we are continuing the social housing program. We have increased it. We have borrowed on the coming years and we hope to do it again. There is no reduction. At the moment we are asking the Minister of Finance that he delay our payback of those additional units which we obtained from him in the past two years, and I hope we will be successful in this venture.

On the home ownership grants which are going to non-families or to smaller families, I must say to the Hon. Member that the variation in the housing market in Canada can introduce some distortions, although I am not sure I would define it as

black and white, as she did. But the Hon. Member should remember that the home ownership program was really put into place to encourage the construction of housing, to stimulate economic activity and to create jobs, and it was not felt that a definition, as she seems to advocate, especially in a market which is as volatile and turbulent as the market in the area she represents, would have been a very successful job-creation program, an economic activity stimulant. As I said earlier, Mr. Speaker, there is no less commitment to social housing. It is an expensive form of housing, especially where the write-down of interest at 2 per cent comes into play, but being expensive does not mean it should not be done. The difficulty I have with this program is trying to find a way to make the queue made up of those who are waiting a little bit shorter, and to find ways of getting more "bangs for the bucks" in this program.

Mr. Friesen: Mr. Speaker, the Minister took some pride in pointing out that the housing industry was a great stimulus to job creation. I have been hearing that for the past eight and a half years here. I remember the AHOP Program, which was used as job creation more than it was for building houses. I would like to ask the Minister, first of all, whether he does not feel that when he is trying to solve two problems that may not be resolved with the same program, he is not over-heating the market in the housing industry by trying to create jobs?

I would like to ask him also if he subscribes to the theory, apparently propounded by Mr. Norman Levi in British Columbia, that those who are on income assistance should be able to assign some of that tax money to the purchase of homes so they can increase their capitalization?

Finally, the Hon. Member for Vancouver East (Mrs. Mitchell) mentioned non-profit housing. Does the Minister have any way of ensuring that those who live in non-profit housing are in fact the ones who really need that kind of help, because at the present time I can assure him that there are a lot of people living there who—

Mr. Deputy Speaker: I must tell the Hon. Member that his question has to be cut short now in order for the Minister to have any time at all in which to reply.

Mr. LeBlanc: Mr. Speaker, no discussion I have had with the industry, and they represent really national organizations, indicates that there is a worry about over-heating the market, as the Hon. Member suggests. Even with the optimistic figures which I have given, the fact is that the ideal housing start figure which the industry feels is useable is roughly 200,000, so we are well below that range and there is a bit of catching up to do. There may be some markets where there will be some distortion. That is why in programs like the Rental Supply Plan, we tend to look very carefully at vacancy rates in order not to create a surplus or artificial supply.

● (1720)

Concerning non-profit housing, I must remind the Hon. Member that some years ago a decision was made that we should try to create an environment in which people of modest income would live in subsidized accommodation alongside people of higher incomes. I might say that I recently had occasion to see two co-operative projects in Vancouver and felt that it was quite a wise investment, both in human and economic terms.

Mr. Deputy Speaker: The period of questions and answers has now expired.

Mr. Arnold Malone (Crowfoot): Mr. Speaker, I am pleased to have the opportunity to speak on Bill C-143. I suppose that while we are talking about that, I might say that there is an interesting ring for some Hon. Members in the numerals 143, because Members, such as the Hon. Member for Wetaskiwin (Mr. Schellenberger), the Hon. Member for Pembina (Mr. Elzinga), the Hon. Member for Vegreville (Mr. Mazankowski) or myself, when we leave this place to go home we take Flight 143. That, of course, is the flight into reality.

Bill C-143 is the flight—I am sorry the "fright" out of reality, and it is a frightful flight. That flight takes us down that frightful trail of $19 billion for most of which there is no budget. To say there is no budget is to say there is no plan. That means the Government is asking us for money to spend with no plan upon which to base its spending. What a frightful flight of reality it would be to grant that request of a Government with the record this Government has for spilling money or dropping it and kicking it away, letting it blow in the wind, trying to buy all kinds of projects which do not make sense, buying oil companies when the price of the company has doubled in value, but thinking it can have it. Nevertheless, the Government's answer is to ask for $19 billion without a budget to guide us to where it is going and to expect that Parliament, as the Minister said, would grant in haste the kind of request contained in the Bill, and to say also, "Trust us". That kind of trust is rather like not suspecting the tomcat when the canary is missing, because the Government's record is such that it is obviously suspect. We know that the Government is wasting the money of the Canadian people.

I want to spend some time today discussing how this institution began. I will not dwell on it, but I believe it is important. This House of Commons is called the House of Commons because it represents the common people. It started some 730 years ago with the Magna Carta. One of the principal reasons for the existence of this place, from the outflow of its history, was to control the King's purse. The entire revolt against the King in England was over wasteful spending, and because the King did not give justification for taxing his subjects. Today we find more and more that we are moving away from the notion that we are citizens of this country and adopting the motion that we are subjects of this country. We find it in our tax legislation.

The Hon. Member for Kenora-Rainy River (Mr. Reid) raised the point that now our income is printed on the front of our tax forms. What the Government is doing is to reverse the presumption which had existed following Magna Carta, that Parliament, the House of Commons, was the place where common people went to represent their constituencies and to

control the purse. The presumption was that we had the right to the fruits of our labour and that some of it would be used for the general good of all.

Taxation is a fact of this century, not of 700 years ago. It is a new fact, but now the presumption is changing so that the Government says, "It is our money and we will allow you to retain some to build your homes, to run your farms, to carry on with your activities". The presumption is changing, which is demonstrated by the very fact that printed on those tax forms is information concerning the amount of money one earned, whether or not one was divorced, and one's social insurance number. We are creeping a long way away from the presumption of what the Government ought to be doing. It is important to realize that any Government which gives its presumption to the people recognizes the fact that its vested power is extended from the people. Power rests with the people. That is not the presumption today. The presumption today is that power rests with the Government. Government will make whatever decisions it wants, and be damned with the House of Commons and common people and common representation.

The Government's attitude is, "We matter, and only we matter. We will tell them whether or not they can bring their intentions before the House of Commons and whether or not they will tell them to the House of Commons itself". Therefore, the notion of debating $19 billion, with no plan for its expenditure, should not surprise us. There is no budget before us. The Government simply wants the money. It wants to draw it away from the people. We are back to pre-Magna Carta times. We are back to the time when the King treated his people as subjects, not as citizens, when he had the notion that it was his right to raise whatever amount he wanted. It was King John who simply wanted to build a bigger castle and attack already overly suppressed people even more. That is the kind of Government we have today.

In speaking of property rights, let me say that in my constituency today many people think that what the subject of property rights concerns is whether or not they can keep their own farms or houses. That is not the question at all. That is an example to the question. What the question concerns is whether the individual has first prerogative to the fruits of his labour. That presumption has been changing in the last 15 years, under the present Prime Minister (Mr. Trudeau). The new presumption is that the Government has the first prerogative to the fruits of our labour, and it will leave for us that amount which it thinks we can have.

Some Hon. Members: Hear, hear!

Mr. Malone: The Government has no budget, no plan and no projections. We have only heard the request, "We want more money". Well, who does not? Who amongst us does not want more money? Who in the country would not want more money? Who amongst us can go to a bank manager and say, "Sir, I would like some more money. I would like $1 million"? The bank manager would ask, "What would you use it for?" If the answer were, "That is my personal affair, sir, and I will not tell you", who would expect the banker to lend the $1 million? However, the Government comes to us, to the public and says, "We want $19 billion".

I will tell Hon. Members how much $19 billion is. Some years ago the United States bought Alaska for $8 million. If the United States decided to buy Canada for $24 billion—although I will not put it up for sale because it is not within my power—that would amount to $1 million for every Canadian in the country. However, the Government wants to borrow $19 billion. Some people might become a little excited just over being offered $1 million and getting rid of the troups opposite, because they might see some better value in their country than this borrowing and borrowing year after year. I suggest to Your Honour that while the perspective is there, it is important.

We have a Government which does not even have the morals of an alley cat. It would give Donald Macdonald $800 a day to find out what the people already know, that we need less Government and more incentive for small business. We need to have less borrowing and less inflation. Donald Macdonald will tell them that after he has spent millions of dollars, when Canadians could have told them that for nothing.

• (1730)

Michael Pitfield gets reward upon reward upon reward, and then gets sent to the Senate. Judd Buchanan is allowed to build an apartment house where virtually no other Canadian could. What is his licence for that? It is just that he was a Liberal and was in the Government. Because he was the Minister who looked after parks, he got the advantage in the park.

Now we have the Gillespie situation which comes down to the Minister of Finance (Mr. Lalonde) and the Deputy Prime Minister (Mr. MacEachen) and the giving of gifts to those who give gifts in that inner circle. Canadians are certainly not at all pleased that their dollars are being spilled in this way. To borrow is to receive value today to be paid back at some future time.

Today we have a $140 billion debt on our future. That is the accumulated federal debt, and it will not be paid back tomorrow, next month, next year or in the next decade. A debt of that magnitude, if it is paid back at all, will be paid by the next generation. We have mortgaged our children before they are even born. We have mortgaged the next generation. We have put a price on the unborn. That is what is happening with this enormous debt. Through selfishness and greed the federal Government has been willing to put a price on the next generation. We have condemned our children, our resources and our country to the selfish pleasures of the "right now".

Last December this country went into debt to the tune of $300 million per day—every day Mr. Speaker—Saturday, Sunday, weekdays and Christmas day. That is a 300 per cent increase over the same month the previous year.

We have leeches that suck, through this Government—that cause the Government to impose extraordinary taxation upon us. Those leeches come in the form of 480 Crown corporations, the buying up of oil companies at double their value for some

foolish reason such as just saying they are ours. They are ours, but those debts are ours and those payments are ours. This debt-ridden Government is ours. We are living with every increasing Government expenditures. The Liberals have wasted their tomorrows in pursuit of the moment.

We need to compare ourselves with other countries, Mr. Speaker. Today, in the 22 Latin American countries there is a population of 360 million. Those countries have a combined debt of $300 billion. It is important to bear that in mind. Canadians understand that Latin America is in a very difficult financial position. The Canadian debt per capita is seven times larger than the per capita debt of the Latin American countries, however. Their population is 15 times that of Canada but their debt is only a little more than twice ours. The 24 million people in Canada have a $140 billion debt, while the 368 million people in Latin America have a $300 billion debt.

The only reason that Canada is not a Venezuela, a Mexico or a Brazil is that this country is resource strong. With this debt of $140 billion the Government has taxed those resources, has taxed our future and the children of tomorrow. That is a mortgage against the future that we should never allow. I repeat, per capita our debt is seven times more than that of the peoples of Latin America.

The richest nation in Latin America, Brazil, has a debt of $80 billion, less than ours, and it is teetering on the edge of bankruptcy. The only reason that we are not bankrupt is that we have the largest volume of fresh water in the world, the largest hard-rock mineral base in the world, and the largest amount of forest in the world. But we have mortgaged the future of our resources and our children.

The Government does not care how it manages the economy, Mr. Speaker; it only cares that it manages power. Power is the quest of the Liberals, not their achievement. If they can retain power, achievement is irrelevant. They simply want to hang on to the reins and continue to drive, without any regard for the potential of the men and women in this country who want to use their initiative to make the country grow. They want to believe that the country is ours because of their work. The Government wants to have control—to schackle and encircle people with bureaucracy.

In this country today the small business sector requires twice the secretarial staff, the number of lawyers and accountants, of the comparable small business sector in the United States. That is how much bureaucracy controls and directs our small business sector. We should recognize that the small business sector is the engine of our society.

The Liberals have requested the borrowing of $19 billion without any planning. It is now taxing without hope. It is a hopeless tax on hope itself—a tax on tomorrow, a tax on our future. They are borrowing against tomorrow's dreams simply to sustain their wasteful spending.

The Prime Minister was right at least once when he said "the land is strong". The late Right Hon. John Diefenbaker was also right when he commented that it had to be.

Mexico could not sustain its debt, Venezuela could not sustain its debt, Poland could not sustain its debt, and Brazil is teetering on the brink of bankruptcy. Money is not wealth. That fallacy was adopted by Mexico, Venezuela and Poland, but most particularly Mexico. In the belief that money was wealth, they printed more money and borrowed more money.

A recent article in *The Economist* pointed out that in one short period Mexico borrowed $80 billion but that it would have been a wealthier country today with more people employed and a greater industrial base, had it only borrowed $40 billion.

When you borrow, you borrow against tomorrow; you borrow today to have a new tax tomorrow because borrowing is a debt against the future. That is the way it is in Mexico. In this country we are in danger of running our resources into the ground. There is a risk that they will be for sale at wholesale prices tomorrow, simply to excuse us from our debt.

• (1740)

The currency would have been stronger in Mexico, had it borrowed less. Its foreign payments would have been less, it would have retained more of its domestic earnings and its unemployment rate would have been lower than it is now. Canada is following the example of Mexico. Borrowing dollars is not a creation of wealth.

Mr. Deputy Speaker: The Chair hesitates to interrupt the Hon. Member for Crowfoot (Mr. Malone), but his allotted time has expired. He may continue with unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

An Hon. Member: No.

Mr. Deputy Speaker: There does not appear to be unanimous consent. Are Hon. Members rising to ask questions of the Hon. Member who just spoke?

Mr. Fisher: Yes, Mr. Speaker.

Mr. Deputy Speaker: The Parliamentary Secretary to the Minister of Finance (Mr. Fisher).

Mr. Fisher: Mr. Speaker, I was intrigued by the speech of the Hon. Memer for Crowfoot (Mr. Malone). I think he reasoned some of his ideas in an interesting way. Although I did not agree with him in many cases, I should like to extend my congratulations to him for having thought out a speech rather than resorting to the use of many clichés.

Dealing specifically with his comments about Mexico, Poland and Venezuela, I point out that Mexico ran into serious difficulty because of the extent of its foreign borrowing, not because of the extent of its borrowing. Also I point out that in our instance foreign borrowing is a very small part of this package and is used to shore-up the dollar, not to finance the general operations of Government. When the shoring up operation is over with, the money is repaid out of the foreign currency account. Perhaps the Hon. Member would like to

comment on the fact that there is a very real difference between the amount of foreign borrowing by Mexico, which put it into difficulty as he pointed out, and the very small amount of foreign borrowing on our part.

Mr. Malone: Mr. Speaker, I recognize the point the Hon. Parliamentary Secretary to the Minister of Finance (Mr. Fisher) is making, that when the debt is an internal debt, it is paid back to the country some day. This does not refute the argument that when we incur a debt, it must be repaid at some time. That "some time" on a debt as large as $140 billion is not likely to be in our time. Therefore what it has done is to tax tomorrow, and that point still stands regardless of whether we pay out of the country or within the country.

Mr. Darling: At 19.2 per cent interest.

Mr. Malone: Yes, 19.2 per cent is the very shattering interest rate on which we borrowed much of that money. Although the Hon. Member said that all our debt is not foreign debt—and I accept that—he needs to concede that a great portion of it is foreign debt. It is a combination. Those factors taken together do not diffuse the fact that there is a great concern about borrowing when one borrows too much.

Mr. de Corneille: Mr. Speaker, I would like to try to clarify a statement of the Hon. Member for Crowfoot (Mr. Malone). I understood him to say that he wanted to warn Members of the House and all those people who might be listening that the $24 billion would cost every man, woman and child $1 million. While one may regard a deficit as being an unfortunate thing, certainly one wants to maintain a balanced budget, if possible. It seems to me that in these times it is obviously not possible. I wonder why the Hon. Member would exaggerate and speak about it costing $1 million a person? Are these his statistics? Are his statistics carried on the same basis?

Another example of the statistics of the Hon. Member is when he spoke about spending $300 million a day, perhaps in reference to the deficit, or just in reference to spending. Taking into account Saturdays, Sundays and every other day of the year, that would be in excess of $100 billion. Therefore I think his estimate of the rate of expenditures is somewhat high. He ought to clarify his statistics because they put his entire point in doubt.

Mr. Malone: Mr. Speaker, if the Hon. Member for Eglinton-Lawrence (Mr. de Corneille) checks *Hansard* tomorrow, he will find that I was not referring to this year. I was referring to the month of December. That was the rate at which we were going into debt during that particular month. It was at the rate which I quoted. I can verify my statistics. If he wishes to check with me afterwards, I will do that for him.

Mr. Thacker: Mr. Speaker, I have a question for the Hon. Member. The Parliamentary Secretary to the Minister of Finance (Mr. Fisher) seemed to argue that because the federal debt was internal, there somehow was no problem at all. Would the Hon. Member agree that it does matter because it means that the people of Canada who already have wealth become incredibly wealthy by lending their money to the Government and getting a guaranteed rate of return of 19.5 per cent with no risk? That being the case, why would they put it into industry?

Would he also agree that because the federal Government borrows all local money within the country, Crown corporations, private industry and provincial Governments must go offshore to Japan, New York and Germany?

Mr. Malone: Mr. Speaker, it is not difficult to come to an agreement on such a point.

An Hon. Member: Explain.

Mr. Malone: I believe it is the Hon. Member for Restigouche (Mr. Harquail) who is asking me to explain. The explanation is quite simply in the fact that the nation has a Gross National Product, it has a total wealth. Quite obviously, the subtraction of the larger portion taken for Government leaves less for the private sector. The Government is now borrowing at the rate of some $19 billion per year. It is simply leaving less of the pie, less of the total opportunities of acquiring loans, for the private sector or other Crown corporations.

If we start from the presumption, which has always been there, that it is the private sector that creates wealth and that it is the public sector which at best redistributes wealth, we are now in a position where nearly 50 per cent of the Gross National Product goes for Governments in the country. Once we pass 50 per cent plus one penny, we have a country in which we are trying to redistribute more wealth than we have the capacity to generate. When we reach that point, the whole system will have broken down.

Mr. de Corneille: Mr. Speaker, I am wondering whether the Hon. Member overlooked my question. It seems to me that he did. When he spoke about $24 billion, he said that it would cost each person in Canada $1 million. If he uses his calculator, I think he will arrive at a figure of about $1,000.

Mr. Malone: Mr. Speaker, I stand corrected on that. Obviously it is $1 million for every million Canadians.

An Hon. Member: A billion for every million.

Mr. Malone: A billion for every million. I can see that I got my "tang tongueled". I apologize if, in his trying to take down some notes or something which would be worth-while for the economy of the country, at one point I misled him. Certainly he is correct.

Mr. Deputy Speaker: Are other Hon. Members seeking the floor to ask questions? If not, the Chair recognizes the Hon. Member for Restigouche (Mr. Harquail) on debate.

Mr. Maurice Harquail (Restigouche): Mr. Speaker, I am very pleased to have the opportunity to participate in the debate this afternoon on Bill C-143. Also I am pleased to have had the opportunity to listen to the Hon. Member for Crowfoot (Mr. Malone) as he gave various interpretations and translations of what it was he was actually saying. Certainly I

express my appreciation for his keen co-operation in that regard.

Some Hon. Members have expressed concern about the timing with regard to Estimates, budgets and the Bill which is before us now. Insofar as Part I of this Bill is concerned, it is covered adequately, I believe, in the October statement which takes us through and covers the end of the fiscal year.

• (1750)

As you know, earlier this afternoon, the President of the Treasury Board (Mr. Gray) tabled his Estimates. I believe that is in keeping with that desire and concern expressed with respect to the debate in which we are now participating.

I appreciate the opportunity to tell Canadians some good news. This is the good news that I was attempting to allude to this afternoon in Question Period with respect to the successes of the Government in bringing down the inflation rate and the interest rate in Canada.

Mr. Huntington: Inflation is now 9.6 per cent.

Mr. Harquail: This subject is one we used to hear a lot about from Members sitting to your left, Mr. Speaker. But in recent months the silence has been deafening with respect to those successes and also with respect to mortgage rates being down; inflation being down to 6 per cent—

Mr. Lewis: Where is unemployment?

Mr. Munro (Esquimalt-Saanich): How about all the other scams?

Mr. Harquail: —and the prime rate at the bank being down to 11 per cent and the Bank of Canada rate being down to around 9.3 per cent. It is not passing strange because the Opposition Members will be the last ones to admit any achievements of this order of magnitude with respect to the facts that I have just laid before the House and for the information of all Canadians.

It is particularly significant to look at the rate of inflation since June when the Government announced the successful six and five program. This is voluntary restraint on prices and wages. The rate for that period was 6 per cent. It is a clear confirmation that the program is working. All sectors of the economy have contributed to this achievement. I think that is a point worth-while noting, and we should congratulate Canadians especially for their co-operation during these difficult times that affect the entire world, certainly our neighbours south of the border.

I have mentioned the important and good news in the battle to achieve recovery and to achieve lower interest rates, which have fallen to the attractive limits at which they are now. This is restoring consumer confidence and bringing things around to where we would all like to see them. Resulting from this there has been an encouraging development in the construction sector, one of the key areas of our economy. As recently as last September, housing starts were running at a low level of 86,000 units on an annual basis. By January, the figure has risen to 165,000 units, a gain of 90 per cent in just four months. This is a direct result of the initiatives of this Government. It is related also to what I said in my opening remarks about the lower interest rates that we have been able to achieve.

My colleague and friend, the Hon. Member for Westmorland-Kent (Mr. LeBlanc), the Minister responsible for CMHC who spoke before me this afternoon, confirmed the good news that housing starts have increased substantially since that low of 86,000 in September, 1982. In January, 1983, housing starts were up to 165,000, a 90 per cent increase over September. Sales of passenger cars increased 37 per cent from July, 1982, to 66,800 units in December, 1982.

Mr. Munro (Esquimalt-Saanich): What kind of cars? Were they Ladas or Toyotas?

Mr. Harquail: The Conference Board in Canada indicated that consumer confidence jumped 36 per cent from 54.8 per cent in the second quarter of 1982 to 74.7 per cent in the fourth quarter of 1982.

This is the type of thing of which we should be speaking. We have heard and we have listened to sincere Canadians who have invited and encouraged all Canadians, particularly those in the business sector, to speak of these confidences and to bring forward the good news so co-operatively we can restore the confidence we all want to have.

Senior business executives in their recent statements have become more optimistic about the near term prospects for the Canadian economy, and according to the Conference Board survey of business attitudes. According to the same survey, business confidence in Canada's investment climate has also improved. We have seen a turnaround as well, Mr. Speaker.

A question was mentioned earlier with respect to employment. There has been some improvement in that area although not anywhere near where we would like it. We hold no monopoly on this question. All Canadians are concerned about finding jobs and seeking employment opportunities, notwithstanding the efforts of the various Departments.

I have talked about housing and industrial development, the upswing and the good news coming from the United States and in our own economy. It is also important to flag some of the initiatives the Government is taking with respect to job creation. I know that in my own Province it has been very substantial and effective. I will mention the CCDP, the Youth Employment Program, the LEAP Program, the NEED Program and the various training programs that amount to millions of dollars. Just recently an agreement has been signed on behalf of the federal Government by the Minister of Employment and Immigration (Mr. Axworthy) and the Minister of Labour and Employment for the Province of New Brunswick. This agreement involves a total expenditure of $24 million. This will be a co-operative federal-provincial cost shared program to put funds directly into the economy and create those much needed jobs to which I was just referring.

Earlier this afternoon I had the opportunity to raise once again the important question of the megaproject that has been talked about since the budget of 1981 when the Deputy Prime Minister (Mr. MacEachen), the then Minister of Finance, interrupted his budget speech remarks to announce that the Noranda group and its subsidiary, Brunswick Mining Ltd., were planning to go ahead with this project. The project is estimated to cost over $370 million. It will create 1,500 person years of employment during the construction stage and will realize over 550 permanent job upon its completion. This is a significant project and one on which I am inviting all Hon. Members to show a spirit of co-operation in urging all Ministers who have a direct responsibility in the economic portfolios, the Minister of Industry, Trade and Commerce (Mr. Lumley), the Minister of State for Economic Development (Mr. Johnston), the Minister of Energy, Mines and Resources (Mr. Chrétien) and the Minister of Finance (Mr. Lalonde), to bring pressure to bear with respect to the holding company, the Noranda group, and to encourage the subsidiary company, Brunswick Mining Ltd., to go ahead with this much awaited and needed project.

I see it is close to six o'clock. What I propose to do at this time is to call it six o'clock and come back another day to complete my remarks on this Bill.

Mr. Deputy Speaker: Does the House agree to calling it six o'clock?

Some Hon. Members: Agreed.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

AGRICULTURE—APPLICATION OF FEED FREIGHT ASSISTANCE PROGRAM TO MARITIME FARMERS. (B) DIVISION OF FUNDS BETWEEN QUEBEC AND NEW BRUNSWICK

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, on February 10 I put a question to the Minister of Agriculture (Mr. Whelan). I presume that his Parliamentary Secretary or his designate is here this afternoon to respond. At the time, I raised the issue that the cost of feed grain in the Maritime region of Canada will be greatly increased due to the current proposed policy of the Government to do away with the Crow. I expressed concern of behalf of the farmers who felt that they would be adversely affected, and, indeed, are adversely affected, due to a reduction in the Crow rates.

Prairie farmers now pay approximately 18 per cent of the transportation costs of their feed grain, whereas in Truro, Nova Scotia, and in that part of the country, livestock producers and poultry producers are paying upwards of 75 per cent of the costs of their feed grain. Of course, it is very difficult to compete under those circumstances and the Government proposal will make it that much more difficult in years to come.

The Government has recognized that the Maritime Provinces and New Brunswick in particular have a tremendous amount of agricultural property that has potential for the production of feed grain. As a result, it is looking forward to the time when New Brunswick as well as the rest of the nation will become self sufficient in the production of feed grains. However, the Government recognizes, and certainly the farmers in the region do, that this is a substantial distance down the road.

I asked the Minister if he would consider allowing the Feed Freight Assistance Program to remain in place in the meantime along the guidelines that were proposed by the Maritime Farmers Council in a recent brief to the Minister of Agriculture. They stated in that brief that all three provincial federations of agriculture and the Maritime Farmers Council have committed considerable effort toward developing a feed grain plan for the region. They believe that this new approach they are proposing would be fair and appropriate for all three Provinces and, indeed, would encourage a balanced development of Maritime agriculture.

The main points they were making to the Minister of Agriculture were; the restoration and future indexation of the level of support under the Feed Freight Assistance Program which prevailed in 1976; and the transformation of the FFA Program to a market and resource neutral system of direct feed cost equalization payment. When the Minister responded to that portion of my question, he stated as reported at page 22707 of *Hansard:*

> We are very much aware of their concerns, but we think that a lot of them are unwarranted, for instance the increase in the price of grain.

That is precisely the point I was making. They are concerned about the increase in the price of grain. If the Minister of Agriculture were a farmer in that region, he would naturally be concerned, along with the rest of the farmers, because he would obviously not be in a position to compete with his counterparts in the Prairies and in the rest of Canada. I would ask the Parliamentary Secretary to direct himself specifically to that particular expression of concern expressed by these farmers.

My second concern on behalf of the farmers of the region is that the Government has earmarked $130 million to assist those regions, which are now not self-sufficient, in becoming self-sufficient in the growing of grain over the next five years. The Government has stated that it will give Quebec, which is semi self-sufficient in the production of feed grain, $90 million of the $130 million. It has earmarked $16 million for the Province of Ontario, which is completely self-sufficient in the production of feed grain. The Minister acknowledged this in his response to my question when he said in *Hansard* at page 22707:

> —one will see that Ontario has a grain surplus producing area.

• (1805)

The Government will give New Brunswick, which is totally dependent on outside feed grain, $4 million over the same period of time to increase its feed grain production.

I would like the Parliamentary Secretary to please address himself to those specific points and tell the farmers of the region how it is that the Government has come up with those figures and what it will do to help tide them over until a period of time elapses and they become self-sufficient in feed grains.

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, as indicated by the Minister of Agriculture, feed grain prices in the Maritimes will not change because of this Government's decision to improve the grain transportation and handling system in Western Canada. The price of feed grain in Eastern Canada is determined by the cost of either U.S. or Ontario corn in Eastern Canada. Changes in freight rates in Western Canada will not influence the price of corn.

When freight rates for western grains increase, the net price that the western farmer receives for his grain delivered to a local primary elevator will be lower by the amount of the increase in freight rates. Thus a hypothetical $5 per tonne increase in freight rates on the Prairies will result in Prairie grain prices being lowered by $5 per tonne. In turn, the price of grain outside of the Prairies will not be affected.

The Feed Freight Assistance Program currently lowers the price of western feed grain by $10 to $18 per tonne on grain shipped to the Maritimes. Since its introduction during World War II, the Feed Freight Assistance Program has fostered the development of the livestock industry in the Maritime provinces. In fact, our Prairie brothers often complain that the Feed Freight Assistance Program and low freight rates for Prairie grain disadvantages Prairie livestock production, with livestock producers in the rest of Canada benefiting. Since the Feed Freight Assistance Program lowers feed grain prices in the Maritimes, it can work against the development of enhanced grain production there.

The Minister also received representations from the Maritimes to amend the Feed Freight Assistance Program to provide incentives for expanding local grain production.

THE ADMINISTRATION—CAPE BRETON COAL AGREEMENT—APPLICATION OF GUIDELINES ON MINISTERIAL CONDUCT. (B) KNOWLEDGE OF MINISTER OF ENERGY, MINES AND RESOURCES

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, in the last few days we have seen a dying Government lose every vestige of its claim that it is a moral administration.

The guidelines which require certain conduct of Ministers read in part as follows:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds, or the appearance of grounds, of improper influence, privileged access or preferential treatment.

It has been repeatedly suggested to the Prime Minister (Mr. Trudeau) that at the very least there is a clear and unmistakable appearance of improper influence, privileged access and preferential treatment. We have a former Minister who makes a deal through his former Deputy, Mr. Cohen. How many people in Canada have ready access to the Deputy Minister of Energy, Mines and Resources? I suggest, not your ordinary person off the street.

Throughout negotiations, the Department of Energy, Mines and Resources was heavily involved. Memorandums of agreement were signed between Petro-Canada and Mr. Gillespie. Mr. Gillespie appeared with the Deputy Prime Minister (Mr. MacEachen) at a public gathering to announce this deal.

I think it is fair to say that many people would say that if a former office holder is dealing with a Government, Minister or a department for which he was once responsible, in a financial transaction, and is doing so before the expiration of his two-year prohibition period, as mentioned in the conflict of interest guidelines, that would give the appearance of improper influence and privileged access. Even Alastair Gillespie thinks that the ordinary person would get that impression. I quote a Canadian Press wire story of a few days ago:

> Gillespie admits that outsiders—"ordinary people"—might believe his role as an energy minister and the experience he gained there, gave him a privilege or special advantage to get the development going.

• (1810)

Surely that is precisely why these guidelines were put in place. They are to prevent former office holders from doing business with the Departments or agencies for which they had responsibility within two years of leaving office. The reason is that to do so would give rise to at least an appearance of improper influence, privileged access and preferential treatment. Therefore, for a present Minister to involve himself with a former Minister is clearly a breach as well. This case is obviously a breach of the guidelines.

The Prime Minister and the Deputy Prime Minister insist on avoiding the issue. They refuse to come clean with Parliament. The Deputy Prime Minister has even come to the extraordinary conclusion that these guidelines are merely tools which a Minister or former Minister may consider in shaping his or her judgment. To quote the Deputy Prime Minister:

> These guidelines are self-enforcing. There is no monitoring agency. They are up to the conscience of the individual.

The sum total of what this means is that if in the mind of a particular Minister or former Minister the public interest is served, or perhaps the personal interest of one of the Minister's friends is served, these guidelines can be ignored. They are self-enforcing. Away with honour! Away with the notion that the Prime Minister has a responsibility to ensure that the guidelines are honoured! These guidelines are self-enforcing. The Minister's conscience is his guide. When we are given the Deputy Prime Minister's logic, when we are told he was guided by his own conscience when he dealt with Mr. Gillespie, it becomes more apparent how easily a breach of the guidelines occurred.

There is further evidence today that the project continues to exist only because of the presence of Mr. Gillespie and the

cozy relationship he maintains with various Ministers of the Crown. And I say that, Mr. Speaker, because we have learned today that the great liquefaction project is of very dubious value from an economic point of view. A study within the Minister's own Department recommends that the project as currently conceived should not be supported by the federal Government. I quote:

> Calculations made by the Department indicate that a capital grant with a net present value of approximately $864 million in 1982 dollars would be required to raise the projected rate of return from 4.2 per cent to 21.4 per cent. Each permanent job created in Cape Breton would have to be valued at over one and one-quarter million dollars. From an energy point of view, the Scotia Coal Synfuels Project appears to be a high-cost source of synthetic fuels.

Those are not my words but words from the briefings and documents prepared by the Department of Energy, Mines and Resources. This deal not only appears to be a conflict, but most definitely is a conflict, and may very well be a bad deal on top of everything else.

These guidelines cannot be casually tossed aside by the Minister. I suggest that when the Prime Minister returns, he has the obligation to address the issue, make full disclosure of the facts in this matter and do the honourable thing, following parliamentary tradition.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the Hon. Member for Saskatoon West (Mr. Hnatyshyn) has again raised the question of an alleged contravention of the conflict of interest guidelines by a Minister of the Crown, the former Minister of Energy, Mines and Resources and now Minister of Finance (Mr. Lalonde). The Hon. Member and his Party have repeatedly confused the requirements of present Ministers of the Crown with respect to the cooling-off periods required of former Ministers.

During the period when the Minister of Finance was the Minister of Energy, Mines and Resources, he was subject to the same principles regarding activities of current and former holders of public office as were parliamentary secretaries, Governor in Council appointees, public servants and exempt staff members. These guidelines are very explicit, and it may be remembered that on the evening of February 17 I outlined these principles in great detail. I am sure the Hon. Member has now had an opportunity to review those principles which I set out.

The objectivity and the impartiality of Government service must never be jeopardized and there must be no cause to believe that individuals have received preferential treatment or privileged access to Government personnel or services. Of course, there is no time limit to that. You cannot receive preferential treatment beyond the two-year period. You cannot receive it at all.

I suggest that the Hon. Member is doing a great injustice to the former Minister of Energy, Mines and Resources if he is in any way implying that the Minister was intimately involved in this project, despite statements by the former Minister of Energy, Mines and Resources.

• (1815)

What bothers me, Mr. Speaker, is that the Hon. Member for Saskatoon West talks about honour. I believe that the Minister of Finance is as honourable a Member as there is in this House. He is a very dedicated Minister. We may all have policy disagreements, but his commitment to Canada and to the people of this country is surely beyond dispute.

When a Minister stands in the House and says he did not contravene those guidelines, I do not understand why it is not left there. What has happened to the great parliamentary tradition that we accept the word of Hon. Members? The Minister has said this repeatedly, and I believe it is a sad day when we are prevented from dealing with the issue because people want to attempt character assassination. I know this is the old stock in trade of the Leader of the Opposition (Mr. Nielsen), but I am surprised that the Hon. Member for Saskatoon West, who normally likes to deal with issues, now wants to go this route. That is disappointing. Has my time expired, Mr. Speaker?

Mr. Deputy Speaker: Almost.

Mr. Smith: In addition to the above requirements which we have already discussed in some detail, I would like to draw the Hon. Member's attention to the requirement that office holders have a duty in any official dealings they may have with former office holders to ensure that they do not provide grounds or the appearances of grounds for allegations of improper influence, privileged access or preferential treatment. The Hon. Member today in the House was suggesting that because somebody can get somebody on the phone, that somehow constitutes lobbying, or somehow that constitutes an improper approach. Surely, we are not at the point where once someone has left Government service he cannot even have contact with his former colleagues?

Mr. Deputy Speaker: The Hon. Member's time has expired.

SOCIAL SECURITY—CANADIAN COUNCIL ON SOCIAL DEVELOPMENT POVERTY STATISTICS. (B) REQUEST FOR PENSION INCREASES

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, on February 9, amidst very loud shouting from Government backbenchers, I asked the Prime Minister of Canada (Mr. Trudeau) to comment on the poverty statistics which had been released by the Canadian Council on Social Development, statistics which showed that 3.5 million Canadians were living in poverty in 1980. I estimated at least one million more people had become poor since 1980 as a result of direct Government policies, including high unemployment, part-time jobs, the imposition of six and five wage controls and the abandonment of a guaranteed income policy. I asked the Prime Minister to justify the increasing poverty which his economic policies had caused.

The Prime Minister shrugged off my question. He did not acknowledge or show serious concern for the increasing numbers of poor in this country, and he joined his Liberal

colleagues to laugh and joke about this. When, in frustration, I called him an uncaring millionaire, the Prime Minister refused to answer my supplementary question; an appeal to him to at least increase pensions to above the poverty line and provide some assistance for older women in their pre-pension years. His colleagues continued their disrupting uproar, which made it extremely difficult for me to be heard. The Minister of National Health and Welfare (Miss Bégin) indicated that the Government can do nothing to help.

The following day when my Leader again questioned the Prime Minister about his lack of concern and lack of programs to assist the poor of this country, he debated a theoretical poverty line, and I quote from page 22706 of *Hansard* which reads as follows:

> That line is very much higher than it was several years ago. It is a moving line. It means that the people of Canada generally are getting richer. It means, since the average Canadian is getting richer, therefore the average poor person becomes poor at a higher level than he did ten years ago. So it is a conceptual notion which is debatable—

These ridiculous and uncaring responses to the most serious problem in Canada, and the frivolous attitude of Government Members who tried to deny my right to speak on this matter, are completely unacceptable to Canadians. It is no wonder the Government refuses to act when the Prime Minister is so totally out of touch with the real economic situation of so many Canadians, and when he obviously could care less.

The CCSD report entitled "Poverty Facts" provided statistics which showed that in 1980, 10 per cent of Canadian families lived in poverty. These statistics showed that 66 per cent of elderly women were poor, two thirds of all poor families were headed by women, 46 per cent of single women were poor and 20 per cent of families with two wage earners had poverty incomes. This was in 1980. How many more thousands are poor today? These figures did not include native populations suffering from extreme economic deprivation. Statistics are often as neutral as debatable poverty lines.

• (1820)

The Prime Minister should meet with mothers on welfare who are trying to raise their families on $400 or $500 per month. One mother with two sons had only $21 a week after the rent was paid to feed and clothe her family. She is typical. The increase in welfare roles alone should prove to the Prime Minister how desperate this situation has become. In my riding of Vancouver East, 12,000 people are on social assistance, and that is a 28 per cent increase over the past year. A single person in B.C. receives $375 a month, but only $144 in Quebec. There are many families and individuals in Vancouver East who are trying with great difficulty to survive on pensions and meagre savings. Hundreds of unemployed workers who could hardly live on UI benefits are now lining up at welfare offices and food banks, because their benefits are gone.

Women have always had the lowest incomes and for them the situation is worsening on all fronts. Yesterday the Canadian Advisory Council on the Status of Women released a report which shows that women are more ghettoized than ever, with lower-paying jobs, while men are often paid twice as much for doing the same work. The NDP task force on older women, which held hearings in every province, found that women who are widowed or separated in their middle years and unable to work after a lifetime of homemaking are the forgotten poor. This group must be given priority, both in employment opportunities and income support.

The first step in doing something about poverty in Canada is to recognize that the problem exists and to try to empathize with those who are the victims. The Government must face up to the enormity of the problem and plan programs now which will help to alleviate suffering. Children must be a priority for action. Pension reform is urgent. Poor people in Canada cannot eat the unfulfilled promises of the Minister of National Health and Welfare. She must start planning now for the guaranteed income system which was promised over ten years ago. Poverty can only be solved by job creation programs and a positive strategy to bring about economic recovery, with incomes above the poverty line for all Canadians.

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, on February 8, 1983, the Canadian Council on Social Development released its most recent fact book on poverty. This publication and, more particularly, the press release which accompanied it, have resulted in a considerable amount of confusion as to the actual situation involving low income Canadians. I am pleased to have this opportunity today to address the issues raised by the CCSD.

First, I would like to address the issue of how poverty is to be defined and therefore measured. As the Prime Minister (Mr. Trudeau) indicated in the House on February 10, 1983, the choice of a particular line by which to measure poverty is in many ways arbitrary. Consequently, there are diverse views on how to define poverty. Moreover, these views may change from time to time, as evidenced by the periodic revisions which are made to the measures in use. Indeed, the Canadian Council on Social Development reflected a change in views by revising its poverty definition as explained in the fact book. Such a change in definition, however, does not mean that poverty has increased as indicated by the Council's press release. Rather, it simply reflects a change in view as to who is poor and who is not at a given point in time.

The large number of definitions currently in use confuses the real issue: that is, what is happening to poverty in Canada?

In its fact book, the CCSD quite clearly acknowledged that the incidence of poverty has been consistently declining since the 1960s. An examination of the table on page 7, for example, will show that, even using the Council's definition of poverty, the proportion of Canadian households in poverty in 1979, being 21.0 per cent, is less than it was in 1967, at 22.7 per cent. Moreover, the Council states again on page 7, that the reduction in household poverty over the period 1973 to 1979 is mostly attributable to the reduction of poverty among unattached individuals, mainly the elderly. This, of course, is the period in which this Government substantially increased the Guaranteed Income Supplement for elderly Canadians.

● (1825)

The Council's statement in its press release, that the rate of family poverty now shows every sign of increasing, is not substantiated by the facts available to date, particularly those in its own fact book. This Government has made substantial progress over the past decade in reducing poverty, and is continuing to provide for the needs of Canada's poor as evidenced by the special provisions of the six and five program to protect the benefits of low-income families and the elderly.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 o'clock p.m.

At 6.26 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, February 23, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

EXTERNAL AFFAIRS

SUGGESTED ACCREDITATION OF LATVIAN AND ESTONIAN HONORARY CONSULS

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, on the occasion of the 11th Baltic evening, recently sponsored by the Baltic Federation in Canada representing the Estonian Central Council in Canada, the Latvian National Federation in Canada, and the Lithuanian Canadian community, the Hon. Member for Nepean-Carleton (Mr. Baker) brought to the attention of the House, under the provisions of Standing Order 21, certain irregularities in dealing with the accreditation of Baltic Consuls by the Government of Canada.

These Baltic Federations represent loyal Canadians who have selected Canada as the land of their destiny. They have made significant contributions to the arts and culture of this country. They have added to the ranks of our professionals in the fields of engineering and medicine. They are loyal citizens, conscious of their responsibility to this country, and have responded to this responsibility with dedication and zeal.

I would like to add my concern that two members of the Baltic Federation, the Latvians and the Estonians, unlike the Lithuanians, have not been accorded an accredited status for their consuls. Giving accredited status to these Consuls would show Canada's appreciation for the role that the peoples of Baltic origin have played and are playing in the development and promotion of the homeland of their choice, Canada, and it would serve as a useful link with citizens in the land of their origin. I therefore would urge the Government to grant accredited status to a Latvian and Estonian Consul.

* * *

FINANCE

ENDORSEMENT OF FORMER MINISTER'S POLICIES BY ALASTAIR GILLESPIE

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, on April 21, 1982, there was a meeting in Toronto organized by the Deputy Prime Minister (Mr. MacEachen), the then Minister of Finance, and three Toronto Ministers. The invited guests were 14 businessmen. *The Globe and Mail* of April 22, 1982, reported that 13 out of the 14 businessmen rejected the MacEachen theory about wage and price controls.

Alastair Gillespie was one of the 14 businessmen who claimed to *The Globe and Mail* that Mr. MacEachen received a "resounding vote of confidence" from the businessmen. *The Globe and Mail* of April 24, 1982, reported that Robert Owen, President of the Toronto Real Estate Board, " . . . disagreed with Alastair Gillespie . . . that the businessmen gave Mr. MacEachen a resounding vote of confidence." *The Globe and Mail* of May 13, 1982, reported that John S. Dewar, Chairman of Union Carbide, denied that there was support for Mr. MacEachen's policies at that meeting. *The Globe and Mail* of July 10, 1982, reported that only one favoured MacEachen's policies.

Under the circumstances, Madam Speaker, one can easily ask was the Gillespie endorsement of the Minister's economic policies, as well as his false claim of universal endorsement by businessmen, a *quid pro quo* for the Deputy Prime Minister's endorsement of Mr. Gillespie's lucrative participation in the Scotia Coal Synfuels project? And is there any connection between Mr. Gillespie's enthusiasm for the Minister's ill-fated economic policies and the subsequent decision by the Government to proceed with further re-evaluation of financing of the Gillespie consortium?

* * *

THE LEADER OF THE OPPOSITION

Mr. Gilbert A. Parent (Welland): Madam Speaker, as the Member of Parliament for Welland and as Chairman of the National Liberal Caucus, I wish to state that the National Liberal Caucus deplores the allegations and insinuations about Cabinet Members made by the Opposition Parties during recent Question Periods in the House of Commons.

Some Hon. Members: Oh, oh!

Mr. Parent: The Caucus is particularly disturbed by the fanaticism of the Conservative Party interim Leader, Mr. Erik Nielsen, who, since his election—

Some Hon. Members: Order!

Mr. Parent: —to the House in 1957 has consistently resorted to character assassination as his only means of attacking the Liberals. The Caucus feels that Mr. Nielsen and those who follow—

Some Hon. Members: Order!

S.O. 21

Mr. Parent: —his example should realize that when they try to score—

Madam Speaker: I believe the Hon. Member does know that he must refer to Hon. Members by their constituencies.

Mr. Parent: I thank you for the correction, Madam Speaker. The Caucus feels that the Hon. Member for Yukon (Mr. Nielsen), and those who follow his example, should realize that when they try to score political points at any price, especially at the price of character assassination, they discredit the entire parliamentary institution in the process. The National Liberal Caucus wishes to note that, despite some encouraging signs, such as lowering inflation and interest rates, the economic situation remains a serious problem. MPs from all Parties would be well advised to devote their energies to finding solutions to the problems which are affecting Canadians in their daily lives.

Some Hon. Members: Hear, hear!

* * *

THE DISABLED AND THE HANDICAPPED

CALL FOR TAX RELIEF

Mr. Scott Fennell (Ontario): Madam Speaker, in my opinion the handicapped are ill treated. For the past two years I have made numerous representations to the Government on behalf of the disabled persons of Canada. Today I make one further public representation to the Minister of Finance (Mr. Lalonde), asking him to review the position of the disabled with regard to the Income Tax Act. In particular, I would like the Government to include provisions in the next budget which would offset the additional costs incurred by the working disabled by such things as equipment and clothing, and transportation to unserviced industrialized areas.

I am aware that recommendation 46 of "Obstacles" is currently under consideration. I urge the Government to include this recommendation in the next budget because I believe that it will improve the tenuous position of the partially disabled. The present legislation is so narrow in its interpretation that it openly discriminates against handicapped people, many of whom are members of the work force. These people contribute to society through their taxes and are not dependent on society to keep them.

We have a chance to atone for our past neglect. We have a chance in the next budget to lighten the daily burden carried by the disabled. I, therefore, encourage the Minister of Finance to put forth some practical legislation to overcome the key obstacles faced by disabled persons.

ATOMIC ENERGY OF CANADA LIMITED

TRADE IN ENRICHED URANIUM WITH UNITED STATES WEAPONS PLANT

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, yesterday the President of the Liberal Party came out against Cruise missile testing in Canada by saying that it was only "the thin edge of the wedge". My statement deals with another thin edge which we have in the American nuclear weapons program, the buying and selling of enriched uranium between Atomic Energy of Canada and two nuclear weapons refineries in the U.S.A.

• (1410)

AECL's Chalk River laboratory is buying weapons-grade-enriched uranium from the U.S. Department of Energy's nuclear weapons refinery at Oak Ridge, Tennessee. When Chalk River is finished with this enriched fuel, it is sold and delivered to the Savannah River weapons reprocessing plant in South Carolina. AECL has no contractual obligation to sell and deliver this incredibly toxic irradiated fuel back into the U.S. weapons program.

In 1980 Canada signed a protocol with the United States under which the use of Canadian nuclear materials in the U.S. military program is forbidden, but Canada has continued to sell this material to the U.S. military.

Three U.S. States and approximately 40 U.S. municipalities have passed regulations to prevent AECL from shipping this irradiated poison through their areas, because a ten-second direct exposure to this material is lethal. Rather than listening to these people, AECL's shipper is fighting these regulations in the U.S. courts so that we can continue to sell Canadian uranium to the U.S. weapons program.

On behalf of the NDP and Canadians who do not want to be involved in the U.S. nuclear weapons cycle, I call upon the Government—

Madam Speaker: Order.

* * *

[*Translation*]

THE LEADER OF THE OPPOSITION

ACCUSATIONS AGAINST CERTAIN MINISTERS OF THE CROWN

Mrs. Éva Côté (Rimouski-Témiscouata): Madam Speaker, if parliamentary immunity allows the Leader of the Official Opposition and Member for Yukon (Mr. Nielsen) to make accusations against Ministers of the Crown—and especially the Minister of Finance (Mr. Lalonde), whose integrity is well known—without being obliged to prove his case in public, according to the rules of a democratic society, this privilege is now being abused by the Member for Yukon in a manner that is an outrage to this Parliament.

According to Canada's Charter of Rights and Freedoms, a person is presumed innocent until proven guilty in a fair trial, during which that person has had an opportunity to prevent his defence. During the past week, some very serious allegations have been made, challenging the integrity and honesty of several Members of Cabinet. Perhaps the Leader of the Official Opposition is making these malicious accusations because the Minister is doing his job too well.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

POLLUTION OF NIAGARA RIVER FROM UNITED STATES SOURCES

Mr. Joe Reid (St. Catharines): Madam Speaker, the Prime Minister (Mr. Trudeau), in February of 1980, when he was the then Leader of the Opposition, undertook to urge the United States authorities to stop the pollution of the Niagara River. The Canada/U.S. task force recently reported that they had identified 300 polluters and that the international quality standards of the Great Lakes were being violated. Various substances have been found in the drinking water on which we have very little information.

The long-term solution to this environmental problem hinges on the outcome of a lawsuit initiated against Hooker Chemical with respect to the Love Canal. Environment Canada and this Government have refused to intervene in those court proceedings.

The presence of dioxin, the deadliest chemical known to man, has been detected for the first time in untreated lake water samples. That finding should finally provide the Minister of the Environment (Mr. Roberts) and the Prime Minister with sufficient cause to take more positive action now to protect the water supply of four million Canadians. Failure to do so simply leaves those Canadians as subjects of chemical experimentation. Can anything be more irresponsible?

* * *

EXTERNAL AFFAIRS

EL SALVADOR—PLIGHT OF POLITICAL PRISONERS

Mr. Dan Heap (Spadina): Madam Speaker, recently Bishop Rivera y Damas of El Salvador asked that the El Salvador government release its political prisoners when the Pope visits there, about March 6. There are reported to be about 700 political prisoners held by the El Salvador government.

When the Minister of Employment and Immigration (Mr. Axworthy) visited Central America he spoke publicly about the desperate condition of many people who have incurred the hostility of the government of El Salvador. I understand that the Government of Canada is giving serious consideration to offering visas and asylum in Canada to political prisoners released by the Government of El Salvador. I urge Canadians to support such a decision.

• (1415)

It is also reported that the Government of El Salvador may release only some of its prisoners and, furthermore, that the political prisoners have decided that none will come out unless all are released. This is apparently a matter to be negotiated between the Government of El Salvador, the Bishop of El Salvador, and the political prisoners.

I urge the Government of Canada to consult with the Bishop of El Salvador in any selection of political prisoners to be released and given asylum in Canada.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—APPLICATION OF MINISTERIAL CONDUCT GUIDELINES

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct my question to the Right Hon. Prime Minister. In his letter to the Deputy Prime Minister of April 28, 1980, the Prime Minister wrote as follows:

> I am writing to bring to your attention the enclosed guidelines which establish the conflict of interest régime for Ministers and set the standards of conduct expected of them.

In the House on Monday the Deputy Prime Minister stated that the conflict rules as outlined by the Prime Minister "are only self-enforcing guidelines", that is, subject only to the conscience of the individual Minister. Does the Prime Minister regard the conflict of interest rules as binding on his Ministers or as only guidelines subject to the conscience of each Member of Cabinet?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there is no contradiction between the two positions. They are binding on a Minister subject to his conscience.

Mr. Crosbie: What conscience?

POSITION OF THREE MINISTERS

Hon. Jake Epp (Provencher): Madam Speaker, the Prime Minister says that they are binding on each and every one of his Ministers. Further to that letter of April 28, 1980, and the appendix to those guidelines or those rules, the Prime Minister stated as follows:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

Does the Prime Minister still hold the view that his Deputy Prime Minister, his Minister of Finance, and his Minister of State for Mines, have not given any appearance whatsoever of grounds for allegations of wrongdoing?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I read the *Hansard* of the past two days attentively. It would seem to me that the discussion permitted the Deputy Prime Minister to make the points which I was attempting to make last week in other words, that there was no improper influence, that there was no privileged access, and that there was no preferential treatment.

How could there be privileged access when we know that under this energy agreement with the Province of Nova Scotia there have been some 13 enterprises, some receiving as much as $3 million, which have proceeded under this? There was no preferential access. This was one of 13 which had access to the policy of the Government, and which was carrying out the intention of the legislation and the policy.

As a matter of fact, how could we claim improper access, privileged access, when the former Minister, Mr. Gillespie, did not even see the Minister? He was not seeking that kind of privileged access. He was going down at the official level.

How can we claim that there was improper influence when, as the Deputy Prime Minister pointed out, the funds were under the control of the Government of Nova Scotia? The agreement said so quite clearly: "The money shall become the public money of the Province of Nova Scotia". That is written in the agreement between Nova Scotia and the Government of Canada. The $9.3 million, I think, is transferred to the Consolidated Revenue Fund of the Government of Nova Scotia. How can we claim there was improper influence?

As to the third element of the guidelines, preferential treatment, I think the facts have shown that, far from giving preferential treatment to the former Minister, there was, in a sense, discrimination against him because there was a reopening of the Treasury Board submission to ensure that none of the money which had been transferred from the Government of Canada to the Government of Nova Scotia would be available or payable to the former Minister.

So, in a sense, a special effort was made by the Department to ensure that there be no privileged treatment and no preferential treatment. It seems to me, Madam Speaker, that that is the substance of the matter.

• (1420)

Has there been some scandalous misconduct or not? I repeat the question asked by the Deputy Prime Minister yesterday and the day before: has there been in substance anything done which a current Minister should not do and should not allow? My answers are no, Madam Speaker.

Some Hon. Members: Hear, hear!

STATEMENT BY MINISTER OF FINANCE IN NOVEMBER, 1980

Hon. Jake Epp (Provencher): The Prime Minister's defence rests in part on the argument that no preferential treatment could be given because the Minister of Finance, the former Minister of Energy, was not aware of Mr. Gillespie's involvement or, for that matter, of the project.

When speaking before the Special Committee on Alternate Energy and Oil Substitution on November 25, 1980, well within the two-year guideline, the Minister of Finance said, "I said that there are three projects on coal liquefaction. I would just like to stress there are two of them which involve Petro-Canada, so the national Government is directly involved in these initiatives". In view of those statements, does the Prime Minister really feel that Members of the House and the public can understand in any way that there is no appearance the Minister did not know and that, because of the defence that the Minister did not know, therefore no preferential treatment was given? Surely it is the opposite, that the Minister, being the type of person he is, would know and would be very much aware of what is happening in his own Department?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the Hon. Member refers to my answer he will see that I did not say that the Minister did not know. I said that there was no meeting between the Minister and Mr. Gillespie.

Some Hon. Members: Oh, oh!

Mr. Crosbie: As slippery as a sculpin.

Mr. Trudeau: Madam Speaker, the Hon. Member from St. John's is well qualified to speak as a skunk.

Mr. Crosbie: I know a slippery sculpin when I feel one.

Mr. Trudeau: Well, you should feel yourself and you would know who is slippery.

Some Hon. Members: Hear, hear!

Mr. Crosbie: Your wit has deserted you; you left your wit in the Caribbean.

Mr. Trudeau: The Deputy Prime Minister undertook on Monday, I believe, in the House, to ensure that all relevant documents would be tabled. The work has been going on. They have assembled the documents. I understand the Minister of Energy, Mines and Resources wants to table those documents at three o'clock.

I also want to table correspondence between the Minister of Finance and myself, the letter in which he indicated that he had no knowledge of the transaction before September, 1981, and, more important and relevant to the discussion, a second letter which I received today indicating that a search of the files indicated that he had been informed of the transaction as early as January, 1981.

Appended to that second letter is a letter from the Deputy Minister of Energy, Mines and Resources explaining that the file had been examined and that the information given to the Minister on which his first letter was based was erroneous. They had missed some memoranda. These memoranda have been uncovered. They will be tabled, and they led the Minister to write me a corrective statement.

STATEMENT BY MINISTER OF STATE (MINES) IN JUNE, 1981

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have a supplementary question. The Prime Minister has just reasserted the statement he made last week in the House, that his Minister of Finance informed him that the first knowledge he had of these arrangements was in September, 1981.

My first question is directed to the Minister of State for Mines. At page 10368 of *Hansard* for June 8, 1981, she laid out in detail the project that is the subject matter of this discussion which has been taking place here for several days. At the time that she explained the details of this project, the Minister of Finance, then the Minister of Energy, was in the House, and she gestured to him when referring to him in debate.

• (1425)

Will she tell us now whether, as she began her description of the project, that she did, in fact, refer to her colleague, mentioned his name and motioned to his seat where he was sitting at the time the Minister was explaining the details of this project? That was on June 8, 1981.

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, it is very difficult for me to remember who was seated where. I cannot recall whether the Hon. Leader of the Opposition was in his seat at the time. I would assume if I gestured that the Member was in his seat, but I cannot swear to that at this moment.

Mr. Nielsen: Madam Speaker, there are Members on this side who are prepared to do just that.

Some Hon. Members: Oh, oh!

Mr. Rossi: How can you believe that?

Mr. Smith: When are you going to get submissions?

KNOWLEDGE OF FORMER ENERGY MINISTER

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my supplementary question is for the Prime Minister. As I reminded him, he told this House last Thursday that he was informed by his Minister of Finance that he heard of the arrangements for the first time on September 3, 1981, while the Minister of State for Mines admits that her memory might be faulty but that the Minister could well have been in his seat, namely, the Minister of Finance. I say that he was. I am asking the Prime Minister to tell us now whether he misled the House last Thursday or whether his Minister of Finance misled him when he told the Prime Minister that the first he had heard of this arrangement was on September 3, 1981?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member seems to be destroying his reputation as being a fast mover on his feet. He is asking me if I misled the House. If the Hon. Member for Yukon had not been busy following his own prescripted scenario he would have listened to my previous answer. He was off in some other area preparing one of his dastardly attacks, Madam Speaker. I just told the House that the correspondence I would table at three o'clock indicated that indeed the former Minister of Energy knew of this transaction early in 1981.

Mr. Baker (Nepean-Carleton): You misled the House.

PRIME MINISTER'S STATEMENT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, why did the Prime Minister just now repeat what he said last Thursday, that his Minister of Finance had told him that the first time he, his Minister of Finance, had heard of this arrangement was on September 3, 1981? Why?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I repeated that in order to clear up the matter. If the Hon. Member had not stopped listening, he would have heard me say that I got a second letter from the Minister of Finance where he cleared that matter. But I realize I have to repeat things, not twice, but many times, to get through to the Hon. Member for Yukon.

Some Hon. Members: Hear, hear!

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PREMIER OF PROVINCE OF SASKATCHEWAN

Madam Speaker: Order, please. May I draw the attention of the House to the distinguished presence in our gallery of the Premier of Saskatchewan, the Hon. Grant Devine.

Some Hon. Members: Hear, hear!

* * *

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—ANALYSIS OF RETURN ON INVESTMENT

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I would like to direct my question to the Prime Minister. The Prime Minister knows from a prepared Cabinet document submitted September 13, 1982 that the Synfuels project has an estimated real rate of return of minus 2 per cent. In other words, the project is a loser by the Government's own analysts. The Government document shows estimates of a much better rate of return, up to 18.5 per cent, for other upgrading projects, such as Canmet or Saskatchewan's heavy oil upgrader.

How is the Prime Minister able to defend the cutbacks and miserly expenditures on other vital energy programs in alternative energy and conservation while still considering an investment of up to $1 billion over five years in a Synfuels project, a project which the Minister of Energy's own Department describes as a loser?

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am afraid that I cannot comment on that in substance. The Hon. Member is presumably quoting from a leaked document or a document of which I have no knowledge. I certainly would be happy to take notice of the question on behalf of the Minister of Energy, but it would seem to me that the logic of the Hon. Member is suggesting that anything which is not profitable should not be encouraged by the Government. He and many of his seatmates are constantly putting forward projects on the grounds that they create employment in the areas of the country which need special encouragement. That may well be so in this particular case.

Mr. Rose: We are in favour of employment projects all over the country. We came out in favour of the pipeline to Atlantic Canada. We want to make sure that the employment prospects are real and lasting. We do not want to get involved in any more of these megamenaces about which the Prime Minister is talking.

PROPOSAL TO PROVIDE ADDITIONAL FUNDING

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, we heard the Minister of State for Mines describing this thing yesterday as an exciting technological breakthrough for Canada and Canadians. The fact is that she was describing a fiasco which the Minister's own Department agreed was a fiasco. It may be what could be called the "Sting".

My supplementary question concerns "Sting, Part 2". The Minister told the House that the Cabinet is considering a further handout of $750,000 to the Gillespie consortium. That is what is before Cabinet. I am surprised that the Prime Minister is not aware of it. How can the Prime Minister tell us that no undue influence is being employed to make the Government of Canada consider further handouts to a group demanding a 21.4 per cent return on their investment in a project which was described by the Minister of Energy, Mines and Resources' own analysts as a sure loser?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not know of too many people in the private sector who like to get into sure losers. If they make a proposition which the Government of Canada, through its experts, and the Government of Nova Scotia, find worth while to encourage in terms of new technology, I suppose that is why both Governments have decided to try this new technology.

Once again, the point I was making was not to make a big case for mega projects, as he seems to understand. It was that this is a project put forward for an area of the country where there is high unemployment, where the people of the area would be very happy to see new technology and high investment. I think that is the role at least that Members from Nova Scotia on this side should play to ensure their Province is given a chance. That is why the Government looked at it seriously.

Some Hon. Members: Hear, hear!

REQUEST THAT PRIME MINISTER SEEK RESIGNATION OF MINISTER OF FINANCE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the Prime Minister's answers in response to my colleague from Provencher turned this matter around very substantially. The Prime Minister has now told the House that he has received letters from the Minister of Finance which indicate that the Minister of Finance has either lied or misled the Prime Minister in his first response as to whether he had any knowledge of this project.

Some Hon. Members: Oh, oh!

Mr. Hnatyshyn: I ask the Prime Minister, in light of his guidelines and in light of the revelation that the Minister of Finance has now indicated his full knowledge of the project, whether he will not now ask the Minister of Finance for his resignation?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member asks me to demand the resignation of the Minister on the basis of my own guidelines. If he refers to my first answer in the House today and the many answers given by the Deputy Prime Minister and myself last week, he will see that we constantly referred back to the guidelines.

I do not think that the House would want me to repeat again exactly what I said on improper influence, privileged access, and preferential treatment, which are forbidden under the guidelines. I think that has just been described quite clearly, that there has been no improper influence. If there was, it was meted out through the Government of Nova Scotia which is the Government that holds the funds under the agreement.

Some Hon. Members: Come on!

Mr. Trudeau: If there was any privileged access, how could we explain that some 13 projects in all under this agreement have gone forward? Some of them were $3 million projects as opposed to the $1 million which was spent under this particular agreement, not to count all the agreements made with the eight other Provinces. There was no privileged access. It was access in the normal course by a consortium that wanted to follow this Government policy.

With respect to preferential treatment, I repeat that, if there was any, it was a discrimination against the former Minister by making sure that none of the funds could come his way. Any funds he received came from the other members of the consortium and not from the Government of Nova Scotia or the Government of Canada.

Mr. Hnatyshyn: What the Prime Minister is telling the House now is that it is all right if you pay somebody indirectly

but do not pay them directly. If they are paid indirectly, no matter how that is done, it is quite satisfactory.

REITERATION OF REQUEST FOR RESIGNATION OF MINISTER OF FINANCE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, on two counts now, the Minister of Finance has either misled the Prime Minister or lied to him about his knowledge of this transaction in Cape Breton. On the basis that there was clear preferential treatment to a former Cabinet colleague well within the two years, I again ask the Prime Minister for the sake of honour and the sake of the parliamentary system—

Some Hon. Members: Oh, oh!

Mr. Hnatyshyn: —whether he is now going to ask for and obtain the resignation of the Minister of Finance.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the matter of honour, I would like to know why the Hon. Member talks about an indirect payment. These moneys are accounted for. The management committee which follows the spending of these funds is comprised of two people who are appointed by the Government of Nova Scotia. Is he suggesting that they in some way would be paying funds and not following whom they go to? Obviously, there were funds paid. They were, and will be, accounted for by representatives of the Government of Nova Scotia as well as representatives of the Government of Canada.

There was other money from the consortium which presumably went to Mr. Gillespie for his fees. This is not a matter of paying indirectly. The Hon. Member should not speak of honour when he is making such insinuations. In the same way, when he says that the Minister either lied or misled the House, I just finished indicating in my previous answer that, indeed, I misled the House and it was based on a letter from the Minister of Finance who was misled by his departmental officials.

Some Hon. Members: Oh, oh!

Mr. Hnatyshyn: That is wrong.

Mr. Crosbie: Pass the buck.

Mr. Trudeau: They are slow to catch on, but I repeat that I indicated in my first answer on this matter that the letter I would be tabling, the second letter from the Minister of Finance, would be accompanied by a letter from the Deputy Minister of Energy who had cleared the files once, gave a certain assurance and then, having looked at them again, under the undertaking given by the Deputy Prime Minister, found that he omitted to find some documents. They will all be tabled.

Mr. Crosbie: Blame Cohen. What a rotten trick.

Mr. Trudeau: There was obviously a misleading of the House. That is why I have set the record straight. I do not think that it is an honourable thing for the Hon. Member to suggest that there was any lie.

CAPE BRETON DEVELOPMENT CORPORATION ANNUAL REPORT—REQUEST FOR TABLING OF DOCUMENTS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, it is reprehensible for the Prime Minister to hang the officials out to dry on this.

Some Hon. Members: Hear, hear!

Mr. Beatty: I want to put a question to the Minister responsible for the Cape Breton Development Corporation about the state of knowledge of another Minister of the Crown. In view of the fact that the 1980 annual report of the Cape Breton Development Corporation, which was transmitted to the then Minister, indicates that this project was taking place under the category "The Year in Review", will the Minister undertake to table all relevant documents in the House so we can find out at what point the current Minister of Fisheries and Oceans became knowledgeable about this arrangement?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, one of the things that I think has not been said in this whole debate is that, if this project had been successful, it would have created between 1,500 and 2,000 jobs in the Cape Breton area for the supply of coal.

Some Hon. Members: If, if!

Mr. Lumley: That is one reason why the Cape Breton Development Corporation was so interested in seeing this process occur. But I will look into the Hon. Member's question.

Mr. Beatty: It was successful for one person. That was Alastair Gillespie.

Madam Speaker: Order. We simply must have order. The Hon. Member for Wellington-Dufferin-Simcoe will wait until he gets the floor in order to ask his questions. I now give him the floor.

REQUEST THAT DEVCO VOID AGREEMENT WITH ALASTAIR GILLESPIE

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, will the Minister undertake to table all relevant documents instead of withholding them from Parliament? Second, in view of the fact that there has been a very clear breach of the Prime Minister's guidelines, will the Minister now instruct Devco to void the agreement with Alastair Gillespie?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, again I want to reiterate that we on this side

are very concerned about creating jobs in Cape Breton. If this project is successful there will be thousands of jobs created in this area. The Prime Minister has already indicated that documents will be tabled at three o'clock this afternoon.

• (1440)

APPLICATION OF MINISTERIAL CONDUCT GUIDELINES TO ALASTAIR GILLESPIE

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Prime Minister. I would like to get to the bottom of what it is that the Prime Minister believes would constitute a breach of the guidelines. Does he believe that Alastair Gillespie fulfilled all of the terms of the guidelines and, in particular, does he believe that Mr. Gillespie paid particular heed to the guideline which states that former Ministers should not, within a period of two years of leaving office, lobby for or on behalf of any person or commercial corporation before any Department or agency for which they were responsible on an ongoing basis during the last two years of their participation in the Ministry?

Can the Prime Minister stand in his place and say that he does not believe that Alastair Gillespie lobbied or carried on conversations with or attempted to influence, on behalf of a person or commercial corporation, the Ministry that he had left?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member said "lobby or carry on conversations". I do not believe that they are identical. The record will show, and it has been recognized—

Mr. Crosbie: Yes they are; look at the dictionary.

Mr. Trudeau: —that Mr. Gillespie did apply for information to the Deputy Minister. He did it, I believe, in writing, and verbally. Therefore, there has been contact. True, that has been admitted in the House. However, as to whether or not that constituted lobbying, that has been dealt with by the Deputy Prime Minister in the House in the manner that I would have dealt with it. Mr. Gillespie obviously asserts that he did not lobby in the conventional sense of the term.

Some Hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): It was unconventional, all right.

Mr. Trudeau: But more important is the fact that the then Deputy Minister of Energy, Mines and Resources testified that he did not feel lobbied. He received Mr. Gillespie as he received members of the public in many, many instances, and he provided them with information.

I guess we would have to reach an understanding of what lobbying is in order to know if there was a breach of the guidelines. I think one characteristic of lobbying is that it is constant and persistant.

Mr. Hnatyshyn: Sometimes one call will do.

Mr. Trudeau: Exactly, Madam Speaker. Asking for information, in my view, does not constitute lobbying.

An Hon. Member: You are rewriting your own guidelines.

Mr. Deans: Madam Speaker, I do not know whether the people of Canada will accept that as an answer, but I can certainly assure the Prime Minister that it does not meet with much favour here on this side of the House.

Some Hon. Members: Hear, hear!

Mr. Deans: I might suggest to the Prime Minister that one test of lobbying may well be whether or not the project being pursued was actually ever approved. In this case it is quite clear that Alastair Gillespie was able to convince the Ministry to proceed with approval for the project. If that is not lobbying, God knows what is.

REQUEST FOR REFERRAL TO COMMITTEE

Mr. Ian Deans (Hamilton Mountain): I would like to ask the Prime Minister a supplementary question. Given the fact that Alastair Gillespie did meet with and discuss the potential project with the Ministry with which he had previously been involved, obviously within the period restricted under the terms of the guidelines, and given the fact that it is now clear that the Minister of Finance was made knowledgeable of that fact prior to the expiry of two years from the time Alastair Gillespie left the Ministry, and given the fact that the—

Some Hon. Members: Order.

Mr. Deans: —the present Deputy Minister sat on a public platform and conceded that Mr. Gillespie was reaping the benefits of his own work in the Ministry, does he not feel that it might be appropriate to have this matter reviewed by a House of Commons committee in all of its details—

Some Hon. Members: Oh, oh!

Mr. Deans: —including the day books of the Ministers involved?

Madam Speaker: Order.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question is whether the former Minister obeyed, or otherwise, the post-employment guidelines which were issued. I issued the post-employment guidelines precisely because it was known, it was probable, it was a fact of life, that people who left public office would go into the private sector, would be engaging in business of one kind or another and would probably come into contact with the Government. There was therefore no prohibition nor any attempt to indicate that people in public life would have to go out and become monks.

Mr. Crosbie: No; they become fat cats.

Mr. Trudeau: They were to be able to operate as free and private citizens. The intent of the guidelines was to ensure that they did not abuse public trust. That is the purpose of the guidelines. Whether or not this was a case of lobbying is, I think, a question of fact.

Mr. Baker (Nepean-Carleton): And worthy of some review.

Mr. Trudeau: The correspondence will be tabled and the Canadian public, not Hon. Members of the Opposition or Hon. Members on the Government benches, will judge whether asking for information, asking that a project be encouraged or pursued, constituted lobbying or not. If such was the case, I would want to tell the House—

Some Hon. Members: Put the question.

Mr. Trudeau: Well, I am prepared to put the question, Madam Speaker.

Mr. Nielsen: Call an election.

Mr. Crosbie: Let's have a prorogation now.

REQUEST THAT COMMITTEE EXAMINE DOCUMENTATION

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, given the amount of doubt that now exists, will the Prime Minister stand in his place and refer the matter to a committee of the House of Commons for a full inquiry and ask that all relevant material, including the day books of the Ministers involved, be made available for scrutiny?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I indicated that at 3 o'clock p.m. we would be tabling the documents. Hon. Members of the Opposition will have a chance to review them. The Hon. Member asked about a committee of the House of Commons. The House of Commons itself has been examining this question for a week. We also say that if Hon. Members of the Opposition want to take a day for it, why do they not use one of their days and have a vote on it? Then they would know.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

FISHERIES

KIRBY REPORT—PROJECTS PRESENTED BY QUEBEC PRODUCERS

Mr. Alexandre Cyr (Gaspé): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans.

The Kirby Report on the Atlantic fishery states that the fish processing industry is in serious trouble, and that the fishing industry will recover only if everyone does his share. The Producteurs Indépendants du Québec and the Quebec United Fishermen have submitted to the Minister a number of plans for the financial recovery and restructuring of the companies concerned and for setting up a marketing board. Could the Minister inform the House whether he has examined the plans submitted by the Quebec producers, whether he intends to make a decision in the near future, and whether he is planning to go to the Gaspé to meet fishermen and producers and discuss the contents of the Kirby Report?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I am delighted to see that a Member representing fishermen on the Government side is asking questions about fisheries, because since our new policy was announced, involving a funding commitment of $200 million, not a single Opposition Member has shown any interest in the fisheries issue. I would like to thank the Hon. Member for showing his interest.

As far as the United Fishermen are concerned, a few days ago I met with their executive, and I told them that since a few months ago, the Federal Government had taken the first step by granting them $1.2 million, it seemed reasonable to expect the Government of Quebec to act on a commitment it had already made, namely, to contribute $800,000. However, I am always prepared to discuss the matter with them.

Yesterday, I had a meeting with the largest fishermen's association in the Gaspé, which advised me of their recommendations. I let them know that their recommendations would be passed on to the Right Hon. Prime Minister, and that I was, of course, quite willing to listen to any representations our fishermen might wish to make. Obviously, Opposition Members who have yet to ask any questions about this new policy are demonstrating their lack of interest in our Atlantic fishermen.

* * *

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—DEPARTMENTAL TRANSACTIONS

Mr. John Bosley (Don Valley West): Madam Speaker, my question is directed to the Prime Minister, who has today said that misconduct must be scandalous before it amounts to misconduct, and that lobbying must be persistent before it is lobbying. May I ask him this question? Has he determined what was in the mind of the Minister of Finance when he signed the original letter saying that the first he heard of this issue was in September, 1981? What I would like to know from the Prime Minister is this: just what did the Minister of Finance know about what was going on in his Department when he signed that letter?

• (1450)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member will be able to find out. I will table the letter. As to what was in the Minister's mind, I do know

that the Minister signed some 330 submissions to Treasury Board during the period that he was Minister of Energy, Mines and Resources. It is conceivable that he would not remember every one of them.

Mr. Bosley: I take it the Prime Minister is saying that this matter is so inconsequential that, when he signed the letter to the Prime Minister, it was just one of his thousands of letters to sign.

STATEMENT BY MINISTER OF FINANCE IN NOVEMBER, 1980

Mr. John Bosley (Don Valley West): Madam Speaker, will the Prime Minister undertake to investigate the following since he now says he believed that his Minister of Finance knew in January of 1981? Will he undertake to investigate why the Minister of Finance, the then Minister of Energy, said on November 25, 1980, to the Committee on Alternate Energy and Oil Substitution:

I would just like to stress that there are two of them—

Referring to projects on coal liquefaction.

—which involved Petro-Canada—

Will he check and determine for himself, as if Petro-Canada will tell him, that one of those was the project in Cape Breton and, therefore, the Minister of Finance knew even earlier than the letter he now says he knew?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member was presumably giving information that was given to him. I repeat, he does not know of every transaction in detail. He was asserting that the policy brought forward by the Government for petroleum substitution was being effective. He was giving as an example that even the Crown corporation, Petro-Canada, was involved in the application of that policy. That is something of which we are proud.

SPEECH BY MINISTER OF STATE (MINES) IN OCTOBER, 1980

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is directed to the Minister of State for Mines. The Minister may recall that she made another speech pertaining to this subject of Cape Breton coal liquefaction on October 14, 1980, some nine months earlier than the speech that has previously been referred to, as reported at pages 3662 and 3663 of *Hansard*. In this speech the Minister referred to projects pertaining to the manufacture of synthetic fuels from coal. She referred to co-operation between Energy, Mines and Resources, DREE, and the Cape Breton Development Corporation. She indicated that the process of coal liquefaction was questionable from an economic viability point of view and referred to pronouncements of her colleague, the then Minister of Energy, Mines and Resources, who had said the Government was prepared to assume a large proportion of the technical risk—

Madam Speaker: Order, please. I do not think it is very useful for the Hon. Member to read the entire speech. He may ask a question about the speech. It is close to the end of Question Period and other Hon. Members want to get the floor.

Mr. Siddon: Madam Speaker, the content of this speech is important because it came two weeks before the first memorandum of agreement was signed with Gillespie and Associates. Will the Minister swear to this House that, on the day she made that speech, she knew nothing of Mr. Gillespie's overtures and proposals to the Government of Canada?

Hon. Judy Erola (Minister of State (Mines)): Yes, Madam Speaker, and I would like to thank the Hon. Member for the case he has just made for coal liquefaction. I should like to tell him that the history in our Department is a very good one. It goes back to the year 1976. We have approximately 24 contracts here on coal liquefaction, including Algas Resources Ltd. of Calgary; British Columbia Research Council; Raylo Chemicals, Edmonton, Alberta; Kilborn Engineering Limited in Toronto; Sandwell-Beak in Toronto; Saskatchewan Oil and Gas; Westcoast Transmission. I dare say there is a Tory or two in the list.

Some Hon. Members: Hear, hear!

QUERY RESPECTING MINISTER'S KNOWLEDGE OF PROPOSALS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, from the Minister's attempt to give a glib, initial answer, and then stonewall this House, it is quite evident that she knew more than she is saying. I ask once again did the Minister have knowledge of the proposals from Alastair Gillespie and Associates which were approved two weeks subsequent to the speech she made in this House on October 14, 1980?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I answered that question. No, I did not know of Mr. Gillespie's association with the project.

REQUEST THAT PRIME MINISTER TAKE ACTION

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, today we had an interesting revelation in the tale of two letters. I would like to direct my question to the Prime Minister. We now know that Alastair Gillespie lobbied the Department of Energy within the two-year period and we now know the Minister was aware of it. We now know that that contract was signed subsequently. Is the Prime Minister now intending to take some honourable course of action and discipline or dismiss that Minister for what appears, in the public eye and the eye of this House, as conduct unbefitting a Member of that Cabinet and the Government?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, Hon. Members continue alleging unbecoming conduct. I continue referring to the guidelines, which are something of a guide to indicate what should and should not be considered becoming. I still have to hear from the Opposition

any indication, any proof, that there was undue access, that there was privileged treatment. That is surely the whole point.

REQUEST THAT PRIME MINISTER DISCIPLINE MINISTER OF FINANCE

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, we have a litany before this House and this country, including Buchanan, Macdonald, Pitfield, and Gillespie. It goes on, and on, and on. I would appeal to the Prime Minister to stop this fiction, to give the people some sign that there is a shred of integrity left on that side of the House, and discipline or dismiss that Minister.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member appeals to our integrity. I am quoting guidelines. I am quoting public knowledge of a beneficial transaction. I am quoting the policy of the Government of Canada. I am quoting the reality that former Ministers are not forbidden to deal with the Government, whether they be Tory Ministers—

Mr. Baker (Nepean-Carleton): Wow!

Mr. Trudeau: The Hon. Member for Nepean-Carleton shakes his head in despair. I can assure him that former Members of the Cabinet of which he was a member are in the process of getting information from the Government, indeed of their former Departments. This is well known, Madam Speaker.

Mr. Baker (Nepean-Carleton): Name them.

Mr. Trudeau: They are not pariahs.

Some Hon. Members: Oh, oh!

Madam Speaker: Order.

* * *

SEARCH AND RESCUE

DANGER POSED BY EAST COAST ICE CONDITIONS

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the Minister of National Defence. It is prompted by a concern arising out of the worst ice conditions off the coast of Newfoundland and Labrador in the last two decades.

Some Hon. Members: Hear, hear!

Mr. McGrath: Yesterday a former marine co-ordinator with the Canadian Armed Forces Rescue Co-ordination Centre said:

—that rescue authorities do not have enough of the right equipment and some of that which is available is inadequate or improperly deployed.

He went on to say that oil rigs out there are accidents waiting to happen. What steps has the Minister taken in view of the fact that there are communities that are isolated, that there are people working on the offshore and that they lack adequate search and rescue deployment and adequate equipment? Can the Minister give some assurance to me and the people I represent that they are going to receive some protection from these unusual ice conditions?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the Hon. Member knows very well that everything has been done in so far as search and rescue on the East Coast is concerned. The retired officer to which he referred only mentioned a few facts which are now completely out of date. I can assure the Hon. Member that we are doing everything we can. What is most important in search and rescue is to have the highest level of flexibility possible with all of our facilities and capabilities on the coast. I mentioned a few to the Hon. Member last week, knowing that there was a storm coming, but, thankfully, no incident occurred. Just the same, all of our activities were concentrated on the coast and flexibility was there just in case something happened that required our action. We do that every time it is required.

AVAILABILITY OF HELICOPTERS IN EASTERN NEWFOUNDLAND

Hon. James A. McGrath (St. John's East): Madam Speaker, will the Minister then explain to the House why there was not a rescue helicopter available yesterday in eastern Newfoundland when two men were lost on the ice? It was reported at 7.30 p.m. that there was no rescue helicopter available. In fact it was not until 1.15 a.m. that these two fishermen were rescued from the ice by a private helicopter. Can the Minister explain where the search and rescue helicopters were?

• (1500)

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, we do not seem to have the same information because I was well aware of the incident yesterday and was told that our facilities were there in position, but because of the difficulty in getting to these two people on the ice pack, specifically, difficulties with the weather, we could not use the helicopters which were there in Gander, or our other facilities. However, as soon as we could, we used them. We responded as fast as we could, and it was done at the time which the Hon. Member mentioned.

* * *

BUSINESS OF THE HOUSE

Mr. Pinard: On a point of order, Madam Speaker. I would like at this time to designate tomorrow, Thursday, as the fifth Opposition day of this current period of Supply.

Mr. Deans: Madam Speaker, did I understand the Minister to say that tomorrow will be the Supply day?

[*Translation*]

Mr. Pinard: The Hon. Member is very quick indeed, Madam Speaker.

[*English*]

Mr. Deans: Madam Speaker, on that basis, it does not allow us sufficient time to develop and give notice for a vote—

Some Hon. Members: Oh, oh!

[*Translation*]

Mr. Pinard: Madam Speaker, if the scandal is so obvious—

Madam Speaker: Order, please. The Hon. Member for Hamilton Mountain (Mr. Deans) has not finished speaking.

[*English*]

Mr. Deans: Madam Speaker, I would like to suggest to the House Leader, since we have not met this week, although last week we were under the impression we were going to meet today, and since there has been no indication prior to this moment that tomorrow was to be an Opposition day, that this move on the part of the Government is yet another attempt to cover up their sleazy actions.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Pinard: Madam Speaker, if the scandal is so obvious to the Members of the Opposition, and it has been more than a week since they started bringing up the issue in question period, I wonder why they are not prepared to provide supporting arguments for their accusations and to answer questions from the Government side, within the context of a structured debate. They would have the advantage of consulting documents that the Prime Minister (Mr. Trudeau) and other Ministers are about to table in the House, and in this way, we can have an intelligent debate on the issue, and the public will be truly in a position to judge and to see for itself how Opposition Members are abusing Parliament, while we should be considering economic issues and matters of far greater importance to Canadian society.

Madam Speaker, if one day's preparation is not enough for New Democratic Party Members, I am willing to designate two consecutive days as opposition days. If they agree, Thursday and Friday of this week will be opposition days, and they will have an additional day to debate the matter. For the time being, however, I am officially designating tomorrow as an Opposition day. However if I am asked to do so, I shall designate Friday as well, if that serves the purpose of the Opposition. What we really want on this side of the House, Madam Speaker, is to get at the truth and to have the Canadian people judge who is guilty here.

[*English*]

Madam Speaker: Order. It is only conducive to order that a point of order be cleared up before I go on to another one.

Mr. Lewis: I am rising on the same point of order, Madam Speaker.

Madam Speaker: I know, but the Hon. Member for Hamilton Mountain stood up first to ask a question on Government business. I cannot recognize an Hon. Member who is not rising from his seat. The Hon. Member for Hamilton Mountain stood up first and I recognized him. We are on the same point of order. I believe it is conducive to good order that we clear up one point of order and then we can go on to another. The Hon. Leader of the Opposition.

Mr. Nielsen: Madam Speaker, I would like to speak to the point of order. There is one House Leader for Her Majesty's Loyal Opposition in this House. He is here. I would like to say to the Government House Leader that Her Majesty's Loyal Opposition welcomes Thursday as an Opposition day, and I can assure him that a vote will be put.

Some Hon. Members: Hear, hear!

Mr. Lewis: Madam Speaker, you will remember that I went up to you before Question Period started and indicated I would be rising immediately the Question Period ended because we had had no idea from the Government what the business for tomorrow was to be. Therefore, Madam Speaker, I respectfully suggest that you were pre-warned when I rose that that was what I wanted to ask the Government.

Some Hon. Members: Oh, oh!

Madam Speaker: Order. Order. Yes, indeed, the Hon. Member for Simcoe North had pointed out to me that he would want to raise a point of order after Question Period. I was perfectly aware of that. I looked at him after Question Period but, unfortunately, there was a lapse of a few seconds, I suppose, in his timing, and I just have to recognize those who rise first in these circumstances. I was not demeaning the role of the Official Opposition. I can assure the Hon. Leader of the Opposition of that. It just happens that it is a rule and if Hon. Members want to be recognized, they must rise. Otherwise, I cannot recognize them.

Mr. Deans: Madam Speaker, I would just like to say that if there is a motion put on the floor of the House which deals with the matter of Alastair Gillespie and this Cabinet, we will be voting for the motion, if the motion quite clearly says that this Cabinet should be censured.

Let me just ask the House Leader for the Government, given that he knows full well that a parliamentary debate is not an adequate way to deal with an inquiry into the wrongdoing of this Government, will the House Leader stand in his place and order that the matter be referred to a committee in order that a proper inquiry can take place?

[*Translation*]

Mr. Pinard: Madam Speaker, I believe my learned colleague spoke without thinking. I know he has a profound respect for Parliament, and I am sure that he will take advantage of tomorrow's debate to expound his views, to answer questions and to listen carefully to what the Minister of Finance (Mr. Lalonde) will say in the House.

In the circumstances, I shall therefore refrain from criticizing my learned colleague. I forgive him. I know he spoke without thinking in the heat of the debate, and that tomorrow, our parliamentary institutions will give him an excellent opportunity to take part in the debate, to answer questions and to listen to everything Hon. Members will have to say on the matter. Once all aspects have been discussed there will be a vote, and then Canadian people will know, once and for all, what the situation is.

[*English*]

Mr. Skelly: Madam Speaker, with respect to the matter before the House, I wonder if the House Leader might reconsider the matter of the integrity of that organization. That will not be developed through an Opposition day tomorrow. That will only be resolved by an active—

Madam Speaker: Order, order. That is not a point of order.

Mr. Waddell: Madam Speaker, on the same point of order, are we to be assured by the Government House Leader that the present Minister of Finance will indeed take part and speak in that debate tomorrow?

[*Translation*]

Mr. Pinard: Madam Speaker, I think I already answered that question after comments by the Hon. Member's colleague.

An Hon. Member: They are getting nervous!

Mr. Pinard: The Minister of Finance has nothing to hide, there is no doubt about that. Furthermore, he will be quite happy to explain the situation and to show how the Members opposite have abused Parliament and indulged in innuendo, without any basis in fact, in an attempt to destroy people of consequence.

• (1510)

[*English*]

Mr. Skelly: Madam Speaker, the matter before us is not as the House Leader has outlined. It is a matter of integrity and that is a matter—

Madam Speaker: Order. The Hon. Member will have all the time he wants to debate that in the House at the proper time.

Mr. Waddell: Madam Speaker, on the same point of order, does this also mean that the Government will be tabling further documents with respect to this matter so that we can debate it fully?

[*Translation*]

Mr. Pinard: Madam Speaker, I do not want to encroach any further on the time set aside for Private Members' Business, but I simply wish to repeat to the Hon. Member that in a few moments, the Right Hon. Prime Minister (Mr. Trudeau) will be tabling documents.

[*English*]

Mr. Rose: Madam Speaker, one of the things that concerns us on this whole strategy on the part of the Government for an Opposition day on this subject is that the Opposition has no opportunity to call for documents or witnesses.

Some Hon. Members: No, no!

Mr. Rose: There are no opportunities at all for the Opposition to cross-examine anyone. I wonder if the Minister has considered the possibility of providing a committee situation to enable the Opposition to cross-examine people such as Mr. Gillespie?

Mr. Crosbie: And the Minister of Finance, and the Prime Minister, and Mickey Cohen, and the Minister of Mines.

[*Translation*]

Mr. Pinard: Madam Speaker, without wanting to repeat myself, if the offence is so obvious, as Opposition Members have been implying for more than a week, I wonder what the Hon. Member is complaining about.

If he really wants to have a trial, if he really wants to table supporting documents, and if he really wants to cross-examine witnesses, he should have the moral courage to go outside the House and press formal charges and bring a private suit before the courts and suffer the consequences.

[*English*]

Mr. Deans: Madam Speaker, I suppose what the House Leader of the Government is saying is that if we want to hear witnesses we should call them to the Bar of the House, perhaps.

ROUTINE PROCEEDINGS

[*Translation*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—TABLING OF CORRESPONDENCE

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, pursuant to Standing Order 46(2), I wish to table copies of correspondence exchanged by the Deputy Minister of Energy, Mines and Resources and the Minister of Finance (Mr. Lalonde) and also of correspondence I received from the Minister of Finance.

[*English*]

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, the Deputy Prime Minister (Mr. MacEachen) agreed to table documents related to the Scotia coal synfuels project. In accordance with the letter and the spirit of the Access to Information Act, I wish to table the

following documents. These documents include, first, all correspondence between Mr. Gillespie and officials of the Government of Canada in the period up to the date of approval by the Governor in Council of the tripartite Agreement between Canada, Nova Scotia and the consortium; second, all internal memoranda relating to the project for this same time period.

The only relevant documents which I am not tabling are those which are in Cabinet confidence, in this case submissions to the Treasury Board.

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I did not hear the Minister mention correspondence with the Board or any member thereof, or, indeed, the research branch of Devco and anyone in Government, or the correspondence which may have been exchanged between the Board or any member thereof of PetroCan and the Government of Canada. Will he undertake before tomorrow's debate to table correspondence between Mr. Gillespie and any member of the Board or any official of Devco, if any such correspondence exists; and any correspondence between any member of the Board of Devco or any official thereof and the Government or any Department thereof? Will he also apply that same request to PetroCan?

Mr. Chrétien: I have tabled all the correspondence that is in my Department and in the Government's possession at this time. There is some correspondence that I have not tabled between the Government and some of these corporations. But with regard to all the documents that might have been exchanged between any partners of this consortium and these two Crown Corporations that the Hon. Member referred to, I am not in possession of them. They were not requested of me.

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, on the same point of order, the Minister has referred to correspondence within his Department, but what we are asking for is correspondence for those Crown agencies for which he is also responsible, namely PetroCan and Devco.

[*Translation*]

Mr. Chrétien: Madam Speaker, I shall repeat in French what I said in English, since the Hon. Member did not understand. I said that I tabled all the documents that were in the Government's possession, that some of those documents consisted of correspondence exchanged by Government officials and the Crown corporations concerned, but that I did not have in my possession correspondence exchanged by all parties to the consortium, including that of the Government of Nova Scotia, Crown corporations and private corporations. All the documents in my possession that I could physically table, have been tabled.

[*English*]

Mr. Nielsen: Madam Speaker, what we are interested in, of course, is the correspondence between Mr. Gillespie and the Board of Directors or members thereof or officials of those Crown Corporations for which the Minister is responsible. I take it from his answer that he is saying that he has tabled any such correspondence between those two Crown Corporations and Mr. Gillespie.

Will he also table, before tomorrow's debate, any correspondence between the Government of Nova Scotia and the Government of Canada relevant to this project, and any correspondence between the Government of Nova Scotia and Mr. Gillespie, if any exists?

Mr. Chrétien: Madam Speaker, the Hon. Member should look at what I have tabled. I have tabled everything I had in my possession. It is quite evident that his fishing expedition is getting a bit ridiculous. We are hiding nothing: everything has been done above the table. I am tabling more documents than have ever been tabled before in this House of Commons. I do think the Hon. Member should look at them before making comments, and not keep on fishing as he has been doing from 1965 on.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Madam Speaker, with respect to the Minister's comment just now, I might say that we caught a few fish in 1965, and who knows what might happen tomorrow?

Madam Speaker: Would the Members agree now that they have entered into debate? Exactly.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, perhaps the Minister of Energy, Mines and Resources (Mr. Chrétien) can answer both the question of the Leader of the Opposition (Mr. Nielsen) and my question at the same time when he rises. I wonder if the Minister of Energy would be prepared to table, in addition to the documents he has mentioned, the day book of the Minister of State for Mines (Mrs. Erola), the Minister of Energy, Mines and Resources, the present Minister of Finance (Mr. Lalonde) and the Deputy Prime Minister (Mr. MacEachen) for the period from February, 1980 to December, 1982.

• (1520)

Mr. Baker (Nepean-Carleton): Not only the day book, but the night book.

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, for the sake of completeness in the short time available, I wonder if the Minister of State for Mines (Mrs. Erola) and the Minister of Industry, Trade and Commerce (Mr. Lumley), who both made reference to the project and its viability in the House, would table any correspondence in their possession pertaining to this matter? I ask this for the sake of completeness of debate and in order to bring full light to bear on this particular matter.

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on the same point of order. The Minister said he was tabling everything he had, all the documents he had, except Cabinet documents. I wonder if the Minister could tell us whether Cabinet documents would include any memorandum that Mr. Marshall (Mickey) Cohen may have made when he

met with Mr. Gillespie, and whether, in the interest of exposing the matter, he would table any memoranda that Mr. Cohen may have made with respect to that meeting.

Mr. Chrétien: Mr. Speaker, I said that I have tabled the documents that were in the possession of Mr. Cohen and others in relation to this matter, including some internal memos.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, earlier today the Minister of Industry, Trade and Commerce (Mr. Lumley) refused to agree to immediately table all the documents in possession of Devco in relation to this matter. Can the Minister of Energy, Mines and Resources (Mr. Chrétien) assure us that before tomorrow's debate all documents in the possession of Devco that are relevant to this affair will be available to Members of Parliament?

Mr. Chrétien: Madam Speaker, I will give the same answer that I gave before. All the documents that are relevant or in my possession in this matter are on the table. Hon. Members opposite should look at them if they are serious about what they want to know. It is all there, all in written form. They should read them first instead of going around in a circle about whether I should table all the letters that have been written and all the articles that have been published on the subject. I think that is completely immaterial. They have the file as it was in my Department. I asked my officials to do a thorough review of all the files and they are all on the table. Never before was so much documentation tabled. I think all the facts are known and it will be known that there is no other interest than to try, perhaps, like in 1965, to "kill" people more than to get justice.

* * *

PETITIONS

MR. MITGES—HUMAN RIGHTS IN NICARAGUA

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I am happy to present a petition from constituents of Grey-Simcoe voicing their strong concern regarding the distressing situation in which the citizens of Nicaragua find themselves.

It is my sincere hope and the hope of the petitioners that the Secretary of State for External Affairs (Mr. MacEachen) will take a closer look at the basic needs and human rights of these deprived and terror-stricken citizens and will support them in every possible way to ensure their needed protection. Immediate attention and strong support from our Canadian Government is a mandatory precedent, required to help resolve the outrageous atrocities which are being inflicted on the people of Nicaragua.

MR. SHIELDS—REQUEST FOR ACTION TO CREATE JOBS

Mr. Jack Shields (Athabasca): Madam Speaker, I have the duty to present a petition on behalf of a number of my constituents in the riding of Athabasca. The purpose of the petition, signed by 84 residents of Calling Lake and the surrounding area, is to register their request that the federal Government investigate job-creation activities for the residents of this very depressed area.

The nature of this petition is to request that the Government immediately take action to create jobs for these people who are experiencing an unemployment rate greater than 75 per cent. This isolated native community is especially hard hit by the current recession and special measures must be taken to improve their desperate situation.

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

MR. DANTZER—REQUEST FOR CONTINUED SEARCH AND RESCUE ACTIVITY

Mr. Vince Dantzer (Okanagan North): Madam Speaker, I rise to present a petition signed by 652 concerned citizens of Vernon, British Columbia, who are asking that the search and rescue efforts to find Mr. Paul Sargeant and Mr. Jack Scott be extended and continued.

On February 8, 1983 Jack Scott and Paul Sargeant went down in their aircraft during a flight from Castlegar to Vernon, B.C. On February 19, 1983, the Air Force search and rescue team discontinued the search.

This petition shows the very real concern that has arisen in the community. Calls have also come into my office from Hamilton, Ontario where these men were both well known. On behalf of the petitioners, I ask for serious consideration of their request by the Government of Canada.

MR. FRIESEN—CAPITAL PUNISHMENT

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I want to avail myself of the opportunity and freedom to speak on behalf of my constituents by presenting a petition which is again on the subject of capital punishment. What makes this particular petition unique is not the subject matter, as all of us have represented our constituents that way, but this particular person is a new Canadian. She felt that she wanted to exercise her right as a Canadian citizen to work on behalf of the conviction that she holds very important to her and that she feels is important to the security of society.

Therefore, I take pleasure in exercising this right on behalf of this particular constituent who is a new Canadian.

Motions

[*Translation*]

MAIN ESTIMATES, 1983-84

REFERENCE TO STANDING COMMITTEE

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, pursuant to the provisions of Standing Order 63, I move:

That the Main Estimates for the fiscal year ending March 31, 1984, tabled on Tuesday, February 22, 1983, be referred to the several Standing Committees as follows:

Madam Speaker, considering that the allocation of the Main Estimates to the various Committees is detailed and that the list is quite long, if the House agrees, I would ask that it be printed in *Hansard* as if it had been read, and I want to assure the House that it is the same list as the one I sent to the other House leaders during Oral Questions Period today.

[*English*]

Mr. Doug Lewis (Simcoe North): Madam Speaker, we have no objection to the practice but my copy says "pursuant to Standing Orders 62(14) and 63". I did not get that on the translation. If that is what the Government House Leader has, we are in agreement with that.

Mr. Pinard: Agreed.

[*Translation*]

Madam Speaker: The House has heard the suggestion of the President of the Privy Council (Mr. Pinard). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

[*Editor's Note: List referred to above is as follows:*]

Motion pursuant to Standing Orders 62(14) and 63. That the Main Estimates for the fiscal year ending March 31, 1984, tabled February 22, 1983, be referred to the several Standing Committees as follows:

To the Standing Committe on Agriculture.

Agriculture, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40 and 45

To the Standing Committee on Communications and Culture

Communications, Votes 1, 5, 10, 15, 20, 25, L30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95 and 100

Secretary of State, Votes 1, 5, 10, 15, 20, 25, 30 and 40

To the Standing Committee on External Affairs and National Defence

External Affairs, Votes 1, 5, 10, 15, 25, 30, L35, 45 and 50

National Defence, Votes 1, 5, 10 and 15

To the Standing Committee on Finance, Trade and Economic Affairs

Economic Development, Vote 1

External Affairs, Votes 20 and 40

Finance, Votes 1, 5, 10, L15, 25 and 30

Industry, Trade and Commerce, Votes 1, 5, 10, 15, 20, 25, L30, L35, L40, 45, 50, 55, 60, 65 and 70

National Revenue, Votes 1, 5 and 10

Privy Council, Vote 20

To the Standing Committee on Fisheries and Forestry

Environment, Votes, 1, 5, 10, 15, 20, 25 and 30

Fisheries and Oceans, Votes 1, 5 and 10

To the Standing Committee on Health, Welfare and Social Affairs

Consumer and Corporate Affairs, Votes 1, 5, 10 and 15

National Health and Welfare, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50 and 55

Social Development, Vote 1

To the Standing Committee on Indian Affairs and Northern Development

Indian Affairs and Northern Development, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, L50, L55 and L60

To the Standing Committee on Justice and Legal Affairs

Justice, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40 and 45

Solicitor General, Votes 1, 5, 10, 15, 20 and 25

To the Standing Committee on Labour, Manpower and Immigration

Employment and Immigration, Votes 1, 5, 10, 15, 20, 25, 30 and 35

Labour, Votes 1, 5, 10 and 15

To the Standing Committee on Management and Members' Services

Parliament, Vote 5

To the Standing Committee on Miscellaneous Estimates

Finance, Vote 20

Governor General, Vote 1

Parliament, Votes 1 and 10

Privy Council, Votes 1, 5, 15 and 25

Science and Technology, Votes 1, 5, 10, 15, 20, 25, 30 and 35

Secretary of State, Vote 35

Supply and Services, Votes 1, 5 and 10

Treasury Board, Votes 1, 5, 10, 15, 20, 25 and 30

To the Standing Committee on National Resources and Public Works

Energy, Mines and Resources, Votes 1, 5, 10, 15, 20, 25, L30, 35, 40, 45, 50, 55, L60, L65 and 70

Public Works, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, L75, 80, 85, 90 and L95

To the Standing Committee on Northern Pipelines

Economic Development, Vote 5

To the Standing Committee on Privileges and Elections

Privy Council, Vote 10

To the Standing Committee on Regional Development

Regional Economic Expansion, Votes 1, 5, 10, L15, 20, 25 and 30

To the Standing Committee on Transport

Transport, Votes 1, 5, 10, 15, 20, 25, 30, 35, L40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, L95, 100 and 105

To the Standing Committee on Veterans Affairs

Veterans Affairs, Votes 1, 5, 10, 15, 20, 25 and 30

Motion agreed to.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of Privy Council): Madam Speaker, if question No. 4,416 could be made an order for return, the return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 4,416 be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

CONTRACTS LET BY VARIOUS AGENCIES

Question No. 4,416—**Miss Carney:**

Since January 1, 1982, what projects or contracts were let through the registries of the Canadian International Development Agency, the Bureau of Management Consulting Services, and the Business Opportunities Sourcing System and which firms received the contracts?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions stand?

Some Hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

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

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

Some Hon. Members: Agreed.

PRIVATE MEMBERS' BUSINESS—MOTIONS

[*Translation*]

Madam Speaker: Shall all orders listed under Private Members' Notices of Motions preceding No. 61 be allowed to stand by unanimous consent?

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. Under Private Members' Notices of Motions I would ordinarily have looked to the Hon. Member for Argenteuil-Papineau (Mr. Gourd), but I see he is not in the House at the moment.

Without seeking unanimous consent or attempting to set up a particularly detailed procedure, I would suggest to Hon. Members that they may be content if we were to proceed to Public Bills, second reading and reference to standing committee, a Bill standing in the name of the Hon. Member for Churchill (Mr. Murphy).

The House itself may choose to decide or may want to call upon the Chair to decide whether in due course we revert to Private Members' Notices of Motions.

• (1530)

Mr. Smith: Mr. Speaker, I have had an opportunity to have consultations with the Hon. Member for Churchill (Mr. Murphy), and that is certainly agreeable to this side of the House.

Mr. Lewis: Mr. Speaker, am I given to understand that that motion will stand down and be No. 3 in today's order of proceedings? I think that would be in order.

Mr. Smith: Mr. Speaker, that is quite agreeable. If the Hon. Member for Argenteuil-Papineau arrives—I understand he is having trouble getting to Ottawa—hopefully it will be in time for the motion to be dealt with as the third item.

The Acting Speaker (Mr. Blaker): The understanding of the Chair is that we will now proceed to the consideration of the motion standing in the name of the Hon. Member for Churchill (Mr. Murphy), and that the issue respecting the Private Members' Notice of Motion standing in the name of the Hon. Member for Argenteuil-Papineau (Mr. Gourd) would simply rest in abeyance for a while in order to determine whether or not he arrives, and that it might exchange places with this one.

Mr. Smith: If the point my hon. friend is trying to make is that following the Hon. Member for Churchill the next item of business would be that standing in the name of the Hon. Member for Lanark-Renfrew-Carleton (Mr. Dick), that is agreeable to us.

Mr. Lewis: Mr. Speaker, that is fine with us. As a matter of fact, I have had an opportunity to discuss the first motion in the name of the Hon. Member for Argenteuil-Papineau (Mr. Gourd), and we are prepared to let it go to committee right away.

The Acting Speaker (Mr. Blaker): In that case, I understand that the House is agreeable to moving to the matter of Public Bills, specifically second reading and reference of Bill C-346, standing in the name of the Hon. Member for Churchill.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

PUBLIC SERVICE

AMENDMENT TO PERMIT ENGAGING IN POLITICAL ACTIVITY

Mr. Rod Murphy (Churchill) moved that Bill C-346, an Act to amend the Public Service Employment Act and the Public Service Staff Relations Act (political rights), be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

He said: Mr. Speaker, the purpose of my Bill is to give political rights to Government workers. Under present legislation hundreds of thousands of Canadian workers are denied rights which other Canadians have. Basically those rights concern the right to participate and work in general elections at the provincial or federal level on their own time. There are also restrictions on whether or not they are able to run in general elections. We in the New Democratic Party believe that those restrictions speak against the fundamental rights of all Canadians.

Since I wrote this Bill and had it introduced in the House of Commons for first reading, we have passed the new Canadian Constitution. I would like to read the relevant sections of the Constitution dealing with fundamental freedoms:

Everyone has the following fundamental freedoms:

(a) freedom of conscience and religion;

(b) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;

(c) freedom of peaceful assembly; and

(d) freedom of association.

Then I should like to refer to Section 32, entitled "Application of Charter", wherein it reads:

This Charter applies

(a) to the Parliament and the Government of Canada in respect of all matters within the authority of Parliament—

I hope the Official Opposition and the Government do not talk this Bill out, and that indeed we will refer it to the Standing Committee on Miscellaneous Estimates for discussion, for study and for presentation by interested groups, so that we can meet the obligations of the new Constitution of Canada. It is essential that we in the House support the Constitution we passed just over a year ago. It is essential that we recognize workers in the public sector should have the same rights as those in the private sector.

This is not a new concept; it is already accepted by the Province of Manitoba. It has been legal there, not only as a result of its introduction by the Schreyer administration, but it was not changed by the Conservative Government of Premier Lyon. It has been accepted and has worked for a number of years in one Province of this land. I urge Members on all sides of the House to give Government workers these democratic rights. Also I urge the Government not to be dragged into the courts, shouting and screaming against giving Government workers these rights.

We do not want a situation where again the Government is afraid to promote rights or to give leadership in granting rights, and is instead in the position of being forced into granting rights to its employees.

I should like to refer to some correspondence which I have in my possession. The first letter was directed to my Leader, the Hon. Member for Oshawa (Mr. Broadbent), from the former Secretary of State, the Minister of State for International Trade (Mr. Regan), and was written on May 27, 1982. In part it reads:

It is not the Government's intention at the present time to amend the Public Service Employment Act in such a way that public servants would be allowed to engage in political activities.

The Government is saying that it will not grant these rights even after the passing of the new Canadian Constitution. Following that, on June 25, 1982 the Hon. Member for Scarborough Centre (Mr. Kelly), when he was Parliamentary Secretary to the President of the Treasury Board, spoke at a gathering of the National Union of Provincial Government Employees. I will not quote him directly but I will refer to some coverage of that particular meeting wherein it was reported:

Because there are so many public employees and the role of Government has become so pervasive in our society, Kelly suggested, there may be better arguments for maintaining restrictions than easing them.

That was very interesting, because three days later the Government introduced its budget which brought in the six and five legislation. That legislation affected hundreds of thousands of Canadian workers. It restricted their salaries and their pensions. Those workers who were denied their bargaining rights were also denied protection which was available to other workers in the land. Basically they are being told that they have no political right to work for another political Party. They are being told that they cannot write letters on behalf of political Parties which support their position and that they cannot canvass for political candidates who support their position. This present arrangement of the Government of Canada is a real infringement upon the freedom of expression and freedom of association of these employees.

Also I should like to refer to a number of letters on this particular issue which I have received over the years. I have taken the necessary liberty of removing the names and addresses of the people who wrote these letters because it could cost them their jobs. The first letter reads:

I would like to clarify and explain my own situation which should describe more fully my own special interest in this change.

I am currently president of a federal riding association and am also an employee of the federal Government falling under the rules of this ridiculous piece of legislation known as the Public Service Employment Act. I plan on offering as a candidate whenever Pierre chooses to call an election; however, it would be nice to be able to start assuming a public profile before this without fear of losing my job.

I am active in my union and in the party but have so far resisted the urge to publicly criticize the Government on anything other than Public Service issues.

• (1540)

That is one restriction. A government worker who wishes to seek election has to stay in the closet because of the legislation of this land.

I have another letter which commences:

I have worked for the NDP in every election since I joined the Party in 1975.

Mr. Cullen: You just lost me.

An Hon. Member: That is bad?

Some Hon. Members: Oh, oh!

Mr. Murphy: The heckling I am getting from my right is rather ridiculous, Mr. Speaker. Certainly in the City of Ottawa there are people who work for all three political parties. We have read in the Ottawa paper that if persons go to

any political office during an election, some people would have to be fired under the laws of this land. That means the heckling we are getting from the Conservative Party on this issue at this time is ridiculous.

Mr. Baker (Nepean-Carleton): From Conservative Members?

Mr. Murphy: I am reading from a letter from a New Democrat. This is someone who admits to being a New Democrat and who wishes to speak out but is afraid to under the laws of this land. I would hope that the Conservative Members would show respect for the very difficult situation in which this person finds herself.

Mr. Baker (Nepean-Carleton): Conservative Members?

Mr. Murphy: If I may continue, the letter goes on:

It also upsets me that in a country like Canada, the Government can limit the political activities of its citizens. I find it difficult to sing the national anthem "The true north strong and free . . . ?" I have not felt very free lately. I feel that I have been made a second class citizen in the country of my birth.

I have a third letter which reads:

I am writing with regard to the recent Montreal convention of the NDP-Quebec where I was elected as one of the Vice Presidents on the Executive. Subsequent events have led me to believe that my election may be the cause of future concerns for you and the Party. These relate specifically to the interpretation of Sec. 32 1(a) of the Public Service Act.

I was informed by my superior of Consumer and Corporate Affairs Canada that as a federal employee I was in violation of the aforementioned Act and would now be subject to disciplinary action culminating in dismissal.

In a desperate effort to maintain my livelihood I have therefore with a great deal of chagrin submitted my resignation to the NDP-Quebec Executive.

There are people who have genuine political beliefs. I am sure that letters like these could be written to Conservative and Liberal Members of Parliament. These are people who have a genuine interest and like to work in the political process. They are people who have a genuine interest and would like to run as candidates and work during elections, but the present laws of this land prevent that. People deserve better. There are people who feel threatened under the existing legislation of this land.

Let me read from an article that appeared in the *Ottawa Journal* on Wednesday, February 6, 1980 during the last federal election. It was a charge made against the Public Service Commission. The article referred to Bill Doherty, Vice-President of the Public Service Alliance of Canada, and it reads:

The commission's threat, Doherty charged yesterday, is contained in its note that the lack of "firm precedents" as to what constitutes illegal political activity means "public servants are advised to exercise care so as not to engage in activities which might be construed as contravening the act."

If I were a Government worker and I received a letter similar to the one I have just quoted, I would be afraid to do anything in a federal election. That letter from the Chairman of the Public Service Alliance of Canada says the law is unclear, that you have to be careful and watch out because you do not know what will happen to you if you take part in a federal election.

The Ottawa *Citizen* in an editorial entitled "Restore a basic right" on February 7, 1980 remarked on the issue. A paragraph from that editorial is quite informative. It reads:

The law is made all the more ridiculous by the patronage system. The Government asks its secretaries to be non-partisan but it appoints former Cabinet Ministers to head up Government agencies. Who is more sensitive to political pressure? Or, men who have served a political party for years are suddenly appointed to the bench and assumed to be independent and unbiased.

Again, we have an example where some people who have been political all their life are deemed to be unbiased. Yet some worker, it may be someone picking up garbage, it may be someone working in an airport or someone performing secretarial duties in one of the offices across this land, is denied political rights in this country. These are not just idle concerns. As we look through the history of this country, we see how this legislation has been enforced.

In 1978, a Mr. Garth Brewer of Woodstock, New Brunswick, received a letter from the Government of Canada. It read:

As you have already been informed, the Public Service Commissioners are unable to grant your request for leave of absence without pay under the terms of the Public Service Employment Act.

The Commission has carefully reviewed the responsibilities which devolve upon you as a Customs Inspector. For reasons listed in the attached record of your meeting with the Commissioners, on October 6, 1978, the Commission regretfully cannot conclude that your duties are such that your usefulness to the Public Service, were you to return to your position after engaging in political activities, would not be impaired.

The Public Service Commission of Canada said that a customs inspector may not run for election that the job is so politically sensitive that the worker may not engage in an election campaign as a candidate. Mr. Brewer did run. He was fired. Later on he was reinstated.

During the 1980 federal election Mr. Brewer wrote a letter to the Woodstock *Bugle*. One of the phrases in the letter reads:

Keep Petro-Canada, Sell Clark.

Mr. Baker (Nepean-Carleton): Sell who?

Mr. Murphy: Sell Clark, just like the Tories have.

Mr. Brewer received another letter from the Government of the day. It reads:

It has come to Management's attention that you have engaged in certain activities which contravene Section 32 of the Public Service Employment Act.

Accordingly, you are hereby advised that you are discharged from Revenue Canada, Customs and Excise effective March 13, 1980, by the Assistant Deputy Minister, Field Operations, under the authority of Section 106 of the Public Service Terms and Conditions of Employment Regulations.

Mr. Brewer could not run as a candidate. He did and he was fired. He wrote a letter which had nothing to do with his work as a customs inspector. He was fired again. He appealed and won but he lost three months' pay. The money was levied as a fine. This just points out the dangerous system we have in Canada.

We all know individuals who participate in elections. Some are being persecuted, some are being prosecuted, and some lose their employment. That is not just.

• (1550)

One of my concerns about the present law is that it creates a hardship for people who wish to become candidates if nominations are called early. I can give an example of a person who faced this situation in Manitoba. I can mention her name now because she no longer works for the Government of Canada. She was a Government employee named Lee Monk who was forced to resign after she received an NDP nomination. This nomination was given about six months prior to the actual election being called and it was 17 months prior to an election having to take place. She lost her income for that period of time. If it was not for the fact that her husband was working she could not have sought election. Therefore, there is discrimination against those without independent income and those with lower income. That is one reason the law should be changed.

I believe the basic reason for changing the law, if we believe in a truly democratic society that all Canadians deserve the same rights and that our elections are an important part of the democratic process, is that we should ensure that this group—500,000 Canadians—are not restricted and prevented from exercising those democratic rights. They should not have to live in fear of persecution and prosecution. I have cited one example of this. They should be able to depend on the Parliament of Canada to give them those rights that are outlined in our Charter. They should expect the Parliament of Canada not to slow down that process and to prevent those workers from taking part in federal or provincial elections.

This is a very important matter. I again urge the Opposition and the Government not to talk the Bill out but to act upon it and refer it to the Miscellaneous Estimates Committee so it can study it and listen to those who are concerned with this legislation.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I want to thank my hon. friend from Ottawa-Vanier (Mr. Gauthier), who I know is also interested in this Bill, for letting me speak first. I will not occupy too much time so that he and the House can have an opportunity to decide whether this Bill will go to committee.

The purpose of the Bill is set forth in the explanatory notes. It is to provide public servants with the right to engage in political activity and be candidates in federal, provincial and territorial elections. That is the simple statement of the Bill.

I would be inclined to support the Bill, with some reservations, because I think the time has come for some change. I have some questions that I would like to have dealt with in committee which, if answered, may have some bearing with respect to my view of the Bill. Nevertheless, I want to support the Bill so that it will go to committee.

For some time I have asked in the House of Commons that the President of the Treasury Board allow the Miscellaneous Estimates Committee of the House to look into the whole question of political activity by public servants. There are many theories—thousands perhaps—as to what rules should apply. Those theories go all the way from some Members who believe there should be absolute prohibition of political activity by public servants. Very few Members hold that view. There are some Members who believe that there should be an untrammeled right to political activity. Members holding that view are also few and far between. The extremes of this issue are easy to deal with. It is the views in the middle of that spectrum that are difficult to deal with.

I think it is important that this question be dealt with. The Public Service Commission itself has indicated just what bad shape the law is in at this time.

I am holding a letter dated September 21, 1978, addressed to me from the Chairman of the Public Service Commission. I had written to him on August 25 of that year, asking what constitutes a prescribed political activity for public servants. This is what he said:

> As you are aware, the Public Service Commission feels that Parliament should indeed clarify its wishes in this regard in order to enable effective administration of this important section of the Public Service Employment Act. You will recall that we devoted Chapter One of our 1977 Annual Report to a discussion of our concerns about this critical issue.
>
> A part of the problem facing public servants confronted with the question of political activity results from the fact that the current legislative provisions stipulate a general principle (that no employee shall engage in work for, on behalf of or against a candidate for election . . . or for, on behalf of or against a political party) and then state that this general principle is not contravened by the simple act of attending a political meeting or contributing money for the funds of a candidate or a political party.

The Chairman of the Public Service Commission goes on to say:

> The situation is further complicated by the fact that the Commission has no power to take action in the absence of an allegation being made by a person 'who is or has been a candidate for election'.

He then says:

> In the circumstances, it seems to me that Parliament must have intended that the provisions of section 32(1) and (2) of the Act serve to guide—

We have heard about guidelines today.

> —individual public servants in the decisions they have to make when confronted with a concrete situation and have therefore narrowly limited the powers of the Public Service Commission to intervene only in the matter of leave of absence and in those cases where an allegation is made by a person who is or has been a candidate. This would suggest that when a public servant is faced with the question as to whether the action he (she) is about to take or has been asked to take is consistent with section 32 of the Act, that public servant must first ask himself (herself) whether this action could be held to constitute work for, on behalf of or against a candidate for election or a political party and whether or not it falls within the ambit of section 32(2).

In other words, there is no concrete guide; the public servant must ask himself. All of us know that from time to time justice varies with the length of the Chancellor's foot. In other words, there is really no guide for the serving public servant who puts those questions to himself.

I asked the Chairman certain specific questions. The Chairman of the Commission said:

> (a) regarding lawn signs and bumper stickers, we have counselled public servants to adhere strictly to section 32(1) of the Act, pointing out that any action not specifically exempted in section 32(2) could be construed as in violation of the Act.
>
> (b) regarding the position of a spouse of a public servant, we have taken the stance that this is a matter for parliamentarians or the courts to solve;—

That is a question that does arise in a riding such as mine and others. He also said, with respect to holding membership cards in a political party, that:

—we have said that in our opinion contributing funds to a political party includes the right to hold membership in that party.

That was a letter from the Chairman of the Public Service Commission.

Mr. Cullen: Is it dated?

Mr. Baker (Nepean-Carleton): It is dated September 21, 1978. The Act has not been changed since that time. The upshot of it is that the cases upon which there could be some question are not delineated at all by Statute. Some form of criteria should be established. The time has long passed since we should look at this.

I believe that the general principle which ought to govern is that we ought to be consistent with the maintenance of public order and permit political activity. I have often wondered why it might be seen to be improper to show one kind of political act, such as displaying a bumper sticker or a lawn sign, for example, but at the same time, in the quiet of one's room, one can write an application for a membership in a potilical party or write a cheque to a political party. I would have thought that in terms of the conflict which the Statute was meant to attack, however inadequately it does, it would have dealt with the state of mind of the public servant, and the state of mind would be the same whether the Act was public or private. I just raise that for consideration.

● (1600)

It is time that Parliament considered whether or not there is any difference among classes of public servants. We are, for instance, developing a management class within the Public Service of Canada which is outside the bargaining units in the Public Service. These public servants have perhaps somewhat particular duties. People who advise on policy have particular duties in terms of advising the Minister from time to time. A question must at least be raised as to the scope of political activity permitted those people.

Mr. Benjamin: They'll police themselves.

Mr. Baker (Nepean-Carleton): We should consider the question. I draw no conclusions. It is worth while investigating. This Statute which has been brought forward by the Hon. Member ought to be studied by a committee of the House for that purpose.

I had the honour to be a member of the Miscellaneous Estimates Committee before the Hon. Member for Ottawa-Vanier (Mr. Gauthier) was rather unceremoniously removed from his post as Chairman. The Chairman of the Public Service Commission of Canada, in response to questions I asked during committee hearings, stated that the time was long overdue for an investigation of that matter. The following witness was the former President of the Treasury Board who is now the Minister of State for Economic Development (Mr. Johnston), a super Minister. He, too, said that the time had come and that he was not opposed. However, like so many things which must be considered, no one moved.

The Government has the right to make references. Perhaps the Miscellaneous Estimates Committee will understand the new mandate given to it by the new Standing Orders of our House and consider it worth while. If it does, then this kind of Bill, which has been put forward by the Hon. Member from his own vantage point, is the kind of Bill which could facilitate a review of that very important matter.

This matter has been continuing much longer than the Neil Fraser case, and I only refer to it in that manner because it is now before the Supreme Court of Canada. That case does raise some great problems and issues, no matter how the Supreme Court of Canada may decide, which could affect the place and position of many public servants beyond the person whose name is on that appeal. I hope the House will agree to send the Bill to committee, as it would be worth while to investigate this whole question.

I must tell the House that there is great interest across the country in this matter, both for and against political rights. It is time that the matter was aired because quite often problems with respect to public servants are neglected rather than reviewed by Parliament. If there is any proof of that, it is the fact that the Finkelman report was worked on by a joint committee, and the findings of that joint committee have gathered dust on the shelves. The only pieces of legislation we have had with respect to public servants have been to cut their wages and pensions. There is more to consideration of public service affairs than that.

I see that the Parliamentary Secretary to the President of the Treasury Board (Mr. Lang) is in the House today. It would be good if he were to rise in his place and move a motion, which I would be pleased to second, that at least the subject matter of this Bill go to the Miscellaneous Estimates Committee so that the questions could be resolved.

The Hon. Member who spoke before me inadvertently misled the House with respect to the position of the Ontario Public Service. It is not quite as tough as he said it was. Certainly, Ontario public servants cannot raise money, cannot go door to door and cannot write speeches. They can work in a candidate's office and can have lawn signs on their lawns. I am not arguing that their situation is utopian or perfect by any means, but the problem in the country is that political rights vary from jurisdiction to jurisdiction, and at least in this jurisdiction we should review them to ensure that they are fair and allow people reasonably to exercise their rights as citizens of the country.

Therefore, I commend the Hon. Member for bringing forth the Bill and I hope its subject matter or the Bill itself can go to committee and we can deal with it.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, first I should like to commend the Hon. Member for introduc-

ing this Bill this afternoon. Indeed, I believe this is the second time such a Bill has been before the House in this session. In April 1982, the Hon. Member for Regina West (Mr. Benjamin) had introduced a Bill very similar to this one and, having read his remarks, I was impressed by the research which he had done and which may have helped us gain a better understanding of the principle of this piece of legislation.

Mr. Speaker, my position on this question is fairly well known. I have looked into a rather thick file on this issue which has been of some concern to me every since I was elected to the House ten years ago, and I am always amazed at the efficiency and rapidity with which our staff is able to find the documents we want. I should like to quote from an article published by the Ottawa *Citizen* on October 23, 1979:

[*English*]

The article suggested that the Government amend legislation so federal public servants can work in defence of their country during the Quebec independence referendum next spring.

[*Translation*]

That was at the time of the Quebec referendum. I quote:

[*English*]

It was suggested that three classes of public servants should be created, with the senior executives being denied all political action, the second group being allowed to campaign only with permission, and the third group having complete freedom.

[*Translation*]

Mr. Speaker, those comments of course were made following the report submitted by the Special Committee on Personnel Management and the Merit Principle, the so-called D'Avignon Committee, which considered the matter of political involvement where public servants are concerned. True enough, as the previous speaker has remarked, for at least the past four or five years the Government has been reluctant to refer the issue to a Committee. I do not think I am mistaken when I suggest that the Chairman of the Public Service Commission has often called upon Members of Parliament, whenever he appeared before the Committee, to clarify the scope of Section 32 of the Public Service Employment Act. I do not think there is any need to repeat the point made by the Hon. Member for Nepean-Carleton (Mr. Baker), which in my view aptly reflects the remarks made by the Chairman of the Public Service Commission.

I would simply like to add that the unions, Mr. Speaker, also share an interest in that review, and that they would appreciate it if the scope of Section 32 were to be clarified. I would simply like to support the view of the Hon. Member for Nepean-Carleton to the effect that the matter should be referred to a Committee for consideration, to put an end to the uncertainty that arises whenever an election is called.

Mr. Speaker, I do not think I would be making any extraordinary statement if I were to support the comments voiced by the Hon. Member to the effect that here in Ottawa, during election campaigns, public servants do get involved or would like to get involved in the electoral process, either by having a sign or a poster displayed in their lawn, by wearing a badge or contributing to election funds of any party, but there is that uncertainty concerning the role of public servants. Mr. Speaker, I submit that no Member of Parliament wants or would like to see the impartiality of the Public Service questioned during the electoral process. I do not think such is the issue at hand. However it must be recognized that there is a class of civil servants who do not advise the government on matters of policy. Therefore they should be allowed to take part in the election process. However, I would make an exception in the case of high ranking officials and administrators. As the Hon. Member for Nepean-Carleton, I should like the committee to look into the matter of political activity by public servants. I for one feel that there should be absolute prohibition of any political activity, in their case for the sake of maintaining the integrity of Parliament, so that they may not be seen by the general public as being critical of a government they might have advised.

For this reason, therefore, it is clear to me that senior executives should not be allowed to take part in the election process. Which does not mean that our new Charter of Rights and Freedoms should not be challenged when civil servants or unions feel they are being deprived of their basic rights.

Since Parliament has adopted the Charter, it might be necessary to appeal Section 32 to the courts. I, for one, am not absolutely sure that the Charter of Rights does not apply fully and does not give civil servants complete freedom of speech and the right to get involved in politics. On the other hand, there are things to consider.

• (1610)

[*English*]

The present regime of political activities by public servants is subject to increasing criticism, mainly by Public Service unions and a number of Members of Parliament. I had occasion today to attend a social club in my riding. The speaker was the Chairman of the Public Service Commission. At that time I had no idea I would be speaking to this Bill this afternoon. During his remarks to the Richelieu Club of Ottawa, he spoke of political activities by public servants. I understand at this time he is addressing a group of public servants in Touraine on the question.

It is by pure accident that this happens. The main reason is that recently the former Leader of the Official Opposition mentioned that he would like to see some political input into the status of Deputy Ministers. The Ottawa *Citizen* of January 25, 1983 reported and I quote:

Clark would politicize senior public service posts.

Clark said in an interview he is considering making Ministers' offices more partisan in appointing political Deputy Ministers. Making sure the elected Government gets control of the appointed Government would be his third priority as Prime Minister, the Tory leader said.

Without going into the merits of that argument or the whole question, I hope it will come before the committee and we will be able to discuss it. There are dangerous connotations to the idea of the former Leader of the Opposition. It has prompted certain comments in the Public Service and the Chairman of the Commission felt he had to voice them. He did not say so in his speech, but I read between the lines. I would like to share some of the remarks he made today with regard to this question.

[*Translation*]

This is what Mr. Gallant said: "In my opinion, the role which our Public Service must play as one of the major institutions of our democratic government requires not only that it be impartial, but also that it be seen to be impartial. This is why, in my opinion, it is normal that, on becoming a public servant, we accept not only the advantages this represents, but also all the special responsibilities it entails, including the need to be impartial. While there are obvious differences in the requirement to remain objective in the case of an assistance deputy minister, a laboratory technician and a machine maintenance worker, for instance, it would be difficult and even risky for the Public Service to provide variations in the restrictions of political activity according to the job category and the occupational group."

I shall interrupt my quotation on this point to note that I disagree with the Chairman of the Commission, Mr. Gallant, in this regard. He does not want any variations or exceptions for the various job categories. I shall now continue to quote Mr. Gallant: "As for the suggestion that public employees might participate in partisan political activities on their own time, I believe that this could erode the concept of Public Service impartiality in the eyes of the public, and in this regard, appearances are just as important as the facts themselves."

Mr. Speaker, it is interesting to note that the Chairman of the Public Service Commission considered this issue important enough to speak about it twice today, on February 23, once before the Club Richelieu and again this afternoon in Touraine before a group taking part in an orientation program for EX-4's and EX-5's.

Mr. Speaker, I do not want to use up all the time at our disposal because I would like this bill to be referred to a committee for study and examination. However, I must point out that this issue has been under consideration for several years. In 1976-1977, a special joint committee of the House of Commons and the Senate examined this issue and submitted a report to the House of Commons. Next Friday will mark the seventh anniversary of the tabling of this report in the House of Commons. I believe that the government should resume examination in the House of this very important question, namely section 32 of the PSEA (Public Service Employment Act) and the way it affects public servants, and that it should provide a clear explanation of this provision so that we may all know where public servants stand as far as their political activity is concerned I shall end with these words, Mr. Speaker, and sit down because I would like my colleagues to approve this motion as soon as possible.

[*English*]

Mr. Les Benjamin (Regina West): Mr. Speaker, I want to rise in support of the comment made by the Hon. Member for Nepean-Carleton (Mr. Baker) that if the Government is not prepared to accept the Bill, that it not now be read a second time but that the subject matter be referred to the appropriate standing committee of this House. I do so because I believe the fears of the Hon. Member for Nepean-Carleton and the Hon. Member who just spoke are totally unfounded. Even in the case of senior executive advisers to Government, 99 per cent of the time they will not get involved with politics. If they did and if they could not agree with their Minister, they would invariably resign from their job or be fired. That has always been the case.

The experience of those having to apply for leave of absence, whether it be from a private corporation or Government, to run as a candidate or work in an election at all three levels, municipal, provincial and federal, over the last number of years has been generally good. It is improving. The main anachronisms and nineteenth century state of mind remain only in federal legislation and that of a few Provinces.

In my Province people have run in municipal, provincial and federal elections for all parties—I repeat, all political parties—even though they have been in the employ of the provincial Government, a branch, agency or Crown corporation. Following their leave of absence, they returned to their position. They did not allow their political beliefs to interfere with their duties when they were on duty. They carried on with their duties conscientiously.

• (1620)

That was my experience also, Mr. Speaker, when I was an employee of the Canadian Pacific Railway. When I was there from 8.30 to 5.30 I conducted the business of the Company according to the rules and the policies of the Company. When I was a candidate for public office and criticized the Company's policies after my hours of duty, and when I was on leave of absence without pay, at no time did the Company ever try to penalize me when I returned to work. When my leave of absence expired, I returned to my duties and carried them out conscientiously. My efforts to be elected to public office while I was an employee in no way either impinged upon the Company or harmed my usefulness to them in terms of what I knew about working for a railroad. I believe a lot of these fears are totally unfounded in actual experience and practice. There is little or nothing to fear from providing full political rights to public servants at all levels of Government.

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I am prepared to yield my place to the Hon. Member of the New Democratic Party if he wants to speak, and I will follow up.

An Hon. Member: No, I moved the Bill.

Mr. Cullen: Fine. Mr. Speaker, I believe in years to come, looking back, there are going to be a lot of people wondering why this legislation or something similar to it was not in fact passed. I believe they will look back and ask what all the concern was about, all this fear. We recognize now that some people who are public servants are participating in the political process in one way or another. Sometimes, as many of us politicians know, they make a significant contribution to a particular campaign. But we must always wonder if they are not really going counter to the conditions under which they were hired as public servants. I am quite sure that any public servant spoken to by Hon. Members of this House is quite content and satisfied that he or she can perform service as a professional in the Public Service in those circumstances, be it at the federal or the provincial level. These public servants do not feel inhibited in any way in carrying out their responsibilities in a particular Department.

The very careful presentation of the Hon. Member for Nepean-Carleton (Mr. Baker) and the considered opinions of the Hon. Member for Ottawa-Vanier (Mr. Gauthier) are understandable because they have probably carried out more research in this particular field than many Hon. Members of Parliament, primarily, of course, because they have a large majority of public servants in their ridings. They are endeavouring to establish not only what would be fair for the Public Service, but also how the general public would perceive involvement of a public servant in a political campaign.

I believe the time is almost ideal to make the kind of changes which this Bill envisages, because in effect we are almost between elections. I believe immediately after an election, when you have won an election, you are really not particularly concerned that someone from the Public Service participated in the campaign, and participated against you. By the same token, if there is a very close race, someone who has lost an election may very well want to take revenge, if you will, or make a particular move which would discredit the public servant, and might, in the final analysis, result in discipline or, for that matter, that particular public servant might lose his or her job. For that reason, the Public Service Commission, I would suggest Hon. Members of this House, and the public at large are endeavouring to struggle with two rights.

What is in the public interest? We heard from the Hon. Member for Ottawa-Vanier who quoted Mr. Gallant, President of the Public Service Commission. He wants to see impartiality throughout. I agree with the Hon. Member for Ottawa-Vanier; I believe that is pushing it a little too far. I do not believe we need to be concerned about someone who is doing some filing, clerical work or typing manuscripts or reports, someone who is not, in effect, giving policy advice in a particular Department. I believe you can go a long way up the ladder before that kind of involvement or participation would be of any concern.

I share the hesitation of the Hon. Member for Nepean-Carleton, who accepts this Bill with certain reservations, and that is with respect to the management class, because here is an area where people in that particular category have to draft papers on behalf of a Minister or a Department on how to deal with a particular problem or a particular subject matter. These individuals are clearly the jumping-off place, or the foundation, if you will, of maybe a particular piece of legislation, or maybe only a policy, but in either event they are in a position to have an influence. I believe the Department, the Minister involved, and certainly Parliament, would want to have the feeling that this individual was acting in a professional capacity, giving his or her best efforts to that particular project. But they might feel that the general public, knowing that the individual who prepared this document was in fact campaigning of behalf of an Opposition Member in the House of Commons or in the legislature, might wonder how objective that person could be. The individual might be a true professional, of which I feel there is an abundance in the federal Public Service. Certainly that has been my experience over the 15 years I have been here. The individual might be a wonderful professional public servant, but because of his or her participation in an election campaign, helping one of the Opposition Parties, would his or her particular representation or presentation not be suspect in that it might very well have been influenced by the Opposition Party in the House, or by the political philosophy of an Opposition Party? So without appropriate guidelines that public servant is in a very difficult spot.

There are guidelines at the present time, and I believe Section 32 has been quoted, but it does allow a lot of discretion to a public servant in that particular category. I heard a small interjections from across the way. They will have to be the authors of their own decision as to whether or not they are in violation of the guidelines. If we just had an out-and-out right, a civil liberty, if you will, a right of a public servant to participate in the political process, there would not be any difficulty and we might very well not need any legislation. But obviously, what we have here is a situation where you have two rights. There is the freedom of an individual to have a political opinion and to help a particular Party. But there is also the public interest, where the public must have the feeling and the assurance that this individual public servant is acting in a professional capacity and that the opinions expressed are professional opinions and not the opinions of a particular Party which he or she may have supported.

What I am emphasizing here, Mr. Speaker, is that we have the public interest versus a basis democratic right, and it is a legitimate debate. I am not certain that the Standing Committee on Miscellaneous Estimates is the appropriate forum. Everyone seems to want to deal with this. Even the Hon. Member for Nepean-Carleton quoted a letter, which is already five years old, where at that time the President of the Public Service Commission thought it was a good idea to deal with this. Then there was a quote from a former President of the Treasury Board to the effect that he thought it was a good idea that it be dealt with.

• (1630)

Mr. Speaker, it strikes me more and more like heaven. Everyone wants to go, but not necessarily right now. That

seems to be the way this particular policy is being handled, and I think that is to the detriment, frankly, of the Public Service. I do not think that the general public needs to feel fearful. I feel that managers and people at that particular level of the Civil Service should not be participating in the political process.

I wonder if we should not try out on an experimental basis the removal of many of these guidelines and say that people can run as candidates—if they run as candidates I think we would require them to get a leave of absence—but if they want to help a particular candidate, let that individual do so. I think that the practical experience that was referred to by the Member from Regina would probably come to the fore. We would find that a large number of them would not participate in any event, but it would allow the people who want to participate to do so. To what extent would they feel inhibited in doing their work? I think they would not feel that way at all, but it would indicate to the more wary public servants that they could participate in this. Otherwise, what we are going to have is that only those who are prepared to take a chance and to stick their necks out will participate and will run the risk of losing their jobs.

Mr. Speaker, I did not realize that the time had moved on so quickly. I thought there was another Member rising to speak, but I understand my time is up. I think it is an interesting subject.

The Acting Speaker (Mr. Blaker): I might indicate to the Hon. Member for Sarnia-Lambton (Mr. Cullen) that the time allotted to the discussion of the Bill put forward by the Hon. Member for Churchill (Mr. Murphy) has now expired. Accordingly, pursuant to Standing Order 24(2) it is my duty to interrupt the proceedings.

I wonder if I might indicate to the House that the next order of business would be a Bill put by the Hon. Member for Lanark-Renfrew-Carleton (Mr. Dick), and I understand that he seeks the floor on a point of order to deal with that matter.

When the House has heard the Hon. Member, perhaps the Chair would recognize the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) with respect to the motion put forward by the Hon. Member for Argenteuil-Papineau (Mr. Gourd).

As the House has heard, the Parliamentary Secretary has indicated that that Member has been unavoidably detained.

Mr. Dick: Mr. Speaker, I have had an opportunity to discuss with my Party's House Leader, with the President of the Privy Council (Mr. Pinard), the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) and with the New Democratic Party the fact that perhaps this Bill should not be dealt with today and, with unanimous consent, could be put over until next Wednesday as some discussions within the Department of Finance might allow this Bill to have a longer life than most Private Members' Bills. I would be quite happy to have this happen, with unanimous consent.

Mr. Smith: Mr. Speaker, that request is agreeable to this side of the House.

Mr. Young: Yes, Mr. Speaker, that request is also agreeable to us.

The Acting Speaker (Mr. Blaker): I am not certain whether I should follow a particular form, and, accordingly, to make sure that the rights of the Hon. Member for Lanark-Renfew-Carleton (Mr. Dick) are ensured, I will first put the usual question and after that I will seek unanimous consent to the motion.

Shall all orders listed under Private Members' Public Bills preceding Order No. 474 be allowed to stand, by unanimous consent?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): Does the House accept by unanimous consent the proposal put forward by the Hon. Member for Lanark-Renfrew-Carleton, and agreed to by other spokesmen, that the matter be withdrawn today and that it retain its place on the Order Paper for this day next week. Is there unanimous consent?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): With respect to the motion standing in the name of the Hon. Member for Argenteuil-Papineau (Mr. Gourd), the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) will speak.

Mr. Smith: Mr. Speaker, regrettably the Hon. Member for Argenteuil-Papineau had trouble getting here today. He has phoned in to say that he had difficulties getting here. I would ask for the consent of the House that his Bill and its rank on the Order Paper be preserved as well, in a similar fashion.

The Acting Speaker (Mr. Blaker): It is proposed by the Hon. Parliamentary Secretary that the motion standing in the name of the Hon. Member for Argenteuil-Papineau (Mr. Gourd) be withdrawn for the purposes of debate today but that it retain its rank on the Order Paper for one week today or thereafter as may be the case. Is that agreed by unanimous consent?

Some Hon. Members: Agreed.

Mr. Smith: Mr. Speaker, I think under the circumstances we might have agreement that we now see the clock as reading six o'clock.

Some Hon. Members: Agreed.

Mr. Kristiansen: Mr. Speaker, I rise on a point of order. Considering that we do have some one and a half hours before the normal adjournment hour, I wonder whether, by unanimous consent, the House might agree to give further consideration—it seemed to have a great deal of support in terms of its substance—to Bill C-46 which stands in the name of my

colleague, the Hon. Member for Churchill (Mr. Murphy). Could we seek unanimous consent?

The Acting Speaker (Mr. Blaker): The Hon. Member for Kootenay West (Mr. Kristiansen) may be putting a motion under the terms of Standing Order 8(4)(a) which would rearrange the timing schedule of the House. If he were putting a motion under Standing Order 8(4)(a) then, as he is aware, it would require 25 Members standing in their place to deny that.

In the alternative, he may be seeking unanimous consent to extend the debate on the motion proposed by the Hon. Member for Churchill. It is my impression that that cannot be done, given the fact that that hour has now expired. I think that a motion made after the time has expired would probably not be in order, but if the Hon. Member for Kootenay West wishes to persist, I will seek consultation as to whether or not that is possible.

Mr. Gauthier: Mr. Speaker, I rise on a point of order. I think you are referring to rule 8 paragraph 4, if I am not mistaken, and I have not heard the Hon. Member for Kootenay West (Mr. Kristiansen) within the hour of that debate, the hour in which we debated the Bill, put the motion. I do not know how this ever got into our deliberations this afternoon, but to me this whole question is out of order.

The Acting Speaker (Mr. Blaker): I think I could serve the House by indicating that I wanted go give the Hon. Member for Kootenay West (Mr. Kristiansen) the opportunity to choose under which Standing Order he wanted to proceed. He has made it clear by signalling to the Chair that he wants to seek unanimous consent now to continue the debate on the Bill presented by the Hon. Member for Churchill (Mr. Murphy). There is no issue, therefore, of 25 Members standing in their place. There is only the issue of unanimous consent. Is there unanimous consent to the motion but by the Hon. Member for Kootenay West to continue the debate?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Blaker): There is no agreement.

I now have before the House the suggestion by the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) that we now call it six o'clock. Is that agreed?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the Chair until eleven o'clock tomorrow morning.

At 4.38 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, February 24, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 62—NON-CONFIDENCE MOTION—CONFLICT OF INTEREST GUIDELINES

Hon. Edward Broadbent (Oshawa), seconded by Mr. Nielsen, moved:

That the entire question of compliance with the Government's Conflict of Interest Guidelines of April 28, 1980, as they concern all matters relating to the Scotia Coal Synfuels Project and the conduct of the Prime Minister, the Deputy Prime Minister, the present Minister of Finance, the Minister of State (Mines), Mr. Alastair Gillespie, or any other official of the Government of Canada or of its Crown Corporations with respect to the Scotia Coal Synfuels Project, be referred to the Assistant Deputy Registrar General, who is responsible for the administration of the Conflict of Interest Guidelines, with the instruction that he examine all of the materials relating to the Scotia Coal Synfuels Project with the power to call for such papers, materials or information as may be required to adequately complete his enquiries and, with the instruction that a report be made to the House within two (2) weeks of this date, failing which this House has lost confidence in this Government because of its lack of moral standards.

He said: Mr. Speaker, the fact that the motion that is before the House today is not only in my name but has been seconded by the Leader of the Official Opposition (Mr. Nielsen) indicates the seriousness with which Members, at least on this side of the House, view this very important matter.

In parliamentary Government, there are two broad principles imposing limits on ministerial behaviour. On the one hand, there is the Criminal Code with its sanctions enforced by the courts of our land. On the other hand, with equal if not greater importance in a democracy, there are the moral rules, ancient and modern, by which a nation's leaders set standards of good conduct in public affairs.

These rules are not enforced by law. They are enforced only by conscientious men or women wielding power who have a sense of propriety. They depend for their continuity on the good character of those in office. They depend ultimately on integrity, respect for the ordinary people of the land and a deep acceptance of the need for a parliamentary moral tradition. They are beyond cynicism.

Today we are dealing not with law but with morality. Today Ministers of the Crown and the Prime Minister (Mr. Trudeau) himself are being judged according to the moral requirements of our parliamentary democracy. The issue is no less serious than that.

In my comments I want to be as precise in my reasoning and as careful in the selection of words as I can be, because the accusations that are going to be made should only be made in a parliamentary democracy after the most careful thought, after the most careful marshalling of evidence. I am going to attempt to do that, and I hope that those who are replying on the Government side will follow this approach themselves. When they hear the arguments, I hope they will meet them head on. I am, of course, convinced, as will be evident in what I have to say, that they will be wrong; but I do hope they will deal with the substance of the matter because that is exactly what I intend to do.

The guidelines established by the Prime Minister on April 28, 1980 established a code of conduct for Ministers and former Ministers. Under the guidelines for former Ministers, it was made clear that for a two-year period after they left office they were forbidden to seek beneficial relations with Departments over which they formerly exercised authority. I want to quote part of that specific guideline at this point. It reads:

Within a period of two years of leaving office, Ministers should not:

c) lobby for or on behalf of any person or commercial corporation before any department or agency for which they were responsible on an ongoing basis during the last two years of their participation in the ministry.

Very clear indeed is that guideline. Under the guidelines for present Ministers, there are no time limits whatsoever. I will quote briefly from that one. It reads as follows:

In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

• (1110)

While these guidelines are not legally binding, they establish a code of conduct which is essential to the functioning of our parliamentary system. While Ministers who violate the guidelines are not, therefore, violating law, they are in violation of the moral code according to which our parliamentary Government must function. It is my contention that in the matters pertaining to the Scotia Coal Synfuels Projects, there was clear and palpable violation of these guidelines.

I want to take them case by case now and I want to discuss the situation involving the former Minister of Energy, Mines and Resources, Mr. Alastair Gillespie, specifically his involvement in the Scotia Coal Synfuels Project. I want to say to Your Honour and Members of the House that I want to take everyone through this step by step, and I hope Government Members will note the arguments and deal with them if they can.

On March 31, 1977 Mr. Gillespie, as Minister of Energy, signed an agreement with the Hon. J. William Gillis, the then Minister of Mines for Nova Scotia, entitled "Canada-Nova

Scotia Agreement on Oil Substitution and Conservation". Under this agreement the federal Government provided $9.2 million for the reduction of Nova Scotia's dependence on imported oil. A number of projects have already been supported under this fund. Funds for it are administered by a federal-provincial management committee.

The next significant date is June 4, 1979 when Mr. Gillespie resigned as a Minister in the Government of Canada.

In October, 1980 Mr. Gillespie initiates co-operation in a joint coal liquefaction venture among the following: Cape Breton Development Corp; Gulf Canada Products Co.; Nova, an Alberta Corporation; Nova Scotia Resources Ltd; and Petro-Canada.

On December 6, 1980 Mr. Gillespie writes to Marshall Cohen, then Deputy Minister of Energy, informing Mr. Cohen of the formation of the consortium and requesting guidance as to the form of application that should be used to obtain financial assistance in such a project.

On December 6, 1980, in his "Dear Mr. Cohen" letter—or "Dear Mickey" letter more correctly—Mr. Gillespie asks for help from Mr. Cohen, his former Deputy Minister. He informs Cohen that he has become chairman of the executive board of the consortium. Mr. Gillespie, writing to his former Deputy Minister, concludes with these words:

—we need your assistance and support, and we need your guidance on how we should formalize our relationship with you.

On December 16, 1980 a letter is sent from Mr. Cohen to Mr. Gillespie advising that a proposal should be submitted to the Management Committee for the Oil Substitution Agreement.

On January 7, 1981, still within the two-year period, a letter from Mr. Gillespie is sent to Mr. P. J. Read, federal co-chairman of the Oil Substitution Agreement, requesting a grant of $1 million for purposes of a feasibility study on coal liquefaction.

About a week later, on January 13, 1981, Dr. Read replies to Mr. Gillespie that the Oil Substitution Management Committee was prepared to enter into negotiations leading to a contribution from the fund of up to $1 million. In March of the same year, at the official level, consideration was given to whether the Gillespie project fitted into the Oil Substitution Agreement. There was some concern expressed that the two did not quite mesh. It was decided that it was not clear whether coal liquefaction was covered by the Oil Substitution Agreement. Therefore, an agreement subsidiary to the Oil Substitution Agreement was found to be advisable as between Canada, Nova Scotia and the consortium. Changes were made to accommodate Mr. Gillespie.

• (1115)

On April 4, 1981, Mr. Gillespie appears at Port Hawkesbury with the Deputy Prime Minister of Canada (Mr. MacEachen) and Premier Buchanan to announce the formation of the consortium. Gillespie, at this point in his life, is clearly a very happy man.

Now I would like to turn to the involvement of a man who at this point in his life has his career at stake. I do not do this lightly. The present Minister of Finance (Mr. Lalonde) in my view has been a man all along who has gone into politics to do what he thought ought to be done, not to get personal gain, either in terms of finances or in terms of other personal benefits. I say that and I mean it. The present Minister of Finance is a man with whom I have disagreed profoundly in debate, but he is a man whose capacity to work and to act in what he regarded in the past as the best interests of the country I have never doubted at all. It is for this kind of reason that the argument I will now make is not one that pleases me to make.

On January 15, 1981 a copy of a memorandum respecting the Scotia Coal Synfuels Project is addressed to the Minister of Finance, signed by the Senior Assistant Deputy Minister on behalf of the Deputy Minister. In the memo addressed to him, the Minister of Finance is explicitly informed of Mr. Gillespie's involvement in the project. This memo reads as follows:

There were a number of meetings between Mr. Gillespie and his associates and departmental officials during the past few weeks to help frame the technical and time dimensions of this project.

Mr. Gillespie's participation is made abundantly clear back in January, 1981. It is clear that the present Minister of Finance saw the memo, since it sought his guidance on one issue and was followed up by a handwritten note from a woman, named Maureen to Energy, Mines and Resources, to a person named Mike, which read as follows:

Could you please call John Walsh directly ... or me ... with Minister's comments.

The "Minister" is the present Minister of Finance. As of this date there can be no doubt whatsoever that the Minister of Finance knew about the project and about Mr. Gillespie's involvement in it.

On April 3, 1981 the present Minister of Finance, the then Minister of Energy, signs a Treasury Board submission. It is sent, not that day but on April 13, and then is very quickly withdrawn. Attached to this Treasury Board submission is an annex to a schedule, and it is a document which specifically notes that Alastair Gillespie and Associates is a party to the consortium.

• (1120)

On September 3, 1981 the Minister of Finance, then the Minister of Energy, signed a Treasury Board submission seeking approval of the tripartite agreement involving the Government of Canada, the Government of Nova Scotia and the consortium headed by Mr. Gillespie. This was approved on September 14, 1981 by the Treasury Board.

It is interesting to raise at this time the question as to whom was present at that Treasury Board meeting, and which Ministers were involved in the decision at that time.

On September 25, 1981 signatures to the agreement were attached. The agreement was deemed to be effective retroactively as of June 30, 1981.

On February 17, 1983, following questions in the House, the Minister of Finance wrote to the Prime Minister saying that to the best of his knowledge he was not informed at any time of discussions concerning the Scotia Coal Synfuels Project.

On February 23, 1983, in a further letter to the Prime Minister, the Minister of Finance retracts what he said in the earlier letter and admits that on April 3, 1981 he had indeed signed a Treasury Board submission in connection with this project.

I want now to say something more specific about the deal itself. On December 6, 1980, in his letter to Mickey Cohen, Deputy Minister, Mr. Gillespie made it clear that the consortium under discussion would not proceed unless there was, and I quote:

—a grant of $1,000,000 from the oil substitution fund—

Some six weeks after, on January 23, 1981, in a letter to Mr. Gillespie, Dr. P. J. Read, federal co-chairman of the Oil Substitution Agreement, urged the advantage to be obtained in having the co-signature of the Minister of Energy himself to the draft. This was because the fund was not set up for the purpose of Mr. Gillespie's project. The Minister's signature, it was argued, would obtain the following benefit:

It would indicate a ministerial directive to the Oil Substitution Agreement Management Committee to interpret the scope of that Agreement as including coal liquefaction studies whereas, up to now, the Management Committee has interpreted the Agreement as being directed exclusively to electricity generation.

The meaning of this is clear. It means the original proposal was changed by the Minister to meet Mr. Gillespie's requirements.

On January 3, 1981, Dr. P. J. Read wrote to Mr. Gillespie stating that the Management Committee had agreed in principle to the project to a maximum of $1 million. A memorandum to the Minister of Energy, looking back on this at a later point, made it clear that this was federal money being passed through the Canada-Nova Scotia Committee.

On April 13, 1981, there is a very interesting piece of correspondence. Dr. J. H. Walsh, Senior Adviser, Coal, Department of Energy, Mines and Resources, wrote a memorandum to Dr. K. Whitham, Assistant Deputy Minister, Conservation and Non-Petroleum. The memo directly raised the issue of Mr. Gillespie's possible violation of the guidelines. I would like to quote at length as follows:

The role of Mr. Gillespie: Concerns were expressed regarding the retaining and daily consultant fee ($600) to be paid to Mr. Gillespie, and about the terms under which the Consortium partners have the right to buy out his interest. There is also a question of whether Mr. Gillespie's participation is in variance with conflict of interest guidelines. I replied regarding the financial arrangements between Mr. Gillespie and the Consortium members—

And note this, Mr. Speaker:

—that this matter was wholly transparent and that Ministers could approve or disapprove in their wisdom.

• (1125)

The memo continues:

With regard to conflict of interest matters, I noted that Mr. Gillespie's term as Minister ended June 4, 1979, when Mr. Hnatyshyn was appointed.

It is very clear what is being said.

The Acting Speaker (Mr. Blaker): I am sorry to interrupt the Hon. Member for Oshawa but I have to advise him that his time has expired. Perhaps he would like to seek unanimous consent of the House to continue.

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Shame.

Mr. Waddell: Dictators.

Mr. Broadbent: That is as low as you can get, Lalonde.

Mr. Lewis: Mr. Speaker, I rise on a point of order. I would like the record to show that the Progressive Conservative Party was in favour of extending the time for the Leader of the New Democratic Party (Mr. Broadbent).

Mr. Skelly: Mr. Speaker, I rise on a point of order to suggest to the House that the particular issue before us is so important today in terms of reflecting on the credibility of all of us—the credibility of the Government, the senior Ministers and the Prime Minister.

The Acting Speaker (Mr. Blaker): Order.

Mr. Skelly: I would seek unanimous consent to change the rules to allow—

The Acting Speaker (Mr. Blaker): Order. I ask the Hon. Member to come to his point of order.

Mr. Skelly: I request the Chair to seek unanimous consent of the House to agree to a question period after the first round of Members' speeches, in the interest of providing adequate information on this very serious matter. It is in the interest of the Government to clarify the issue.

The Acting Speaker (Mr. Blaker): Order. What the Hon. Member is proposing is a ten-minute question and answer period following the speech of each and every Hon. Member in the House. I must tell him that that is the Chair's interpretation of the Standing Orders, so it is not necessary to seek unanimous consent.

I see the President of the Privy Council (Mr. Pinard) rising, perhaps on a point of order. When the points of order are complete, I will indicate that the time has come for the ten-minute question and answer period.

Mr. Hnatyshyn: I have a question.

The Acting Speaker (Mr. Blaker): I have to recognize points of order first.

Mr. Dingwall: I am rising to ask a question, Mr. Speaker.

The Acting Speaker (Mr. Blaker): The best way to proceed at the moment is to dispose of points of order. I see the Hon. Member for Hamilton Mountain (Mr. Deans) rising. I presume he is rising on a point of order.

Mr. Deans: Yes, Mr. Speaker, I am rising on a point of order to ask the Government House Leader (Mr. Pinard), recognizing the courtesies that have been extended by this side on frequent occasions to Members who have asked for an extension of time, whether he might not consider that an extension of time for the Leader of the NDP (Mr. Broadbent) might be an appropriate action to consider now.

The Acting Speaker (Mr. Blaker): The President of the Privy Council has twice risen. I do not know whether he seeks the floor on a point of order.

Mr. Pinard: Mr. Speaker, the microphone light did not come on and I did not know that you had recognized me; I apologize. I think we are all equal in this Chamber. We have many Members who are interested in asking questions of the accusers. I would like us to get to this question period as early as possible.

Mr. Clark: Mr. Speaker, I wonder if I might ask the Hon. Member for Oshawa (Mr. Broadbent) if he would indicate to the House what he intended to say in the remainder of his remarks?

Some Hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I thank the Right Hon. Member for Yellowhead (Mr. Clark).

The Acting Speaker (Mr. Blaker): Order. May I simply remind the House that during the ten-minute period for questions, comments and exchanges, both questions and answers are to be short and sharp.

Mr. Broadbent: I thank the Right Hon. Gentleman for his question. It shows, at least on one side of the House, that a sense of fair play in this institution still remains.

Some Hon. Members: Hear, hear!

Mr. Broadbent: In answering the question which he put to me, I will conclude with three or four paragraphs and be well within the period. I want to say, in light of the evidence that I have brought forward, that there has been, in my judgment, a clear and deliberate violation of the moral guidelines.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise on a point of order. The game that is being played right now is clearly outside the intention of the rules. It is okay for the Hon. Member to get up and talk about a sense of fair play on one side—

• (1130)

The Acting Speaker (Mr. Blaker): Order, please. Whether during the period in which the Hon. Member was being recorded, or after when he was being called to attention by the Chair, I did not hear anything which constituted a point of order.

Mr. Broadbent: I would conclude my answer by saying that it is very clear to me and to Hon. Members on this side of the House that the guidelines have been violated by the present Minister of Finance and by Mr. Gillespie. In terms of the responsibility of the Prime Minister in all of this matter, the best that can be said is that it has been abominable.

I conclude with this appeal. The Prime Minister must now act to clean house and restore, before it is too late, a sense of morality to public life in our land. It is not just for his personality or his Party that I make this appeal, because with this kind of behaviour all politicians in all Parties are affected. Until the body politic is cleansed by those at the top, we are all affected. It is time to act. It is time to restore some moral purpose to the politics of our country.

Some Hon. Members: Hear, hear!

Mr. Dingwall: Mr. Speaker, I would like to ask the Hon. Member for Oshawa a question. He has made much of the guidelines and has referred to a portion which states:

\n any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

I would like to make two points. The Canada-Nova Scotia Agreement was signed in 1977, providing $9.2 million to a bank account in Halifax.

An Hon. Member: Surprising it was not in Switzerland.

Mr. Dingwall: Second, I want the Hon. Member to specifically state where the preferential treatment was extended to the particular individual in question.

Some Hon. Members: He did!

Mr. Dingwall: Let us have the facts. Where was the preferential treatment? There was no sleaziness. There was a press conference in Port Hawkesbury, with the Deputy Prime Minister (Mr. MacEachen) in attendance. There was no attempt to avoid the facts. Therefore, will the Hon. Member clearly state in three or four lines where the preferential treatment was evident?

Keep this in mind, Mr. Speaker, that if the Hon. Member had read the agreement of understanding dated June 30, 1981, he would have found that in reference to the eligible costs which the Government of Canada would pay it specifically states at page 2:

"Eligible Costs" means the cost of the Feasibility Study and the working capital requirements of the Consortium, other than the per diem fees and the annual retainer payable to the developer pursuant to the Memorandum of Understanding;

Where is the preferential treatment?

Some Hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, if I saw correctly during the period in which I was speaking, the Hon. Member was here for

the whole of my speech, which was carefully documented. After the documentation which I provided—

Mr. Blais: Give us your conclusion!

Mr. Ouellet: Answer the question!

Mr. Broadbent: After the documentation I provided, I find the question he asked to be not only sad, but also pathetic.

Some Hon. Members: Oh, oh!

Mr. Blais: That is the point. That is exactly the point. Where was the preferential treatment?

Mr. Broadbent: You are out, boy, you are out!

Mr. Ouellet: You are bloody dishonest, that is what you are.

Mr. Dingwall: Mr. Speaker, I would like to ask a supplementary question. We have the Hon. Member for Oshawa talking about morality, yet when a specific question is raised about the integrity of another Hon. Member, he has no answer to give to the House concerning the preferential treatment. Where is it?

Some Hon. Members: Hear, hear!

Mr. Dingwall: Mr. Speaker, I again ask the Hon. Member for Oshawa to clearly state in two or three sentences or in two or three paragraphs, where is the preferential treatment? Will he who is so consumed with this particular issue kindly tell the House, where is the preferential treatment?

Some Hon. Members: Come on, tell us!

Mr. Broadbent: Mr. Speaker, the questioner could obviously not—

Mr. Chrétien: Where is your—

Mr. Broadbent: Quiet over there. Listen to the answer. The Hon. Member could not understand the speech in the first place. I will try to give him the answer in two or three sentences. The guidelines prepared by his Prime Minister stated that a former Minister could not deal, negotiate or act in any way, in terms of self-benefit, with his former Department.

Mr. Ouellet: That is not true.

Mr. Broadbent: Mr. Gillespie did that. He ought not to have done it. The same guidelines, this time for existing Ministers—

Some Hon. Members: Oh, oh!

Mr. Ouellet: This is not true! You have misquoted the guidelines.

Mr. Broadbent: Mr. Speaker, they are so overwhelmed by their own propaganda that they do not want to listen to the answers to the questions they pose. If they will shut up, I will answer.

Mr. Ouellet: We want the truth!

Mr. Broadbent: Thank you very much.

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I rise today to reply to the serious allegations which relate to a joint agreement of the Governments of Nova Scotia and Canada and a consortium to fund a feasibility study for a coal liquefaction project in Cape Breton. This decision was taken during my tenure with the Department of Energy, Mines and Resources.

As Hon. Members know, since questions to Ministers may relate only to their present portfolio, I have been prevented from replying up until now. Hon. Members opposite have put me on trial. Throughout last week I listened to allegations and insinuations about my character and conduct. Therefore, when the Prime Minister (Mr. Trudeau) returned last Tuesday night, I advised him of my intention to make a reply in my own defence at an early opportunity.

I welcome this occasion and I particularly welcome the opportunity to express my regrets to all my colleagues in the House of Commons that, through lack of recollection and inadequate information provided to me, I inadvertently contributed to misleading statements being made in the House last week and to which the Prime Minister referred yesterday.

All Hon. Members know the respect I have for the House of Commons and the privilege I attach to serving as a Member of it. The public interest is protected by a free Parliament reflecting a diversity of opinions strongly articulated and deeply felt. Candidates for public office surrender the right to privacy and accept the stresses of constant public scrutiny of their performance. Despite these pressures, there is no shortage of candidates eager to assume the responsibilities of public life.

For more than a decade, I have been privileged to serve this country as a Member of Parliament, a member of Cabinet, and a Privy Councillor to Her Majesty. I take pleasure in participating vigorously in parliamentary debates, contesting and challenging opposing views. However, I have never stooped to questioning the personal integrity or smearing the reputation of public men and women.

Some Hon. Members: Hear, hear!

Mr. Lalonde: A reputation of integrity is a precious asset, earned and accumulated little by little over time. I am not prepared to see my reputation destroyed by unfounded allegations of wrongdoing.

• (1140)

What is at stake is not merely one's personal reputation, but the respect Canadians hold for their public institutions and for the Government of this country which we proudly represent. More particularly, there must be no doubt about the moral integrity of the Minister of Finance. There must be no cause to believe that public decisions are influenced by the desire to win personal gain or to convey special favours.

The current version of the conflict of interest guidelines dates from April 28, 1980. The pertinent section for incumbent Ministers reads as follows:

In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

The Leader of the Official Opposition (Mr. Nielsen) attaches great importance to whether contact between the former Minister and the Department of Energy, Mines and Resources occurred within two years after Mr. Gillespie's departure from the Government. That is not the question. It is irrelevant whether the contact occurred four days, four months or four years after Mr. Gillespie's resignation.

The question is, was a former Minister granted improper influence, privileged access or preferential treatment at any time? Clearly these prohibitions apply to my conduct on all occasions. It would be wrong to permit influence, privileged access or preferential treatment at any time.

To this question, the answer is that at no time did I, my colleagues, my officials or indeed provincial officials grant improper influence, privileged access or preferential treatment to a former office holder. The consortium's application to the Canada/Nova Scotia Agreement on Oil Substitution and Conservation was considered on its intrinsic merit and was processed through regular channels without my political intervention, much as agreements were reached with 12 other applicants.

The other relevant section of the guidelines provides that former Ministers are—and I quote, contrary to the Leader of the New Democratic Party:

—not to lobby for or on behalf of any person or commercial corporation before any department or agency for which they were responsible on an ongoing basis during the last two years of their participation in the Ministry.

It is obvious that contact between the proponents of the consortium and the Department was initiated within the period when Mr. Gillespie was prohibited from lobbying.

Some Members have given such a wide interpretation to "lobbying" as to encompass all contacts with the Department. Clearly, if the intent was to prohibit all contacts, the guidelines would have done so directly and simply. In any case, neither I, my colleagues nor my officials were lobbied by Mr. Gillespie. At no time did any of my officials, including my Deputy Minister or any of my colleagues, see a need to bring to my attention any possibility that a conflict of interest situation might arise.

Wednesday, February 16, was the first occasion on which it was alleged that I had violated conflict of interest guidelines. I note in passing that if the appearance of wrongdoing is now so obvious and if the agreement was so generally known that my personal involvement can be assumed, it is curious that Hon. Members opposite suffer pangs of conscience only after the passage of some 22 months after the project was publicly announced by the Premier of Nova Scotia, the Deputy Prime Minister of Canada, the members of the consortium and Mr. Gillespie.

Let us review the decision-making process in this case. Under the terms of the Canada/Nova Scotia Agreement, a joint federal-provincial Management Committee has the full authority, independent of Ministers, to approve projects under the Agreement. This Committee evaluates proposals by the criteria established under the Agreement, authorizes funding and monitors subsequent expenditures. The reference to Ministers sought primarily to confirm that Canada and Nova Scotia intended to include coal conversion under the Agreement. The proposal was favoured by the Committee because of their interest in assessing the feasibility of coal liquefaction and not because of the involvement of any particular member of the consortium.

Some have expressed doubts about the feasibility of coal liquefaction. Surely that is exactly what the study is designed to test. In addition it should be emphasized that the public funds in question had been transferred to the Province of Nova Scotia. A section of the federal-provincial agreement reads, and I quote:

The monies so contributed shall be paid into a special account in a chartered bank in the Province of Nova Scotia, upon the designation thereof as a special fund by order of the Lieutenant Governor of the Province of Nova Scotia, pursuant to the provisions of the Provincial Finance Act, and shall become public money of the Province of Nova Scotia.

In addition to the leading role taken by provincial authorities, Hon. Members will note that the proposal was submitted by a consortium which included two federal Crown corporations, one provincial Crown corporation and three private corporations. This again demonstrates the broadly-based nature and the legitimacy of the venture.

Moreover, the fact and nature of Mr. Gillespie's involvement in this venture were made known in a manner suggesting not the slightest attempt on the part of anyone to conceal its existence or disguise the consortium's receipt of public funds.

I might add that the public funds are specifically directed to the feasibility study itself. Fees and retainers payable to Gillespie and Associates had been specifically excluded, and he is not entitled to receive one penny from that fund for fees and retainers.

The very fact of the openness surrounding the project was evidently an important consideration for those Government officials who, as I have subsequently learned, assessed and rejected the possibility of the Agreement violating conflict of interest guidelines. Hon. Members are aware that the conflict of interest guidelines emphasize the importance of disclosure in the process of avoiding conflict or the appearance of conflict of interest. When there is an element of doubt, the fact of an involvement being willingly made public is evidence of good faith and bears directly on the question of whether reasonable persons might perceive a conflict of interest.

Furthermore, despite the public nature of this project and Mr. Gillespie's involvement, no one spoke out at the time. No one cried preference or advantage, or appearance of preference or appearance of advantage; not after the press conference in Nova Scotia in April, 1981, five months before the project was formally approved; not after the television and the newspaper

coverage of that event; not after a press release by the consortium; not after a press release by the Deputy Prime Minister (Mr. MacEachen); and not after a press release by the Parliamentary Secretary to the Minister of Energy. I find it strange, Mr. Speaker, that Ministers would flaunt their wrongdoings by issuing press releases.

• (1150)

Some Hon. Members: Hear, hear!

Mr. Lalonde: To my knowledge, no one, not one journalist, not one Member of Parliament, not one Member of a legislative assembly, not one citizen, either orally or in writing, expressed reservations about any possible impropriety during the 22 months after the project was formally announced. I submit that no such accusations were made because no preference or advantage was given. No reasonable grounds existed to believe otherwise, and that reflects the fact that the project was considered and approved on its intrinsic merit.

Some Hon. Members: Hear, hear!

Mr. Lalonde: This remains valid, as valid today as it was when the project was announced almost two years ago.

I submit that this project was conceived, considered and consented to by honourable men dealing in good faith. I have satisfied my conscience and my sense of honour on which I have premised my life in public office.

Some Hon. Members: Hear, hear!

Mr. Lalonde: I submit that I was not lobbied, I was not asked, nor did I offer to intervene. I, therefore, suggest I have not by any act, or failure to act, provided grounds, or the appearance of grounds, for allegations of improper influence, privileged access or preferential treatment. I appeal to that sense of honour and decency which enables human beings to appreciate the same qualities in others. No individual can win public trust; ultimately it must be conferred by others. In return, that trust must be honoured.

[*Translation*]

Mr. Speaker, if I ever thought that I had contributed in any way, either by action or omission, to contravening the guidelines, I would have tendered my resignation immediately, without waiting to hear the slanderous accusations being made from the opposite side of the House. Politics is not my whole life, and I can make a living without it. There are a host of other challenges that are just as interesting, and I would love to spend more time with my wife and children.

By resigning, however, I would merely confirm the vicious insinuations and slanderous innuendo to which I have been subjected this past week. I intend to fight them with all my might, mindful of the fact that in the past we have too often seen virulent attacks against political figures, people who were honest, sincere and loyal being subjected to slander and libel. In any case, I do not intend to give in to that kind of political strategem. I take the integrity of our democratic institutions and my responsibility as a guardian of the public trust and as Minister of Finance too seriously to remain silent before such allegations. My public accountability is to this House, and I intend to act accordingly.

[*English*]

Mr. Hnatyshyn: Mr. Speaker, I would like to ask the Minister of Finance (Mr. Lalonde) some specific questions about his knowledge and recollection of this transaction.

The Minister rightly pointed out in his speech that from the floor of the House of Commons, because of the rules of ministerial responsibility, we are precluded from asking the Minister direct and specific questions with respect to his knowledge and involvement. I preface my question to the Minister of Finance on the basis that he will understand that this Parliament will survive as a viable and proper democratic forum only if there is no question about the veracity of statements made by Ministers of the Crown.

The Minister of Finance has now corrected the record once with respect to his recollection of the involvement of Mr. Alastair Gillespie as far as the Scotia Synfuels Project is concerned. I ask the Minister, in light of his letter to the Prime Minister (Mr. Trudeau) which the Prime Minister disclosed yesterday, indicating the first knowledge he had of Mr. Gillespie's involvement in this consortium, as the main person for negotiation with the federal Government, was on January 15, 1981, upon receipt of the memorandum from his Deputy Minister of Energy, Mines and Resources, Mr. Cohen, whether the Minister has had an opportunity of canvassing all his records and his memory with respect to this transaction. Does he maintain that that was the first time that he was aware of Mr. Gillespie's involvement in this project?

Mr. Lalonde: Mr. Speaker, the record, the documents tabled yesterday, are clear, and I thank the Hon. Member for referring to them. I can say that on the basis of the files which have been made public and to which I had access, and on the basis of checking my personal records, I have provided all the information that I had. Not only did I do that personally, but I asked the current Deputy Minister of Energy to go through all the files, or get his officials to do it for me. But I cannot guarantee that there may not have been somebody who may have said at a particular time in December or November that this project existed. I cannot guarantee that. I had been a Minister for two years during that period. As the Prime Minister said yesterday, I have sent about 320 submissions to the Treasury Board. I had 66 Cabinet memorandums during that time. I introduced Bills in Parliament. I corresponded with thousands of Canadian citizens. I met with thousands of them during that period. I made hundreds of speeches across the country. What happened on a particular day more than two years ago? I am sure my hon. friend himself does not remember what he was doing on December 12, 1980, or on January 13.

I cannot give total assurance that I was not made aware of it before January, 1981, but that point, as I indicated in my statement today, is totally irrelevant. The point is that I must

not as a Minister give any preferred access or preferential treatment to a former office holder at any time—two years, two months or 20 years after he departed. I can only tell the Hon. Member that to the best of my knowledge, after having myself examined and having had officials examine all of the papers and facts, that is the best information we have. Maybe my friend has information to the effect that I was informed in December. I will willingly admit it. It is irrelevant, but there it is.

• (1200)

Mr. Hnatyshyn: I say through you, Mr. Speaker, to the Minister of Finance that the Prime Minister has based his defence of the Minister's lack of involvement in supervising the Department of Energy, Mines and Resources at a time when there were negotiations by a former colleague, Mr. Alastair Gillespie, and the Department of Energy, Mines and Resources. He has based his defence on the fact that the Minister has written to the Prime Minister indicating clearly in the first instance that there was absolutely no knowledge of the involvement of Mr. Gillespie—a former colleague, a former Minister of Energy, Mines and Resources—as the instigator of this project until September, 1981. He has now changed the record by a letter to the Prime Minister which cuts out the foundation of the Prime Minister's defence of the Minister of Finance by saying that he had knowledge some time in advance of September, indeed in January.

I now put this to the Minister of Finance. In light of the clear guidelines, the clear prohibition set forth by the Prime Minister, prohibiting former office holders from having dealings on behalf of any person or commercial corporation, whether it be Alastair Gillespie or Gillespie and Associates Ltd., with any Department or agency for which they were responsible on an ongoing basis during the last two years of their participation in the ministry, the Minister knew this transaction was within the two-year time period, indeed well in advance of the inception of this matter, and yet he condoned an activity by his former colleague which is prohibited by the Prime Minister's guidelines. I ask the Minister how he could condone that activity.

Mr. Lalonde: Mr. Speaker, I hope you will give me a few minutes to reply to all the wrong assertions made by the Hon. Member. First, the guidelines do not prohibit, as the Hon. Member has said, contacts or communications within a period of two years. The guidelines are quite clear. I hope that in the debate today people will refer themselves to the guidelines and limit themselves to what the guidelines actually say. What the guidelines say with regard to former office holders is very clear. They must not engage in lobbying. Let us keep in mind the guidelines as they are and not twist and change the wording of them.

Second, the Prime Minister did not base his defence of me on the fact that I was aware of the situation more than two years after the event. The question that arose from the Leader of the Opposition was, when did I know about them and whether I knew within two years. The Prime Minister asked me. What did I do? I wrote to him within 24 hours after the question being put, after having checked my records and asking the Department to provide me with all the information they had. That information is contained in a letter that was tabled yesterday. I wrote the following to the Prime Minister:

> I can add that, to the best of my knowledge, between my appointment and the signing of a memorandum to Treasury Board in this regard on September 3, 1981, I was not informed at any time of discussions concerning the Scotia Coal Synfuels Project between officials of my department or Crown agencies and representatives of the firm Gillespie and Associates Ltd., their agents or commercial partners.

That was what I wrote to the Prime Minister last week. Pursuant to that letter I talked to the Minister of Energy, and said "Please, will you have a full check made of all records having anything to do with this in order to ensure that this is exactly what happened". Almost one week later a new letter came from the Deputy Minister indicating that indeed more documents had been found. Immediately I wrote to the Prime Minister, and that letter is public, together with the letter of the Deputy Minister.

The record is clear. The question is, was there any lobbying within the two-year period? The view of my officials and myself, having reviewed the situation, is that there was no lobbying. I state that categorically as a Member of this House. The question is not whether I knew about this within the two-year period. The question is, did I grant privileged access or preferential treatment, or the appearance of it? To that question my answer is categorically no, that is not the case.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Debate.

Hon. Erik Nielsen (Leader of the Opposition): Mr. Speaker, the reason we are in the position that we are in today is, first, that this Government, through its House Leader, brought on a debate in an attempt to end the Government's embarrassment; and, second, they felt that such a debate could be used either to stifle or to intimidate the Opposition.

Some Hon. Members: Oh, oh!

Mr. Nielsen: I can assure you, Mr. Speaker, that neither of those objectives will be met. Indeed, after listening to the Minister of Finance (Mr. Lalonde), I can see every reason for believing that the motion that is before the House and which will be voted on later today will be supported totally by the Government side.

The embarrassment in which they find themselves will continue until such time as the Prime Minister (Mr. Trudeau) takes the only steps a Prime Minister can take to clear his Cabinet of the clear and present suspicion of trafficking in friendships and indulging the "old boy network" of past and present Ministers. As for the Opposition, there is no way we stand to be intimidated or frightened off from the present issue by the threats of the other side.

Mr. Cosgrove: You didn't have the guts to move the motion.

Mr. Nielsen: The Minister of State for Finance (Mr. Cosgrove) says that we did not have the guts to move the motion.

Mr. Fisher: He is right.

Mr. Nielsen: We hear another interjection of "He's right". I am the seconder of the motion, long overdue, of the New Democratic Party.

Those threats were made yesterday. They are being made now. They were clearly implicit in the Prime Minister's remarks. They show the fear and desperation of the Government and confirm in the minds of Canadians that this is a Government with something to hide.

I would point out that even if the Opposition were subject to cold feet at the Prime Minister's huffing and puffing, certainly universally the media of this country is not, notwithstanding even threats against one of the most respected journalists in the electronic media that she is a slanderer.

The lead of that story was self-explanatory. I quote from the original Canadian Press story:

> A former Liberal Cabinet Minister, now the Chairman of Carling O'Keefe Ltd., has masterminded a Cape Breton coal project that could pay him off handsomely with the help of Government money.

That indicates the tenor of the story which appears to be an example of clear, restrained, factual and accurate reporting. At least, not one of the major premises has been denied by the Government. They have contented themselves by saying: "We did it, but it's all right because we're Liberals". The Prime Minister's answers amount to this: "Liberals look after Liberals with public money. So what?"

• (1210)

It remains to be seen whether the majority of Canadians, who may not possess the Prime Minister's grasp of subtleties, will take the same view. I think not. Most Canadians will believe, as we do, that there is an exercise of favouritism here, that there is preferential treatment here, that there is privileged access here, and that there is improper influence here. That was borne out by a former Cabinet Minister, the first of a long line of them to leave under this Prime Minister, Mr. Eric Kierans, on this morning's CBC radio program.

This is clearly shown on the official record of events and I intend to turn to that in a moment. The question is, who is responsible?

An Hon. Member: Turn to yourself.

Mr. Nielsen: I hear an interjection by someone over there who does not have the courage to stand and identify himself, saying that I should turn to myself.

An Hon. Member: Just wait.

Mr. Nielsen: I invite him to make any accusation or charge that he wishes and I will deal with it.

Mr. Bujold: Go outside the House.

Mr. Nielsen: If the Hon. Member wants to go outside the House, I will do that with him too.

Some Hon. Members: Hear, hear!

Mr. Nielsen: The question is, sir, who is responsible? The Prime Minister—

Mr. Ouellet: That would be new for you; you never did it outside the House. That would be a new thing for you.

Mr. Nielsen: Mr. Speaker, I hear the Minister of Consumer and Corporate Affairs (Mr. Ouellet). I have never been convicted of contempt of court.

Mr. Crosbie: Dial a judge!

Mr. Nielsen: The Prime Minister, in a series of cases, such as the appointment of a former minister to the top position in Air Canada, the preferential treatment extended to the former Clerk of the Privy Council, Mr. Pitfield, has exhibited a tolerance and a sympathy for the practice of favouring friends of the Liberal Party. The Prime Minister has, in fact, acted as though the perquisites of office were his own private fief, to hand out as he pleases, to be used in the rewarding of favourites and advancing the cause of his Party. Most Canadians will regard this as an improper and perverted use of a position of trust.

One feels a certain sympathy for the Minister of Finance who, when he was minister of Energy, was slowly and insidiously dragged into a compromising position, perhaps even against his will, but who listened to the insidious arguments of the Deputy Prime Minister (Mr. MacEachen) and subjected himself to the persuasions of the master of manipulation.

What, in effect, there is, sir, is a saying in Grit circles that "What Al wants, Al gets". The Deputy Prime Minister wanted this project so badly to bolster his fading fortunes in Nova Scotia that he, in turn, listened to the blandishments of Gillespie, who had gone to work setting up the consortium and securing agreement in principle from his former Department for a grant of $1 million for the extremely dubious project of extracting gasoline from coal.

I might say here, sir, that the Minister does not understand one of the fundamental factors in the principle of accountability—that he is fixed with the knowledge of his Deputy and all of the officials in the Department, whether he is informed by them or not.

The Deputy Prime Minister has placed himself in an invidious position. His defence of the current Minister of Finance has resulted in an indictment of himself. According to his statements, he knew what was going on and he gave enthusiastic approval. At the same time as he shrugged and stammered his way through an explanation as substantial as elf's wings, the Deputy Prime Minister, in desperation, conceived a new and further out reply. The guidelines, he said, are, after all, just rules of conduct. Simply a sort of golden rule that all those

in official positions must follow. We must be guided by our own individual consciences, he said. This is not a safe maxim to entrust to this Government, sir.

These, then, are the bare bones. The records supplied by official sources show clearly that there was improper influence, that there was preferential treatment and that there was privileged access to information, to the goodwill of officials and to the help and assistance of the Minister's former Department. That has all been placed on the record by the mover of the motion.

All of this was enthusiastically acquiesced in by the Deputy Prime Minister, who involved himself in the project, called a press conference to publicize it on the day after the submission was prepared for Treasury Board, and publicly praised Mr. Gillespie who was sitting beside him at the press conference. Again, I say it is unfortunate that the former Minister of Energy should have been caught up in the toils of the overweaning ambitions of the Deputy Prime Minister. I am sure that no one at this moment regrets this more than he does himself.

Yesterday the Prime Minister advanced the theory that we on this side should not put forward criticism of the type of thing we are dealing with today because they would get back at us and we will be made somehow to suffer. "Character assassination" are words that are heckled across the floor. If we are to follow that through to its ultimate logic, the suggestion is that we must adopt the standards which prevail opposite. We must see no evil at all where Grits are concerned. We must not dare to inquire into practices which are detrimental to Parliament, even when they have been adverted to in the media and are being discussed in the public area.

Let me say to the Prime Minister—I am sorry that he and the Deputy Prime Minister are absent from a debate as important as this, and the Minister of Finance must be behind the curtain somewhere—there will be no gag law in this House of Commons as long as I am responsible for the conduct of parliamentary business on this side.

Some Hon. Members: Hear, hear!

Mr. Fisher: We are waiting for the facts.

Mr. Nielsen: The mover of the motion put the facts on the record. Those are the facts.

Mr. Fisher: You do not have any so you do not want to give them.

Mr. Nielsen: The record in this case, from the Government's own files, clearly shows—

Mr. Fisher: It does not even have the merit of being intelligent.

Mr. Nielsen: —first, a breach of the Prime Minister's guidelines by a former minister within the two-year period established by the Prime Minister. That is fact one.

Fact two is a breach of the guidelines by the current Minister of Finance, then the Minister of Energy.

Mr. Ouellet: False. This is untrue.

Mr. Nielsen: Fact three is a breach by the current Secretary of State of External Affairs (Mr. MacEachen), then Minister of Finance and, as now, Deputy Prime Minister of this Government, who used his enormous influence in the Government to favour a project about which the officials in the Department had strong doubts.

Mr. Ouellet: You know damn well that you are lying.

An Hon. Member: Smear!

Mr. Nielsen: They say "smear", Mr. Speaker. Someone said "lie" over there.

Mr. Clark: Ouellet accused you of lying.

Mr. Nielsen: The Minister of Consumer and Corporate Affairs said "lie"? I ask him to withdraw it.

That gentleman over there is the Registrar General, the Minister to whom the ADRG reports; and it is to the ADRG that the motion of the Hon. Member for Oshawa asks the House to refer this matter. We can see his clear, unbiased and unprejudiced approach to this whole mess.

Some Hon. Members: Withdraw, withdraw!

Mr. Nielsen: Mr. Speaker, do you just simply sit there and accept an unparliamentary expression, or do you ask the Minister of Consumer and Corporate Affairs to withdraw the charge of lying?

Mr. Fisher: Talk about appearances! There is the appearance.

The Acting Speaker (Mr. Blaker): The Hon. Leader of the Opposition (Mr. Nielsen) has taken that step which necessitates action by the Chair. Until such time as the Leader of the Opposition had appealed to the Chair I was unable to take any steps whatsoever.

An Hon. Member: Oh, come on!

The Acting Speaker (Mr. Blaker): The Hon. Leader of the Opposition has indicated that he heard the Minister of Consumer and Corporate Affairs say the word "lie", or call him a liar.

• (1220)

Mr. Clark: As did I.

Mr. Crosbie: And I.

The Acting Speaker (Mr. Blaker): I am not clear as to precisely what were the words. In either event, such language is unparliamentary and accordingly it is the responsibility of the Chair to ask the Hon. Minister of Consumer and Corporate Affairs to withdraw the expression.

[*Translation*]

Mr. Ouellet: Mr. Speaker, I used unparliamentary language in my response to the entirely insidious and malicious comments of the Hon. Leader of the Official Opposition (Mr. Nielsen). I am prepared to withdraw the words I used.

[*English*]

Mr. Nielsen: Mr. Speaker, the way that came over on the translation was that the Minister said—these are not my words; they are the translator's—that he does not wish to withdraw.

Some Hon. Members: No, no!

Miss MacDonald: That is what it said.

Mr. Nielsen: That is what the translation said.

An Hon. Member: That is not what the Minister said.

The Acting Speaker (Mr. Blaker): Order, please. I was not using the translation device, but I am informed and thought I heard in French that the Hon. Minister had withdrawn the expression.

Mr. Nielsen: Fact four: Gillespie dealt directly or indirectly with two Ministers, the then Minister of Finance and Deputy Prime Minister and now Secretary of State for External Affairs, and the then Minister of Energy, now the Minister of Finance. The extent of those dealings is documented in material tabled by the Prime Minister and the current Minister of Energy and in replies in the House yesterday.

On the question of whether those dealings between two Ministers and a former Minister, involving the former Minister's Department and resulting in a very large Government subsidy to a project about which the departmental officials had expressed strong doubts, provided grounds—and I quote from the guidelines:

—or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment—

There can be little doubt about that. We have been hearing little else but those allegations in the House for the past eight days.

Were grounds provided? The Prime Minister says not; the Minister says not. The record says something quite different. The Deputy Prime Minister and the Secretary of State for External Affairs, who appears to have been the prime mover in getting the project off the ground, holding regular consultations with the Deputy Minister of Energy and sitting on the platform with Mr. Gillespie, says that it does not really matter whether the guidelines were breached because, after all, they are just guidelines.

We have the Prime Minister's statement that the Minister knew nothing of the deal until September, 1981, and his additional statement yesterday admitting that his earlier statement was an error and that he had now rectified the record based on new information supplied by the Minister of Energy. That conduct of his alone, misinforming his Prime Minister and placing the Prime Minister in the position of misleading the House, is sufficient to call for his resignation.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Nielsen: It should be pointed out that, according to the *Hansard* record, the Minister of State for Mines (Mrs. Erola) outlined the project in some detail in the House in June, 1981, while the then Minister of Energy was in his seat, presumably in his own inimitable fashion, smiling his approval at that speech.

The summation of the record is that the Minister of Energy knew of the situation as far back as January, 1981 and received several reminders after that date, including a reminder of Alastair Gillespie's attachment to the program. That is a fact.

Gillespie was in clear breach of the guidelines, since he was in communication with officials of his former Department on the question of obtaining a large subsidy for a program initiated in that Department while he was still the Minister. At this point, only a year and seven months had elapsed since he was in office.

The Minister of Finance in a press conference last night said:

Subsequently, the Treasury Board submission in question was withdrawn—

Why we would want a Treasury Board submission in this connection, when all the funds were managed in a Nova Scotia bank account, I do not know. He continued:

—because there were questions as to intellectual property rights and also there was a discussion at the official level about the possibility of—ah—the allegations about potential conflict of interest.

And it is at that time that the Treasury Board submission was amended to provide a specific provision prohibiting Mr. Gillespie from receiving any money out of the contribution that would come from the Canada-Nova Scotia agreement. And that is the submission that finally I signed in September, 1981.

How in the world, with all those moneys—the $1 million from the federal coffers, the $300,000 each from two Crown corporations responsible to this Parliament and $300,000 in contributions from other Crown corporations—going into a common fund, could they mark those dollar bills so that Mr. Gillespie would not get any of the $1 million and would not get any of the $300,000 from the Crown corporations, is beyond me. It is interesting to note—

An Hon. Member: It is beyond you, Erik.

Mr. Nielsen: Well, perhaps someone over there would explain how they can mark the bills that are going into an account like that so that Mr. Gillespie would get none of them. I would be interested in hearing the accounting mechanisms they would employ to achieve that result.

It is interesting to note that the Treasury Board submission which was withdrawn was dated April 3, 1981 and was signed April 13, 1981. Had it been entered as signed, it would have

been within the two-year prohibition in the guidelines preventing a former Minister from having dealings with his own subordinates. Attached to the submission was a note saying that Gillespie was involved. Because of the Minister's qualms about conflict of interest, this was held back until September.

The Acting Speaker (Mr. Blaker): Order, please. I am sorry to interrupt the Hon. Leader of the Official Opposition (Mr. Nielsen) but his time has expired. He may wish to seek unanimous consent of the House to continue—

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Blaker): Let me be clear. I intimated that there might be unanimous consent, and it is clear that there is not. Questions. Answers. Comments.

[*Translation*]

Mr. Ouellet: Mr. Speaker, I would like to ask the Leader of the Opposition, who said earlier that he had never been convicted of contempt of court, whether he remembers that in 1966, he copied, word for word, a confidential report drafted by a public servant and passed it off as his own. I also would like to ask him whether he remembers that Justice Dorion, in his report published in 1965, said on page 131 that if Tremblay had suffered as a result of certain statements, it was to be hoped that those who made the statements would recognize his decency and integrity. I therefore wish to ask the present interim Leader of the Opposition and hatchet man of the former Leader of the Opposition, whether when he said in the House yesterday—

[*English*]

"We caught a few fish in '65".

[*Translation*]

—whether that is not a reflection of the narrow and vicious mind of a politician who has made a career of destroying or attempting to destroy reputations.

[*English*]

Mr. Nielsen: Mr. Speaker, what the Minister has again said is that we should not, when we see evil, say anything about it; as Parliamentarians we should shut up, close our eyes and close our ears to any wrongdoing whatsoever.

Mr. Ouellet: Answer the question, answer the question.

Mr. Nielsen: I had the courtesy to listen to the Minister's question, a courtesy which I am not being accorded in answering the question.

Miss Campbell: Answer it.

Mr. Nielsen: I will answer it. There is a lady over there from Nova Scotia who asks me to answer the question. The reason the Minister is asking these questions is to cast an aspersion personally on me—

• (1230)

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Nielsen: —that somehow—

Mr. Lalonde: Who are the fish?

Mr. Nielsen: —I am anti-French, anti-Quebec.

Mr. Ouellet: Who are the fish?

Mr. Clark: It is Ouellet's racism.

Mr. Nielsen: The last time I looked, sir, I do not believe the Deputy Prime Minister (Mr. MacEachen) was from Quebec. His name is MacEachen.

Mr. Ouellet: You are trembling.

Mr. Nielsen: The last time I looked, neither was the Minister of State for Mines from the Province of Quebec. She is an Anglophone. The last time I looked, wrongdoing is wrongdoing, and a Member of Parliament has an obligation to raise that in this House and call it as he sees it.

Some Hon. Members: Hear, hear!

Mr. Skelly: Mr. Speaker, I wish to address a question to the present Leader of the Official Opposition (Mr. Nielsen). What I would like is a quick summation of the Official Opposition's position on this particular matter. The very short attempt to muck-rake on the other side seems to be off track.

Is the Leader of the Official Opposition and his Party taking the tack that this matter is not a matter on the specific detail of attempting to prove it here in Parliament, but a matter of the behaviour of the Minister? It is his behaviour that casts into question his competence and integrity to continue as a Minister. Therefore, the integrity of the Government is in question in the eyes of the Canadian people, ultimately which question falls on every Member of the House of Commons, this democratic institution. Is that the position that he is putting forward?

Mr. Nielsen: Mr. Speaker, that is precisely correct. The matter goes to the heart of the theory of ministerial accountability, a theory which the Minister has breached with or without any guidelines by virtue of the fact that he is seized with the knowledge. What we are asking for, as I understand the motion of the Leader of the New Democratic Party—

Mr. Chénier: Go kiss him, Erik.

Mr. Nielsen: —is that this matter be referred to the Assistant Deputy Registrar General, who would have the power to examine all of the facts in an impartial way and report back to Parliament. Unless the Government agrees to that impartial, independent examination by the official—and the Government itself is charged with that responsibility—then the Government

has failed to keep its confidence in so far as this House is concerned by reason of its lack of moral standards.

Some Hon. Members: Hear, hear!

Mr. Dingwall: Mr. Speaker, the Hon. Member noted yesterday that the benefits of the project were irrelevant. I just want to say to him that, notwithstanding the moral question of integrity, the real substance of this is the possible creation of 2,000 jobs in Cape Breton.

Some Hon. Members: Oh, oh!

Miss MacDonald: We have heard that before.

Mr. Dingwall: The Hon. Member made much of the Deputy Prime Minister's role in this particular contract. I would like to clarify for him that the Premier of the Province of Nova Scotia has played a major and important part in getting this project to where it is today.

The Hon. Member made reference to a press conference in Port Hawkesbury. I want to quote for the Hon. Member what took place in the Nova Scotia House of Assembly a week after that press conference. I shall read what the Premier of the Province of Nova Scotia said:

—Mr. Speaker, unfortunately, has not as yet been signed and therefore federal participation in the project has not been forthcoming. But I will repeat again what I said a few weeks ago, that if the federal Government does not come through with cost-sharing on that project, then this Government has enough confidence in this province and in coal production that we will go the limit and look after it ourselves.

The Premier of Nova Scotia was very much involved, but to carry the logic of the Leader of the Opposition, the Hon. Member for Yukon, much further, you would think that the money provided under the Canada-Nova Scotia Agreement to this consortium was bad money.

Mr. Clark: Question.

Some Hon. Members: That is a speech.

Mr. Dingwall: Money was provided to a friend, a cohort and a supporter of the Premier of the Province of Nova Scotia, Mr. Medjuck—

Some Hon. Members: Question.

Mr. Smith: He is entitled to make comments. Read the rules.

Mr. Dingwall: —in 1980 whereby $300,000 was provided to his company. Is that wrong money? Should that money be spent on that project? Is there something wrong with that? That is total irrelevance on the part of the Opposition. The Hon. Member realizes that he has not made a case for preferential treatment.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Mr. Speaker, I will be considerably more brief in my answer to that non-question.

Mr. Ouellet: Why don't you answer mine at the same time?

Mr. Clark: Go to a judge, André.

Mr. Ouellet: You have never been a lawyer, my friend. You do not know anything about that. For a student to flunk law, you should reserve your remarks.

Mr. Nielsen: I would simply quote from the Hawkesbury *Sun* which quoted the Deputy Prime Minister, remarks he has not denied at all. Indeed, the Deputy Prime Minister has reaffirmed what he said in answer to questions from me yesterday. He is quoted as having said this:

Things always come out right in the end. Gillespie is now one of the beneficiaries of his own foresighted policies.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Are there any more questions? The Hon. Minister for Indian Affairs and Northern Development (Mr. Munro).

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Mr. Speaker, unlike my hon. friend the Minister responsible for the Post Office, whom the Leader of the Opposition (Mr. Nielsen) indicated was endeavouring to label him anti-French, anti-Quebec, when I direct some remarks to the Leader of the Opposition, I will not be charged on the ground—

An Hon. Member: What about dredging?

Miss Bégin: Listen.

Mr. Munro (Hamilton East): —that the Leader of the Opposition is anti-French or is anti-Québec. But I certainly will endeavour to point out to my colleagues in this House that his tactics over the years—and I have been a Member of Parliament in this House for some time—are abhorrent to any politically responsible Member of the House of Commons.

I think the challenge that faces us in this House today is to endeavour to separate the gossip that is so prevalent and about which we have heard so much from demonstrable evidence. I do not think many of us in this House have heard much demonstrable evidence.

Mr. Waddell: We have seen it. Look at the documents.

Mr. Munro (Hamilton East): If the Leader of the Opposition wishes to look at the so-called list of facts and one wishes to read his comments in the "blues", I suggest not one scintilla of demonstrable evidence to back up one of those facts will be found. Just because somebody says a fact is a fact, of course, does not make it so, least of all the Leader of the Opposition with his track record.

Some Hon. Members: Hear, hear!

Mr. Munro (Hamilton East): What is so strange is that the previous Leader of the Opposition probably was in rather constant contact, I would assume, if there is any communication within the Conservative Party of Canada, with Premier Buchanan. The Premier publicly announced this project on a

platform as far back as April, 1981. The present Leader of the Opposition protests with outraged indignation that it is his duty to ferret out, and the minute he does, to declare any wrongdoing. Is that not then a direct indictment of his own previous leader who was aware of this since April, 1981, and did not make one reference to it? Why? Perhaps he cannot ask his previous leader to resign since he has already done so, but surely it would be grounds for his repudiating publicly his continued support for the past leader.

• (1240)

I am sure that most Canadians sometimes feel that this place, in some of the conduct that we render ourselves to as Parliamentarians, is almost laughable when we have disputes like this subject of derision. This subject of derision that we are all—all the people of Canada—subjected to now is authored again by the present Leader of the Opposition.

We all know that there is not a major scandal or any scandal at all that attacks the credibility of any Government, when its actions were displayed in such open fashion back in April, 1981, when people of political persuasions other than the Government benefited by it, and when there is a demonstrable lack of outrage months following that from the gentlemen opposite. Who are they trying to kid? What an insult to the people of Canada that his Party would try to manufacture an attack like this. Unfortunately, one of its harmful effects is the deluge after in terms of impaired reputations.

I would like us to compare this scenario now with the so-called winter of scandals of 1964 and 1965. Let us compare the state of the Conservative Party then and now and ask ourselves: Is history repeating itself? When the Rivard affairs broke and allegations were made against the then Minister of Justice, Guy Favreau, let us look at the state of the Conservative Party at that time. The late Mr. Diefenbaker was, as usual, under severe attack from his own backers. It was during that time that Dalton Camp was the President of the Conservative Party. That leader, the late Mr. Diefenbaker, did not even have the support of his own national president. He had talked about sensitivity to Quebec.

Mr. Balcer in the Conservative Party during December, January and February—I am talking about late 1963 and early 1964—indicated absolutely no confidence in the then leader of the Conservative Party and that if the then leader did not submit himself to a leadership contest, he would have to declare himself an independent. So did another Conservative Member by the name of Rémi Paul. Of course, that is what prompted Dalton Camp at that time to say that the Conservative Party was an organization in ashes in the Province of Quebec.

So vulnerable and shocking was their display of disorganization and disloyalty within their own ranks that who was to emerge to divert public attention from that type of disgraceful disarray? The Hon. Member for Yukon charged again. He then diverted the Canadian public from this spectacle and made charges in the House against the then Minister of Justice concerning the Rivard affair.

What happened then? There was a Dorion inquiry. Did the fact that Dorion inquiry to look into any alleged wrongdoing by the then Minister of Justice at all dissuade the Member for Yukon from making charges and innuendoes in allegations while the inquiry was taking place? Not one bit. One has only to check *Hansard*. How do you like that for this moral character with his righteous indignation?

Some Hon. Members: Hear, hear!

Mr. Munro (Hamilton East): After his smears against the then Minister of Justice of all kinds of wrongdoings, what was the then Minister finally indicted with by Mr. Justice Dorion? It was the fact that he did not seek independent legal advice. That is hardly justification for the type of deplorable character assassination by the Hon. Member for Yukon.

If that were not enough, there was then what was said about the then Minister of Immigration, Mr. Tremblay. Just look through *Hansard*, if you want to feel shame. Read *Hansard* and see what the then Leader of the Conservative Party and the Member for Yukon said about Mr. Tremblay, or what the then Leader of the Conservative Party said in Guelph about the Minister's underworld connections. One of his assistants had been named in the Rivard affair, and his list showed him as having bought furniture from a company that then went bankrupt. What did the facts later disclose? They showed total and complete exoneration by Mr. Justice Dorion with reference to the Rivard affair. Of course, when it came out in the press that he had paid as promptly as anyone could be expected to pay for his furniture, the whole case against Mr. Tremblay disintegrated. Were there any apologies offered for a character then ruined by the authors over there of character assassination?

Mr. Ouellet: No.

Mr. Munro (Hamilton East): It destroyed this man in public life, but it may have bought temporary peace within the Conservative Party.

Now, do we see any parallel in terms of rewriting history? Tell me, if this is not to be parallel to the disgraceful conduct of the Member for Yukon, let him offer one scintilla of evidence of wrongdoing of the nature alleged here.

Just read the guidelines, which state that in any official dealings with former office holders, Ministers must ensure that they do not provide grounds, or the appearance of grounds, for allegations of improper influence, privileged access or preferential treatment.

If there is anything that the present Minister of Finance (Mr. Lalonde) has been charged with, it is that back in January, 1981, I believe, there was a memorandum that one columnist referred to as preferred or favoured treatment that he did not first identify. I do not even know whether the Hon. Member for Yukon, who says that he based all his facts on a detailed review of the documents, even looked at that most pertinent document. If the Hon. Member has read it, tell me what clauses or phrases would constitute preferred or favoured

treatment? Again, he has made his charges without the slightest accuracy or devotion to detail. It is another outstanding example of character assassination on the part of the Member for Yukon.

I just want to warn Hon. Members that if we carry on in this way I can predict what may very well be the mood of this House. I say that because those types of smears were protracted by the Hon. Member for Yukon over a period of seven or eight months, until he hoped that his Party would get its internal affairs in order. Are we then again to suffer this type of degradation in the House for months while the Hon. Member for Yukon does his hatchet job on personalities in public life in order to buy time for the Party? I hope not. That is too much of a disfavour to us all.

Some Hon. Members: Hear, hear!

Mr. Munro (Hamilton East): Let me just remind some of the Members, in case they think this is humorous, of what it was like in this House back in 1963 and 1964 as the Hon. Member for Yukon rode roughshod over every decent principle in public life. It is on record that many Members at that time were sick of the unhealthy activity of their fellow Members. They were all scurrying around Ottawa trying to get somebody on to the other. It was predicted at that time by Richard Gwyn, who wrote a book called "Shape of Scandal" in March of 1964, that the House was near collapse from the charges that were emanating from the other side without substantiation.

Mr. Epp: Quote him today.

Mr. Munro (Hamilton East): Premier Manning of Alberta was saying that so deplorable was the conduct of Members here that a new political force was urgently required. A Gallup poll came out indicating that he was not far off the mark. That is how far this House had fallen, and all its Members.

• (1250)

When I see the Leader of the New Democratic Party (Mr. Broadbent) lending his name to a motion obviously designed by the Leader of the Opposition, that honourable Party, in terms of civil liberties, has fallen a long way. It may be indicative of the destitution of its present policies.

Some Hon. Members: Hear, hear!

Mr. Munro (Hamilton East): In those days there was no gossip which was too vile for Members of Parliament to repeat against each other. The whole environment was one of total decay. Members of Parliament were predicted openly in the press to be heading toward a collective death-wish during those months.

Most people, even many thinking Members of all Parties, viewed the conduct of their fellow colleagues with total revulsion. That is how unhealthy the environment was at that particular time. In fact, there was no period in the last 30 years comparable to the darkness of that particular period. Its only comparison was something in the United States called the "nightmare decade", under Senator Joe McCarthy. That is how obnoxious the whole situation was.

I have witnessed the moral outrage of the Hon. Member for Yukon. However, let me just repeat some of the track record of the Hon. Member when he has tried to indict the morality of any person in public life, let alone the Minister of Finance, who has exemplified morality of the highest public order in his whole time in public office.

Some Hon. Members: Hear, hear!

Mr. Munro (Hamilton East): In 1966, Geoffrey Stevens of *The Globe and Mail* referred to the Hon. Member for Yukon as being "irresponsible and reprehensible". He was referring to his performance in the Throne Speech debate.

The Hon. Member accused Prime Minister Lester Pearson of posturing as a defender of central Government and Parliament while collaborating with Quebec Premier Jean Lesage for purposes of political expediency. He implied that the Pearson cabinet was deliberately soft on organized crime. He even blamed the Government for the fact that Georges LeMay, wanted in Canada, was at liberty, without even bothering to check out whether Georges LeMay had escaped from a jail in Miami.

Stevens wrote:

> Unfortunately, Nielsen's tactics are all too often successful. He receives wide publicity each time he puts the screws to the Government—

He also wrote:

> The Government has not found any way to cope with The Terror from the Yukon. If it takes issue with him, it is playing into his hands, giving him an opportunity to renew the attack. If the government ignores him, it runs the risk of appearing to give the stamp of truth to his allegations.

Does not that sound a bit like McCarthyism?

In March of 1966, the Hon. Member for Yukon charged that the murder of François Payette was linked to fraudulent bankruptcies. He was criticized in the press for not providing any details whatsoever of the accusation.

In June of 1966, still on the bankruptcies binge, the Hon. Member was taken to task by several editorial writers. On June 7, 1966, the Ottawa *Citizen* chided him for his long list of allegations trotted out before the House without a shred of evidence.

Dealing with my own portfolio, it is a little ironic, but the Hon. Member for Yukon was caught in another form of duplicity. Again in 1966 he was caught giving a report on economic development for the Yukon to the Yukon Territorial Government's committee of the whole. As it turned out, it was a slightly reworded version of a restricted document prepared by my own Department. He publicly defended himself and said that he authored the document. He later acknowledged that it was a document from the Department of Indian Affairs and Northern Development.

Some Hon. Members: Shame, shame!

Mr. Ouellet: That is his level of morality.

Mr. Munro (Hamilton East): That is just part of the long list of character assasinations and duplicity of this Member of Parliament from the Yukon. That he should be so outraged at the immorality of someone in public life, let alone the Minister of Finance is literally, almost more than I can bear.

Some Hon. Members: Oh, oh!

Mr. Hnatyshyn: Don't slip.

Mr. Munro (Hamilton East): Hon. Members should look at the track record of this Hon. Member and his behavioural pattern over the years. I might say that even in my own trial against *The Toronto Sun*, even after the charge was erroneously made by the *Sun*, reference was unfortunately and unceremoniously made to it by certain Members of the Opposition. The Hon. Member for Yukon will recall that in a debate in the House of Commons he again made reference to some type of smear conduct linking me to that story in *The Toronto Sun*. He was to find later that the Toronto *Sun* story was totally false, as reported in the transcript of evidence, and I won a judgment of $75,000.

Some Hon. Members: Hear, hear!

Mr. Munro (Hamilton East): That might indicate that not only is there a disturbing similarity of conduct and behaviour on the part of the Hon. Member for Yukon with reference to his previous deplorable conduct back in the sixties, into the seventies and now, but that there is also a deplorable and distasteful pattern of consistency with that of the Toronto *Sun*. Is there any greater insult I can pay to any Member of Parliament?

Some Hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, I have some questions. First, let me express our bewilderment that the Minister has stored up that speech for so long. We are glad that he finally got some of it off his chest.

Some Hon. Members: Oh, oh!

Mr. Clark: Second, let me congratulate him on his success with the Toronto *Sun*.

Some Hon. Members: Oh, oh!

Mr. Munro (Hamilton East): They were not very kind to you either, Joe.

Mr. Clark: The Minister made reference, in his single allusion to the question under debate here today, I believe, to the memorandum from Mr. Cohen, the Deputy Minister to the former Minister of Energy, Mines and Resources who is now the Minister of Finance (Mr. Lalonde). I presume that since he referred to it, he is familiar with all its aspects. He will know that that memorandum from Mr. Cohen to Mr. Lalonde began with the words, "You will recall that Mr. Gillespie has organized", etc. In other words, there was a very clear reference in the memorandum to an earlier occasion when this involvement by a former Minister, Mr. Gillespie, had been brought to the attention of the present Minister of Finance.

Would the Minister of Indian Affairs and Northern Development tell us, what were those earlier occasions? Will he elaborate upon the words in that memorandum "You will recall"? How long in advance did the Minister of Finance know?

Mr. Munro (Hamilton East): Mr. Speaker, the Hon. Member for Yellowhead—

Mr. Nielsen: "Right Hon."

Mr. Munro (Hamilton East): —must have heard the Minister of Finance when he gave that very explanation in his opening ramarks. Let me just tell the Hon. Member that the Minister of Finance clearly stated to the House that he obviously must have been familiar with the situation to the degree it was brought to his attention, but he forgot, and he has explained all the dealings he had. Why, it would be totally impossible for any Minister to recall all those events in a portfolio as busy as that. However, that is not the point.

What I really said about the memorandum was "Show me". Of course, this is where the fundamental weakness rests with the Official Opposition. Nowhere in that dissertation of the Leader of the Opposition, including his utilization of the document, did he back up his so-called or alleged facts with any evidence. I challenge him, turning his challenge back to him. I assume that the previous Leader of the Conservative Party also read the document. Would he show me where there is any basis for coming to the conclusion that there has been any breach of the guidelines in the memorandum? That is the point at issue.

Some Hon. Members: Right on.

Mr. Clark: Mr. Speaker, I will have—

The Acting Speaker (Mr. Blaker): I have a problem. The House will realize that it is one o'clock, and accordingly I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—ATTEMPTS TO UNDERMINE GOVERNMENT CREDIBILITY

Mr. Gaston Gourde (Lévis): Madam Speaker, the House of Commons is under the attack of head hunters, and their designated target is the Minister of Finance (Mr. Lalonde). In view of the fact that the Progressive Conservative Party has been falling apart at the seams since the recent convention, an orchestrated campaign is being launched by the remnants of that party in exile in an attempt to undermine the credibility of the Government. They have been slinging mud every which way, hoping that somebody, anybody, will be the victim of their tactics. Those Members have spent and will remain a long time on the Opposition benches, and they have become experts at muckraking.

In my opinion, Madam Speaker, their attitude flies in the face of basic parliamentary principles. It will be necessary to call Canadians as witnesses to put an end once and for all to those remarks. Anyone spitting into the wind may well get it in the eye, and that is something the big names of the Opposition ought to know by now.

* * *

[*English*]

CANADIAN ARMED FORCES

SUPPORT EXPRESSED BY ROYAL CANADIAN LEGION

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, the Royal Canadian Legion and its membership across Canada have expressed deep concern regarding our country's ability to discharge our military obligations adequately, should the occasion arise.

Reports have indicated that our Armed Forces at this point in time are extremely undermanned and lacking in sufficient modern arms and equipment.

Although the purposes and objectives of the Royal Canadian Legion are to strive for peace, good will, and friendship among all nations, the Legion also advocates the maintenance by Canada of adequate and sufficient forces on land, sea and air for our defence, and to discharge faithfully our obligations regarding our commitment to NATO and to our partners in the Commonwealth. Therefore it is the hope of the Royal Canadian Legion and its members, and I believe of all concerned Canadians, that the government and the Department of National Defence will give serious consideration to this concern and give it the highest priority in their deliberations.

[*Translation*]

EMPLOYMENT

PROPOSAL BY UNEMPLOYED VICTIMS OF CIP CLOSING IN HAWKESBURY

Mr. Denis Ethier (Glengarry-Prescott-Russell): Madam Speaker, since the Hawkesbury CIP mill closed down last December 1st, 450 people have been out of work. Those people are honest and eager to work, they do not think that unemployment insurance benefits are a solution, and they have not lost their willingness and their eagerness to get back to work. Quite the contrary. A group of unemployment CIP workers recently appeared before their municipal council with the following message, and I quote:

> Mr. Mayor and members of the council:
>
> We have been without work for nearly two months and we wish to make a proposal which, we hope, will interest you. We, the undersigned, agree to work without pay on any project we would deem worthwhile in the interest of the people of Hawkesbury and the surrounding area.
>
> Fully aware of our limited skills, we humbly offer our services in the firm belief that, thanks to your ample resources, we will be able to do some good for the community.

This message was signed by 15 people whom I commend for their initiative, namely: Yvon Laliberté, Lucille Dubois, Robert Sauvé, Robert Hughes, Alvarez Laliberté, Jacques Parent, Roch Parent, Jean-Paul Marinier, Denis Leclair, Daniel Gauthier, Mario Lafrance, Guy Lauzon, Lucien Sabourin, Roger Laframboise and Abbey Massia.

I urge unemployed workers in the various communities of Canada to do the same.

* * *

[*English*]

AGRICULTURE

CALL FOR INCREASED DOMESTIC PRICE OF WHEAT

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise to make a statement to the House on an important matter as it relates to the economy of the farming community but which, if endorsed, would have an important, positive impact on the whole country.

Canadian farmers face in the next year a critical decrease in the price of wheat in the international marketplace. Given the serious increase in the cost of production which is approximately 25 per cent, and the world wheat price falling approximately one dollar a bushel, bringing farm net income down approximately 25 per cent in this current year, it is most important at this time that the floor price of domestically consumed wheat be increased. I therefore call upon the Government of Canada, through the responsible Minister, to set the floor price of domestic red spring wheat and Durum at seven dollars a bushel for the crop year beginning August 1, 1982.

S.O. 21

LABOUR CONDITIONS

CLOSURE OF MacMILLAN-BLOEDEL LUMBER MILL AT CHEMAINUS, B.C.

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, yesterday MacMillan-Bloedel Limited announced the permanent closure of its mill at Chemainus, British Columbia, with the loss of more than 600 jobs. In the past two decades MacMillan-Bloedel has taken money made in British Columbia to finance expansion into Europe, Malaysia, Brazil, and Alabama. Now it tells 600 workers that they are no longer of any use. It deprives the town of Chemainus of an economic base, but it continues to hold 309,000 prime acres of forest in Tree Farm 19 on the east coast of Vancouver Island. It continues to control a total of 2.8 million acres of B.C. forests.

MacMillan-Bloedel must be called to account for its exploitation of human labour and natural resources and its callous disregard for the human and social consequences of its policies. The people of Chemainus demand action from both the federal and provincial Governments. I call on the federal Government to require corporations making profits from Canadian resources to reinvest substantial funds in Canadian plant and technology. I further call on the Province of British Columbia to take all steps necessary, including expropriation of Tree Farm 19, to ensure that a sawmill will continue to operate at Chemainus.

* * *

[*Translation*]

SEAL HUNT

ÎLES-DE-LA-MADELEINE—EFFORTS TO DISCOVER NEW MARKETS

Mr. Rémi Bujold (Bonaventure-Îles-de-la-Madeleine): Madam Speaker, I should like to bring to the attention of the Government and the House a ticklish situation which is developing in the Magdalen Islands which are part of my riding. As you know, the European Parliament and a number of EEC ministers have banned the sale of all goods containing seal pelts from their respective countries, which is resulting in very serious hardship for the people in the Magdalen Islands, especially in view of the fact that some 700 residents will be forced to give up hunting altogether this year and face a loss of income of approximately $500,000. With this money, Madam Speaker, they would have been able to prepare for the opening of the new fishing season scheduled for early May and get the additional income they need to support their families.

Therefore, Madam Speaker, I urge the government to see to it that the seal hunt takes place this year as usual by, first of all, disregarding the essentially groundless arguments which ecology conscious people have put forward in Europe, and also by seeking other markets for seal pelt goods.

[*English*]

THE CONSTITUTION

RECOGNITION OF PROPERTY RIGHTS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, we in the P.C. Party believe that one of the cornerstones of our free and democratic society is the right to own and enjoy property in this great land, Canada.

During the committee discussions on Canada's Constitution, my colleague, the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty), on behalf of our Party introduced an amendment on January 23, 1981, covering property rights. It read:

> Everyone has the right to life, liberty, security of the person and enjoyment of property and the right not to be deprived thereof except in accordance with principles of natural justice.

This amendment was accepted by the present Solicitor General (Mr. Kaplan) on behalf of the Government on a Friday, and then rejected by the now Minister of Energy (Mr. Chrétien) on the following Monday. Why? Because the Liberals succumbed to blackmail by the socialist hordes on my left who threatened to withdraw their support if this amendment was included in the Charter. So, true to form, the Liberals withdrew the amendment. Now the Government has a golden opportunity to rectify the situation because it does not need the support of the New Democratic Party.

• (1410)

I am urging the Government to support this addition to the Constitution and include property rights on its formal agenda of March 15 and 16, when next it gets together with the Provinces to discuss amendments to the Constitution. It is a basic right in Canada to own and enjoy property and must be included in the Charter of Rights and Freedoms.

* * *

CORPORATE AFFAIRS

SALE OF MONARCH LIFE ASSURANCE COMPANY

Mr. Rod Murphy (Churchill): Madam Speaker, I rise to protest the actions of the Minister of State for Finance (Mr. Cosgrove) in approving the sale of the Winnipeg based Monarch Life Assurance Company to the Toronto based North American Life Assurance Co. This action threatens the job prospects of over 300 employees in Manitoba and transfers the control of investments of over $447 million from western Canada to Toronto. Monarch Life Assurance Company is 100 per cent owned by Canwest Capital Corporation in western Canada, which is headed by former the Liberal Leader in Manitoba, Izzy Asper, and is financed with the help of the taxpayers of Canada through a 46 per cent ownership by CDC.

I call upon the Ministers responsible to explain why taxpayers are paying for 46 per cent of Canwest Corporation when it portrays itself as being a western investment corporation, and

at the same time is selling off western assets, western jobs and western investment prospects to eastern Canada?

* * *

EDUCATION

INCREASE IN FEDERAL PAYMENTS TO PROVINCES

Mr. Robert Bockstael (St. Boniface): Madam Speaker, toward the end of 1981, and again about this time last year, we heard a great deal about how much the federal Government was "cutting back" on its transfers to the provincial Governments for health and post-secondary education. The Deputy Prime Minister and Secretary of State for External Affairs (Mr. MacEachen) rejected those charges at the time as totally unfounded, and the Prime Minister (Mr. Trudeau) said that our transfers for the coming fiscal year would increase more rapidly than the rate of over-all federal expenditures.

There is proof of these statements in the Main Estimates tabled on Tuesday, which show a 20.9 per cent increase in our transfers to the Provinces for these purposes. We are providing them with $6.32 billion, an increase of $1.15 billion over current cash outlays. This is $160 million more than originally anticipated, because we are protecting the Provinces against the decline of tax revenues. So let there be no more talk about how badly the Provinces have been treated in these very difficult times.

* * *

ENERGY

FREEZING OF DOMESTIC OIL PRICE URGED

Mr. Bill Yurko (Edmonton East): Madam Speaker, it is becoming increasingly evident that world oil prices will be subjected to severe buffeting and wild fluctuations in the near future. Such price gyrations, mainly in a downward direction, will give rise to accentuated world economic instability, both internationally and domestically, in many countries.

In Canada the formula for establishing domestic oil prices contained in the September, 1981, Canada-Alberta oil agreement is redundant. It is imperative that domestic oil price stability be maintained for the next several years to assist in the economic recovery of the nation. Therefore, Madam Speaker, may I suggest that an agreement be reached immediately to fix or freeze the Canadian domestic oil price at its current level of $29.75 per barrel for the lifetime of the Ottawa-Alberta agreement which expires in 1986. Such an agreement should be pursued and finalized during the meeting between the Prime Minister (Mr. Trudeau) and Premier Lougheed on Monday.

[*Translation*]

HUMAN RIGHTS

QUEBEC BILL 111

Mr. André Maltais (Manicouagan): Madam Speaker, I would like to draw the attention of the House to Bill 111 which was passed in Quebec not long ago. A number of editorial writers and commentators have pointed out this was the first time that human rights and freedoms were legislated away. However, I would like to inform the House that it is actually the second time the Province of Quebec has ignored the Canadian Charter of Rights and Freedoms. In fact, it has happened before, when Bill 37 amalgamated Baie-Comeau and Hauterive. At the time, the people of Baie-Comeau were prevented from holding meetings, thus limiting their right of assembly. The citizens of Baie-Comeau then asked the Minister of Justice to be particularly vigilant with respect to the rights of Quebecers.

Madam Speaker, I therefore wish to ask the Minister of Justice (Mr. MacGuigan) who is in the House today, to be particularly attentive to the rights of Quebecers, because in this country of ours, all Canadians should be equal before the law and have the same privileges and legal recognition.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—FIRST AWARENESS OF FINANCE MINISTER

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Prime Minister. On February 17 the Prime Minister informed the House that the first time the Minister of Finance became aware of the Scotia Coal Synfuels Project was, and I quote from *Hansard* at page 22933:

—the first knowledge he had to this arrangement was on September 3, 1981.

Yesterday the Prime Minister came into the House and informed us that that information had been misleading and that in fact the Minister of Finance had known of the transaction as early as January, 1981. Would the Prime Minister inform the House if he is standing by that information which he gave us yesterday? Is that the date the Minister first was aware of it?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I heard the Minister answer that question this morning, and my answer is in the affirmative.

DEPUTY MINISTER'S MEMORANDUM OF JANUARY, 1981

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, the Prime Minister says that the Minister first was aware of this transaction in January, 1981. He will have looked at the memorandum from the Deputy Minister to the then Minister of Energy, Mines and Resources, now the Minister of Finance. The memorandum addressed to the Minister, dated January 15, 1981, states:

> You will recall that Mr. Gillespie has organized the Scotia Coal Synfuels Project whose object is to study the possibilities for the liquefaction of coal in Cape Breton—

I would like to know what the Prime Minister makes of that statement which says that his Minister of Finance would have recalled that transaction before January 15, and whether or not, over night or today, he has questioned the Minister of Finance to see what date it was that he knew, before January 15.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not questioned the Minister. I repeat, I heard him answer questions very clearly this morning that that was the earliest recollection he had of any knowledge as acquired from the documents themselves of the transaction. The House heard the Minister go on to say that he was not swearing that there had not been any previous knowledge, he just had no recollection of it. The Minister went on to make the point, which I make, that in this sense dates are irrelevant from the point of view of that Minister, since he is bound, regardless of dates, by the guidelines which say there should be no privileged access.

Miss MacDonald: I find the Prime Minister's answer incredible when in the first instance his defence of the Minister was made on the basis of dates which he provided to the House.

Some Hon. Members: Hear, hear!

STATEMENT BY MINISTER OF FINANCE IN NOVEMBER, 1980

Hon. Flora MacDonald (Kingston and the Islands): I would like to ask the Prime Minister, since he cannot have it both ways, since he cannot argue that the dates matter one way one day and they do not matter another day, has he followed up the question which was put to him yesterday, by my colleague, the Hon. Member for Don Valley West, with respect to the Minister's statement before the Committee on Alternative Energy and Oil Substitution on November 25, 1980, when the Minister indicated that he was aware of projects being undertaken by Petro-Canada with regard to coal liquefaction? Has he followed up on that particular request to find out if the Minister was aware that one of those coal liquefaction projects was indeed the one in Cape Breton?

• (1420)

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, I have not. I took note that we were having a debate today on this whole subject and that the Minister was subject to questioning. I would have thought that the Hon. Member could have inquired directly from the Minister.

Miss MacDonald: The Prime Minister shirks his responsibility.

Mr. Trudeau: If the question was not asked by one of the Opposition or not asked by the hon. lady from Kingston, maybe she is shirking her responsibility.

As to the question of dates, I want to clear up that matter. It is true that on the first day that this was raised, February 16, without any prior notice, and certainly without any occasion for me to refer to the guidelines which had been issued some few years before, I was listening to questions and attempting to answer them in terms of the questions asked.

I note that in the second round of questions on the first day the subject was raised, February 16, the Hon. Member for Calgary Centre feeds into his question the problem of two years as being a critical date. Then there is an exchange between myself and the Hon. Member for Yukon as to what the dates are. Then the Hon. Member for Calgary Centre comes back with dates again.

I just want to say that not having had notice of the subject, being told that in some way two years was a critical period, not having the guidelines before me, I said well, if two years is critical, it appears from the facts that are being alleged that it has been more than two years, so I was answering with the defence in terms of the accusations made.

Since then the accusations have become more precise. They have referred not to the post-employment guidelines but to the role of the Minister himself. The Minister this morning, and certainly the Deputy Prime Minister and myself have all conceded that the dates are irrelevant, that a Minister is bound in his dealings with former office holders whether it is a period of six months or two years.

REASON FOR PRIME MINISTER CORRECTING STATEMENT

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, if the dates are irrelevant, why did the Prime Minister consider it necessary to come into the House yesterday to correct what he said previously?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, quite obviously, because I had—

Miss MacDonald: Misled the House.

Mr. Trudeau: The Hon. Member says "misled the House". I used the words myself yesterday. I had given a date to the House based on some information which appeared to be wrong. I can hardly see how the Hon. Member can seriously fault me for having set that information right and, at the same time, reproach me with talking of dates. Dates are the area in which there was wrong information. Therefore it was surely my duty to set it right at the first opportunity.

STATEMENT IN DEPUTY MINISTER'S MEMORANDUM

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, in the memo from the Deputy Minister of Energy, Mines and Resources to the Minister of Energy, Mines and Resources of January 15, 1981, the following statement is made:

> In anticipation of this development, provision was made during the planning stage of the National Energy Program for a maximum of $1 million to be available for federal participation in this project.

In view of the fact it is directly relevant to the debate here today at what point the Minister of Finance became knowledgeable about this project and about Mr. Gillespie's involvement, can the Prime Minister tell the House whether he has any reason to believe that, if specific reference was made in the NEP in the early planning stages of it, in the summer or fall of 1980, the Minister of Energy at the time would not have understood that Mr. Gillespie was involved and should have asked questions about conflict of interest?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I did not realize the question was addressed to me. I believe that was only mentioned at the end. Would the Hon. Member repeat the whole question, please?

Mr. Beatty: Gladly, Madam Speaker, because it is an important one. I know the Prime Minister would want to give a straight answer to the House. The memorandum from Mr. Cohen to the present Minister of Finance said explicitly that, in the early planning stages of the NEP, the Minister of Finance and the Department had written in provision for this specific project to the tune of $1 million. Does the Prime Minister think there is any reason to believe that that is the case, that the present Minister of Finance would not have known about this deal and about Mr. Gillespie's involvement in the summer or fall of 1980, and that he should have been asking questions about conflict of interest?

Mr. Trudeau: I cannot say, Madam Speaker. I do not have the documents in front of me to which the Hon. Member refers, and I will not fall into the error I made on the first day, of answering questions on the basis of the questions asked. I would like to know what the million dollars refers to. Maybe it refers to this, maybe it does not. Maybe Mr. Gillespie was kept in somebody's mind, maybe he was not. I do not know.

ROLE OF ALASTAIR GILLESPIE IN DEALING WITH DEPARTMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. Yesterday in this House the Prime Minister was reluctant to agree that Mr. Gillespie was indulging in what many, I think, have appropriately called lobbying. Since then, following the tabling of documents in the House, new information has emerged. I would like to ask the Prime Minister a question based on that.

In March of 1981 the Department of Energy officials expressed concern that the oil substitution agreement was not intended to cover the coal liquefaction proposal made by Mr. Gillespie. As a result, following representations made by Mr. Gillespie, an entirely new agreement was entered into in order to qualify Mr. Gillespie's proposal. Would the Prime Minister not agree that this action is as clear as possible an illustration of lobbying, and also agree that this is proof positive that special favour indeed was given to Mr. Gillespie?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the first point about lobbying, it seems to me that there is nothing in the documents referred to by the Hon. Member which indicates there was lobbying or that Mr. Gillespie came back in March, 1981. It is the officials themselves, looking at a submission to Treasury Board, redesigning it, and having the Minister sign a document again. It seems to me that this indicates that the officials were on their toes, that they were making sure that the submission was correct and in conformity with government policy, that they were alert to any possibility of conflict of interest guidelines. That is the reason why they specified in the amended contract that Mr. Gillespie would have no access to the funds which were allocated for the substitution program by the Government of Canada to the Government of Nova Scotia.

Mr. Broadbent: I would say to the Prime Minister the officials certainly were on their toes. They took the action that they thought was appropriate and necessary in order to qualify Mr. Gillespie for the proposal. It was the clearest possible case that Mr. Gillespie got from the Government of Canada what no other citizen got. That is what they did. Anyone who believes the contrary is just kidding himself.

FORMER ENERGY MINISTER'S SUBMISSIONS TO TREASURY BOARD

Hon. Edward Broadbent (Oshawa): Madam Speaker, I would like to ask the Prime Minister a question flowing from the same information which was tabled in the House yesterday. On April 13, 1981, the then Minister of Energy sent a submission on this project to Treasury Board. The same submission was suddenly withdrawn when questions were raised about Mr. Gillespie's participation in it. In September, safely three months past Mr. Gillespie's two-year time limit, a new revised submission over the present Minister of Finance's signature was submitted to Treasury Board. Can the Prime Minister deny that this this was anything but a cynical attempt to avoid his own guidelines?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, now the Hon. Member is, I think, making an accusation about privileged access having taken place by officials. That is a serious accusation. If he is seriously making it, I will ask the Minister to inquire into that aspect of it. It is significant that the Hon. Member is talking of officials. They are the ones who prepared a submission for the then Minister. They are the ones who had him sign it. They are the ones who withdrew it when they thought that there might be some privilege given to Mr. Gillespie. My reading of the document is that they acted in a laudatory fashion by withdrawing it and

making sure that the submission was written in a way that Mr. Gillespie could not have access to public funds.

• (1430)

QUERY RESPECTING PURPOSE OF MINISTERIAL CONDUCT GUIDELINES

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Prime Minister is confusing two facts. First, it is true that officials rewrote the document so that the money could be laundered in a certain way to get to Mr. Gillespie, leaving the appearance that the guidelines were enforced. It is also true that the proposal was changed in substance, technically, so that, quite apart from the financing, Mr. Gillespie's proposal would qualify.

Does the Prime Minister prepare guidelines for moral behaviour for his Ministers with the intent that they be enforced, or is it all part of a cynical exercise by the Prime Minister himself?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member asks a rhetorical question and I will not deal with it, but I will certainly deal with the preamble.

He says that the agreement, the submission, was rewritten so that the money would get to Mr. Gillespie. If he is making an accusation there, I suggest he is dead wrong. The agreement was rewritten, the submission was rewritten so that the money would not get to Mr. Gillespie. If he has some information—

Some Hon. Members: Oh, oh!

Mr. Trudeau: I see the Leader of the New Democratic Party is shaking his head. If he has some shred of evidence that Mr. Gillespie has touched this money, got one single cent of it, then he should make that accusation. So far we only have head-shaking.

Mr. Broadbent: Nonsense.

Mr. Trudeau: What I see, Madam Speaker, is a group of officials acting in advice to their Minister, who want to make sure that the Oil Substitution Program is effective and that a program, judged to be beneficial for Nova Scotia by the Premier of Nova Scotia, can be brought into effect.

I think the officials, once again, were acting in a laudatory fashion when they made sure there should be no phoney accusations or conflict of interest and yet that the program proceed as it did.

DATE OF FORMER ENERGY MINISTER'S AWARENESS OF PROJECT

Mr. John Bosley (Don Valley West): Madam Speaker, I have a question for the Prime Minister who has been informed today in the House that his then Minister of Energy appeared before the Alternate Energy Committee on November 25, 1980, and that recommendations were made in the planning stages of the National Energy Program to provide funds for this project which, I would assume, the Minister of Finance and the Minister of Energy at the time would have to know about.

Since the document on which the Prime Minister relied from the Minister of Finance yesterday said that rather than knowing for the first time later, he knew in fact for the first time in January, 1981, and since the evidence is clear that the Minister of Finance, if he was performing his duties, knew before that date, will the Prime Minister tell the House of Commons today whether he still maintains that he and the Minister of Finance are telling the truth to this House when they say that the then Minister of Energy knew nothing about this project before January, 1981?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the Hon. Member was following the debate closely he would have heard my answer to a previous question along those lines from the Hon. Member for Wellington-Dufferin-Simcoe, I believe, and the statements of the Minister of Finance in answer to a question from a Member of the Opposition Party this morning on that same subject. The Minister said that, as far as he could recollect, there was no information conveyed to him before. He admitted—

Mr. Hnatyshyn: No, no! He did not say that.

Mr. Trudeau: He admitted that he might be wrong in his recollection—

Mr. Hnatyshyn: Get another letter from him.

Mr. Trudeau: —but he went on to concede that even if he had had information before, or if he had had it only months later, he would not use that as a defence. The guidelines themselves do not talk of a defence in terms of any elapse of time. The guidelines make it imperative upon a present office holder dealing with a former office holder that there be no privileged access. That is what the debate should rest on, not on the elapse of time.

Mr. Bosley: Madam Speaker, the Prime Minister, sooner or later, is going to have to deal with the fact that there is every reason to believe that the certifications that have been made to the House have been part of a cover-up and have misled the House.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Bosley: And that the question of whether the House has been misled is quite a different breach of parliamentary privilege.

An Hon. Member: Oh, come on!

PROVISION OF FUNDS

Mr. John Bosley (Don Valley West): Madam Speaker, I have a supplementary question. Since the Deputy Minister says that funds were provided in the planning stage for this project—I quote, "for this project"—and since the national energy plan when it came out on October 28 did provide funds for this project, why should any thinking Canadian believe that a consortium that was formed the day after, on October 29, did not, in fact, have advance knowledge of what was in the budget itself?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member makes something of the fact that the House has been misled and seems to have some accusation in the back of his mind. I conceded this morning that the information given to the House in the first instance—I conceded that yesterday—was wrong. If the Hon. Member wants to say that the House has been misled, he can. He should also add that the House was given the information to make sure that that error was corrected, which I did.

SIGNING OF CONSORTIUM AGREEMENT IN OCTOBER, 1980

Mr. Jim Hawkes (Calgary West): Madam Speaker, the Prime Minister brought up the issue of privileged access. On October 28 at 8 p.m. the Finance Minister stood in this House and announced at page 84 of the National Energy Program and at page 9 of his speech that there would be special funds to utilize Cape Breton coal. Part of that would be to turn coal into liquid fuels.

The very next day the former Minister of Energy signed the consortium agreement, with one of the partners being Petro-Canada.

Does the Prime Minister expect the House to believe that they had no advance knowledge of what would be in that budget? Is there a budget leak? Was there a budget leak, or was there not?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member is talking about October 20 but he has not mentioned the year. I imagine he is talking about 1980.

Mr. Hawkes: 1980.

Mr. Trudeau: If he is now complaining about a budget leak which took place in 1980 and asking me about it, I would say I have no recollection. But they would be pretty dumb ninnies over there if they had not noticed that there was a budget leak until three years after.

BUDGET ANNOUNCEMENT IN OCTOBER, 1980

Mr. Jim Hawkes (Calgary West): Madam Speaker, the Prime Minister will know that in the month of October, 1980, seven of the nine members of the Board of Directors of Petro-Canada were appointed by Mr. Gillespie and were still serving. They included Mickey Cohen and Ian Stewart.

I ask the Prime Minister again, is it reasonable to assume that on October 29, 1980 a consortium could reach an agreement to take advantage of a $1 million fund which the then Minister of Finance announced to this House the preceding evening after eight o'clock saying that the money would be available? Does that not stretch the concept of privileged access just a little bit?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it obviously has not struck any Member of the Opposition or any member in the media or anybody in the country for some years. There is probably some explanation that I do not know, but it cannot be only the dumbness of the people over there. It must be that in some way the funds were available under a pre-established program. As a matter of fact we know that this program goes back to 1977. The funds were there since 1977. I do not see what inference can be made as to a leak when the project was discussed or talked about some three—some years after the fund had been established.

* * *

[*Translation*]

EMPLOYMENT

AMOUNT OF FEDERAL AND QUEBEC BUDGETS FOR JOB CREATION

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, I would like to change the subject and talk about job creation, which might be more interesting for Canadians, especially for students. My question is directed to the Minister of Employment and Immigration and concerns the student job creation program called Young Canada Works. First of all, could the Minister inform the House today how much has been set aside in this year's budget for student job creation, and second, how much will be spent by the Province of Quebec?

Furthermore, we have heard that March 4 was to be the cut off date. Could the Minsiter inform the House whether there will be an extension for submitting Young Canada Works projects?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am pleased to inform the House that the Minister of Finance, who has a keen interest in the well-being of Canada's youth, has announced that he has earmarked $170 million for the Summer Canada program.

[*English*]

I just want to add that that major new allocation of funds for students in this country will allow us to employ upwards of 70,000 young people, divided between 10,000 going to special internship programs in the federal Government, the private sector and the non-profit sector, another 13,000 to go into work in internships with the Department of National Defence

and the RCMP, and 41,000 to be working in community-sponsored projects.

• (1440)

We will be sending out letters to Members of Parliament at the beginning of the week to give their constituency allocations. I can indicate that the minimum for those constituencies will be doubled over last year, all in recognition of the importance the Government places on getting back to the nation's business, which is putting people back to work.

Mr. Waddell: Students want jobs, but they also want an ethical Government.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

* * *

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—PAYMENTS MADE TO ALASTAIR GILLESPIE

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my next question is directed to the Prime Minister. I would ask him to follow the money in this situation. I wonder if he would note that in October, 1980, Mr. Gillespie was paid $30,000 as a retainer, and $600 per day. According to the documents which were released yesterday, that we did not have three years ago, Mr. A. W. Gillespie collected $4,237.50 for work on the project, the Scotia Coal Synfuels Project, in January, 1981.

In view of the fact that he dealt with a former Deputy Minister, in view of the fact that he clearly received personal benefits—this was just the beginning and he will get some later—and in view of the fact that the program was changed for his benefit, would the Prime Minister please indicate to me and to other ordinary Canadians what is in these guidelines? Is this not a violation of the guidelines on Mr. Gillespie's part?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member has a document. Could he indicate by whom the money was paid to Mr. Gillespie?

Mr. Waddell: Well, yes, it was paid to the project and from the project which indirectly—

Some Hon. Members: Oh, oh!

Some Hon. Members: Who paid? Who paid?

Mr. Waddell: They are in the documents; read the documents.

Some Hon. Members: Oh, oh!

Mr. Waddell: Madam Speaker, I am quoting from the documents the Prime Minister tabled yesterday. What I am saying is that there were benefits paid to Mr. Gillespie—

Mr. Lalonde: By whom?

Mr. Waddell: —and there seems to be a change in the program when it was put to the Treasury Board after the officials noted that there was an obvious problem with Mr. Gillespie being a former Minister.

REQUEST THAT TREASURY BOARD MINUTES BE TABLED

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I have a supplementary question. The Prime Minister can read the documents that he tabled; the documents are very helpful but they are not complete. Is he prepared to table before the House the real documents which will tell the real story, that is, the Treasury Board minutes of April, 1981, wherein the officials' objections were noted and the project was substantially changed so that they could launder the money to Gillespie?

ROLE OF ALASTAIR GILLESPIE

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I would like to pursue with the Minister of Energy, Mines and Resources an answer which he gave me on Tuesday with respect to the role of Alastair Gillespie. He responded to me by saying:

—Mr. Gillespie's contribution was to persuade the various partners in this project—

And he mentioned the Government of Nova Scotia. However, he did not mention Petro-Canada or Devco. I want to ask him if he is familiar with the definition of lobby in the Oxford Dictionary, which is synonymous with "seek to persuade". With the benefit of that, persuade/lobby being synonymous, I would like to ask the Minister whether, on the basis of the memorandum which has already been referred to, he would not agree that the Province of Nova Scotia, whose desire to create jobs and to develop coal was evident, was used to wash the money through or shelter this project in a clumsy subterfuge to keep the guidelines from applying to Alastair Gillespie.

[*Translation*]

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, unfortunately, I did not wade through the Oxford dictionary to find synonyms and definitions of "dog food". I shall, however, answer the Hon. Member's question regarding Mr. Gillespie's role, and I shall also be dealing with this a little later this afternoon. Mr. Gillespie initially had talks with the Nova Scotia Minister of Energy whom he met in April 1980. Subsequently there were several meetings with the Premier of Nova Scotia, which means that Mr. Gillespie started working with the people who would be initially funding the project, namely, the Government of Nova Scotia, and it was not until later on that he got in touch with the Federal Government and made representations for the implementation of a program that is open to everyone, and Mr. Gillespie did not receive any special privileges. He represented

a group that was interested in developing a project that had been considered in Nova Scotia for many years. When the present Minister of State (International Trade) was Premier, Mr. Buchanan, the then Leader of the Opposition, asked him about the feasibility of carrying out this project. Thus, the project that Mr. Gillespie, together with other people, decided to promote in the best interests of the people of Nova Scotia was not a new project.

[*English*]

Mr. MacKay: Madam Speaker, I did not quite get the last of the Minister's answer, but I think he said in the best interests of presumably everyone.

USE OF FUNDS ALLOCATED TO NOVA SCOTIA

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I wonder if the Minister is aware of a comment by his former Cabinet colleague, Eric Kierans, who said that what he put together was a minimal investment at a minimal risk and was really at the expense of the Canadian people, whether they were Nova Scotians or whether they were Canadians under the federal Government. I wonder whether Mr. Kierans' sentiments are now, with the benefit of mature reflection, shared by the present Minister of Energy, and if he intends, even at this late stage, to do anything about it to take away some of the ironies, whereby this money that was supposed to be spent to develop jobs for Cape Bretoners has been siphoned back to Toronto for the benefit of Alastair Gillespie.

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I think it is a very bad reflection on the Premier of Nova Scotia, Mr. Buchanan—

Some Hon. Members: Oh, oh!

Mr. Chrétien: —who has all along been supporting this project. I was talking yesterday with Mr. Buchanan about it, and I asked him if he was in favour of trying to be less dependent on imported fuel and if he was in favour of this project.

Some Hon. Members: Oh, oh!

Mr. Epp: What did he say?

Mr. Chrétien: Fine, you can laugh if you want, but I talked with Mr. Buchanan yesterday. He said that it is a vital project for the future of Nova Scotia. I am glad that at least one Member from Nova Scotia is getting up, because for weeks and months they were all silent about it. He is the first one to get up, but he is well known for what he does. He called his Leader, the former Leader, dog food. I am not surprised that he tried to throw dirt on somebody else.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

THE PREMIER OF NOVA SCOTIA

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Since it has been suggested that the Government used the Government of Nova Scotia as a shield to make a profit for Mr. Gillespie, does the Minister share the view of the Hon. Member for Central Nova that the Premier and Government of Nova Scotia are that stupid?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, even if I have politically disagreed with Mr. Buchanan many times since he has been Premier, I have to tell you that I consider Mr. Buchanan a gentleman and a very honourable public servant.

Some Hon. Members: Hear, hear!

Madam Speaker: Order, please.

Mr. Chrétien: Madam Speaker, I think I have to add to my answer.

Some Hon. Members: Oh, oh!

Madam Speaker: Order, please. I know that the Hon. Minister's afterthoughts are terrific, but he had resumed his seat.

QUERY RESPECTING APPEARANCE OF FAVOURS

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct my question to the Right Hon. Prime Minister. On Tuesday of this week when the Minister of Energy, Mines and Resources was asked what was Mr. Gillespie's involvement, he said, as reported at page 23093 of *Hansard*:

> I think Mr. Gillespie's contribution was to persuade the various partners in this project—

After reading the documents in which there is a lot of reference to Treasury Board minutes, that changes had to be made and that new Treasury Board submissions had to be ordered, I would like to ask the Prime Minister whether he is still convinced, now that he in his own mind has put the time frame out of this issue as being non-important, that at this stage as well, through all those documents, there was not the appearance that special favours were being granted.

• (1450)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member, as have others, made much of the fact that the submission was changed. Indeed it was, but in a way that would discriminate against Mr. Gillespie. This indicates, indeed, that the officials were conscious of the guidelines, and this, indeed, indicates that with regard to former office holders the two-year period or the one-year period, depending on the particular action, is a relevant one. But that is with regard to former office holders.

I can only express, I repeat, admiration that the officials would have had the presence of mind to dig up the guidelines

as they related to former office holders and to make sure, in order to protect the Minister, that there would be no suspicion of advantage given to Mr. Gillespie. That is why there was a change. It was not a change made to accommodate Mr. Gillespie; it was a change made to discriminate against him to make sure that he could not receive funds from the $1 million which is in the control of the Government of Nova Scotia.

REQUEST THAT PRIME MINISTER SEEK RESIGNATION OF MINISTER OF FINANCE

Hon. Jake Epp (Provencher): Madam Speaker, what we are dealing with here is not the narrow view of legality but the question of whether the Government has the ability to continue governing.

Some Hon. Members: Oh, oh!

Mr. Epp: In view of the example of Lord Carrington when he resigned from the British Cabinet, because he failed to foresee the Argentine invasion of the Falklands, and who wrote:

> In my view much of the criticism is unfounded but I have been responsible for the conduct of that policy and I think it right that I should resign.

Does the Prime Minister not feel at this stage that his Government is so weakened and its credibility in the eyes of the Canadian people is so tarnished that he must call for the resignation of his Minister of Finance?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in so far as the Canadian public are concerned, I hope that they will listen in full to the debate in this House. I particularly hope they will listen to the speech made this morning by the Minister of Indian Affairs and Northern Development—

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Trudeau: —so they can judge as to the moral right to govern. As to the ability to govern, Madam Speaker, I suggest that question will be put at 5.45 p.m. tonight and we will see the answer.

ACCOUNTING MECHANISM USED IN MAKING PAYMENTS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have a supplementary question for the Prime Minister. He has stressed on more than one occasion that all of the moneys of the partners to the consortium went into the Consolidated Revenue Fund of the Province of Nova Scotia, that is, the federal contribution as well as the contributions of the two federal Crown Corporations responsible to Parliament and the Contributions of the other members of the consortium. The Prime Minister is also familiar with Clause 4 of the agreement requiring invoices to be submitted from time to time by the consortium and paid out of that fund.

Can the Prime Minister explain to the House the accounting mechanics by which a cheque written on that fund in payment of the invoices of the consortium would exclude any federal contributions of the federal treasury or the two Crown Corporations involved? By what mechanics could they sort out the individual hundred dollar bills, thousand dollar bills, or whatever, that went to pay the invoices, by cheque, of the consortium?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, of course I said nothing of the kind that was attributed to me by the Hon. Member for the Yukon. I merely said that federal funds under the agreement, some, I believe, $9.3 million at the outset, were transferred to the Government of Nova Scotia to be held by it in a bank in that Province and to be disbursed only with its authority. Those are funds that come from the taxpayers of Canada, the Government of Canada. As to funds which might come from the consortium itself, of course, we have no control over that. It is obviously from those funds that Mr. Gillespie was paid, not from the slush fund of the former Right Hon. Leader of the Opposition.

Some Hon. Members: Hear, hear!

POLICY ON ALTERNATE FORMS OF ENERGY

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have one further question for the Prime Minister. It concerns the policy defined in 1977 which was for the purpose of seeking alternate forms of energy in order to diminish reliance on imported oil for the purpose of generating electricity. That is the definition of the policy applicable in 1977. By what authority can a preamble to an agreement, the agreement of June, take that policy, narrowly defined for the purpose of generating electricity, and enlarge it for the purpose of liquefying coal to produce petroleum products for other purposes?

While answering that question, could the Prime Minister also explain, in his opinion, whether he feels that the Appropriation Act passed by Parliament to allot the funds for that purpose has also been amended by a preamble to that agreement which I described?

Right Hon. P. E. Trudeau (Prime Minister): The Hon. Member asks me if I feel that. The answer is no, Madam Speaker.

Mr. Nielsen: What about the first part?

POSITION OF MINISTER OF FINANCE

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question today for the Minister of Finance is sort of prefaced by the statement that no code of conduct and no criminal code can compel activities that are honourable or have integrity. Does the Minister of Finance recognize that the

issue before us today is an issue of crisis of confidence in the Government and in this institution? Does the Minister recognize further that his resignation would not besmirch his character or the Government but it would simply clarify the crisis of confidence and allow this Parliament to stop tearing itself to pieces and proceed with the business of the people?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, when someone has a pang of conscience usually it strikes you immediately when you see something happening not 23 months after the event as the Opposition is doing at the present time.

REQUEST THAT PRIME MINISTER SEEK RESIGNATION OF FINANCE MINISTER

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my second question is for the Prime Minister. It is a problem of awareness. It has to do with the necessity of preserving the honour and integrity of this House as well as the necessity of preserving the confidence people have in democratic institutions. The reason for obtaining that resignation is a thousand year old tradition and it would allow this House to get on with the business of the people. Would the Prime Minister, in response to the need of this House to resolve this issue—because he has certainly gone a bridge too far—be prepared in the interests of the preservation of confidence and integrity of the House to ask the Minister for his resignation?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as to the technical aspects of this debate, I hope it will indeed be resolved in one way or the other, and that is the purpose, I understand, of the non-confidence motion put by the Opposition.

As to the substance of the matter, as to whether there has been a scandal or not, or whether there has been some unbecoming or wrong character by any Minister of this Government, I think that is the issue.

• (1500)

I think in the conscience and mind of an impartial observer, if he or she will look at the circumstances surrounding this—the transparency of it—the fact that the whole project was put together in the first instance by a provincial Government, the fact that the funds were controlled by the provincial Government, and the fact that the guidelines foresee the reality that former Ministers will be able to deal with Governments of which they previously had been Members and prescribe the limits to that conduct—once again, this whole thing is so open—and the fact that it comes now some 22 or 23 months later, as the Minister of Finance has said, can only make me feel that the Official Opposition is looking for a diversion and that the NDP is looking for a diversion, one from their leadership contest, and the other from their dismal showing in the Gallup polls.

Some Hon. Members: Hear, hear!

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by Hon. Members on Wednesday, February 23, 1983, and finds that the petitions meet the requirements of the Standing Orders as to form.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, I would like to ask the Hon. President of the Privy Council to give us an idea of the business for tomorrow and next week.

[*Translation*]

Mr. Pinard: Madam Speaker, yesterday, I asked the Opposition parties to let me know whether they wanted this Friday to be an Opposition day as well, so they could have a thorough debate on the matter now before the House. They did not, however, indicate any interest in this arrangement, so that tomorrow and next week, we shall resume debate on Bill C-143 which authorizes the Government to borrow certain sums of money.

If at any time we should complete debate on the amendment to Bill C-143 or on the second reading stage, we shall resume consideration of Bill C-139, an Act to amend the statute law relating to income tax (No. 2).

* * *

[*English*]

POINT OF ORDER

MR. COLLENETTE—USE OF QUESTION PERIOD TO ANTICIPATE ORDER OF THE DAY

Mr. D. M. Collenette (York East): Madam Speaker, I gave you notice of a point of order that I wished to raise at three o'clock.

In Question Period today, the line of questioning was similar to the Orders of the Day. I understand that this deviates from the normal practice that is accepted in the House, as outlined in Beauchesne's Fifth Edition, Citation 357, which quotes Beauchesne's Fourth Edition, Citation 171, which states:

> The traditional restrictions on questions are those listed in Beauchesne's Fourth Edition at Citation 171, which is as follows . . .
>
> A question oral or written must not:
>
> (v) anticipate an Order of the Day—

I was in the House in 1975. I remember your predecessor, Speaker Jerome, raising this matter in an independent judgment one afternoon. This can be found in the Journals, pages 439 to 441, on April 14, 1975. Speaker Jerome was referring to a practice which had started to develop whereby questions were addressed to a matter that was before the House on that very day. He also went on to talk about special debates.

I submit that today we do have an Order of the Day which deals specifically with the various matters relating to the former Minister, Mr. Alastair Gillespie, and therefore it is inappropriate, improper and counter to normal practice to permit such questions in Question Period. I hope that today's experience does not constitute a precedent.

Madam Speaker: I thank the Hon. Member for raising this question. Before entering Question Period I was aware that a point of order to this effect might be raised.

In fact, Beauchesne does say that one should not anticipate the Orders of the Day, I suppose meaning that during Question Period questions may not be asked on the subject of the Order of the Day.

The Hon. Member has quoted a ruling by my predecessor which was made in 1975. I attempted to find other precedents, some of which I have before me. I note that Speakers before me have made several admonitions to the House about this particular question. It is hard to understand the reason behind this kind of citation from Beauchesne, except to say that enough debate is enough. That is to say, if we are debating the question on one day, that is sufficient and questions on that particular topic should not be asked during the Question Period.

I have difficulty in interpreting that and seeing the meaning behind such a citation. Since I could not interpret it in itself without referring to precedents and to what previous Speakers had said, I went through those precedents and found that there had been several admonitions by Speakers and that subsequently, after making those admonitions, the Speakers had allowed questions anticipating an Order of the Day or questions very close to anticipating an Order of the Day.

I find that there are opinions expressed by Speakers, not necessarily rulings, that go both ways. I personally have allowed questions to be asked anticipating the Orders of the Day in matters of motions of non-confidence, feeling that answers to those questions might be helpful in subsequent debate.

Since there were opinions expressed on both sides, I thought there was no point in restricting the debate today on this particular question and I decided to allow the questions to take place, following in this respect practices which have been accepted by the House.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, considering the problem we are facing now, namely, that we cannot raise points of order during oral question period, if the same situation ever arises again, we shall have to wait until after question period, that is, until the damage is done, to seek a ruling that will be useful in future.

From your decision, I understand that today's occurrence does not constitute a precedent, and that you will be assessing the facts as you go along, in light of the circumstances, depending on the subject and on what is happening. Is the House to understand from your ruling that you have decided to go against the ruling of your predecessor, Mr. Jerome, or that you reserve the right to change your mind the next time the situation comes up?

Madam Speaker: That is a matter of judgment, is it not? The Hon. Minister mentioned precedent. There are precedents to support both sides of this matter, and I could indicate them to the Hon. Minister to let him judge for himself.

There are other factors that should be considered when there is some uncertainty as to the kind of ruling that is desirable and when precedents are practically as numerous on both sides—factors that are of primary importance in conducting the proceedings of the House, namely, that Hon. Members must be allowed to express their views as completely as possible on certain matters. However, the subject before the House today is so important to Hon. Members that they discussed it during question period for a whole week, so important that today, the Government has decided to allow the Opposition to use an Opposition day to discuss a subject, and that happens to be the subject the Opposition has selected for debate.

I am not saying that in future, I would not intervene to cut short questions that concern a subject on the Order Paper, but I think that generally speaking, the practice of the House has been to accept such questions. Thus, in the interests of the House and of all concerned, I decided today to allow them. As far as the future is concerned, we shall see.

As for the point raised by the Hon. Minister, namely, that points of order may not be raised during question period and that Hon. Members must wait until question period is over and the damage is done to raise a point of order, I would remind the Hon. Minister that this rule applies to all points of order, and that he is not being penalized any more than he would be otherwise. The rule would apply just as well to someone on the other side of the House who might feel there were grounds for raising a point of order.

Mr. Pinard: Madam Speaker, far be it from us to criticize your ruling. However, the Hon. Member who made the point of order did so on two grounds—first, a very clear citation from Beauchesne which does not consider the importance of the subject but says that no question may be put on a subject that is on the Order Paper, and second, on a ruling made by your predecessor, Mr. Jerome. I am not criticizing today's ruling but, considering the manner in which you clarified your ruling, I would appreciate it if you would indicate to the House whether today's approach is to be considered a precedent or whether you reserve the right, even if points of order may not be raised during question period, to use your discretionary

powers in a future situation to prohibit questions about a subject on the Order Paper.

Madam Speaker: I want to say to the Hon. Minister that I did not make today's ruling on the basis of the importance of the matter. As the Hon. Minister is aware, it is not up to the Chair to determine whether or not a matter is important. I said that Hon. Members found this matter was sufficiently important to make it the subject of their questions during a number of oral question periods and also of today's debate on an Opposition day.

The Chair does not rule on the importance of debates. I said the House found—I believe I said that, and in any case, if I did not, that is what I meant—the question was sufficiently important to bring it up during oral question periods. What I said today does indeed constitute a precedent. There are quite a few similar rulings. There are precedents that support the raising of such questions and other precedents that do not, and today's precedent is one more to add to the list of those that do favour allowing such questions.

• (1510)

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,628 and 4,670.

[*Text*]

COMMERCIAL VEHICLE DRIVER PERFORMANCE IMPROVEMENT STUDY

Question No. 4,628—**Mr. Mazankowski:**

1. Was the second phase of a study conducted on behalf of the Department of Transport regarding commercial vehicle driver performance improvement and, if so (a) how will this phase differ from Phase I (b) what were the conclusions and recommendations of Phase I and how were the recommendations implemented?

2. Was a role played by the Provinces in the development and implementation of the studies and, if so, what was that role?

3. Will Phase II be the final phase?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): 1. Phase II of the Commercial Vehicle Driver Improvement Project was initiated in November, 1982 and is expected to be completed in July, 1983.

(a) Phase I examined current practices and research. Phase II builds on this knowledge to define criteria and develop tests to measure safe and efficient driving.

(b) A number of recommendations concerning further study were made in the Phase I report. The main recoummendations concerned the improvement of commercial vehicle driver training and the use of incentives to promote safe, fuel efficient driving. Before these recommendations can be implemented systematically, it is necessary to have the measurement criteria and tests being developed in Phase II.

2. Yes. Several provincial representatives from Alberta, Manitoba and Ontario are currently on the Advisory Committee for this project.

3. A final phase will be required to identify and/or develop effective training and incentive programs and evaluate them using the tests developed in Phase II.

SURVEY OF TRANSPORTATION ENERGY RESEARCH

Question No. 4,670—**Mr. Mazankowski:**

Was a survey of transportation energy research, development and demonstration activity in Canada conducted on behalf of the Department of Transport and, if so (a) what was the purpose (b) what were the findings (c) to what use will the results be put (d) who performed the study?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Yes.

(a) The purpose is to compile a comprehensive public and private sector inventory of current and planned activity in transportation research, development and demonstration in Canada, thus ensuring a meaningful exchange of information and a co-ordination of research on transportation energy related subjects in all sectors.

(b) Full documentation of such activities will be available at the conclusion of the study, scheduled for March 31, 1983.

(c) The results will be the basis for the establishment of a transportation energy clearing house, which will be monitored and updated on a regular basis by the Technical Committee on Transportation and Energy of the Roads and Transportation Association of Canada.

(d) Canadian Resourcecon Ltd. of Vancouver.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

Supply

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—NON-CONFIDENCE MOTION—CONFLICT OF INTEREST GUIDELINES

The House resumed consideration of the motion of Mr. Broadbent, seconded by Mr. Nielsen:

That the entire question of compliance with the Government's Conflict of Interest Guidelines of April 28, 1980, as they concern all matters relating to the Scotia Coal Synfuels Project and the conduct of the Prime Minister, the Deputy Prime Minister, the present Minister of Finance, the Minister of State (Mines), Mr. Alastair Gillespie, or any other official of the Government of Canada or of its Crown Corporations with respect to the Scotia Coal Synfuels Project, be referred to the Assistant Deputy Registrar General, who is responsible for the administration of the Conflict of Interest Guidelines, with the instruction that he examine all of the materials relating to the Scotia Coal Synfuels Project with the power to call for such papers, materials or information as may be required to adequately complete his enquiries and, with the instruction that a report be made to the House within two (2) weeks of this date, failing which which this House has lost confidence in this Government because of its lack of moral standards.

The Acting Speaker (Mr. Blaker): When the House rose for lunch at one o'clock, the ten-minute question and answer period related to the remarks of the Minister of Indian Affairs and Northern Development (Mr. Munro) was in process, and there are eight minutes remaining for that period.

Mr. Deans: Mr. Speaker, I have one very short question to ask the Minister who spoke before lunch. I do not want to put words into his mouth, but he made much of what could be generally called a character assassination. I first want to say to the Minister that I think he placed a rather unfair—

Some Hon. Members: Oh, oh!

Mr. Deans: —interpretation on the motion. The motion deals strictly with the request that the appropriate person review the various documents involved.

As a Member of Parliament, if it came to the Minister's attention that there might be reason to believe that a former or present Minister was in violation of the guidelines governing conduct, what would he do about it other than to raise the matter in the House of Commons? What other way is there to get to the bottom of an issue?

Mr. Munro (Hamilton East): Mr. Speaker, that is a unique thesis. I could, in a hypothetical way, put certain positions forward which would be anything but flattering to the Hon. Member who has just spoken in terms of his own character. However, they would be hypothetical. If I could answer his question, just as his question is, my assertions with respect to the Hon. Member's character would be hypothetical. They would be damaging but would have no foundation in fact.

So that is my way of answering the Hon. Member. He might care to put forward a specific proposition, speaking against the conduct of a particular Minister, and back it up with demonstrable evidence other than innuendo of a deplorable kind which has already been expressed by some of the Hon. Member's own colleagues. I am not referring to the motion but, rather, to some of the comments which, if the Hon. Member wishes to read the blues, he would find to have been totally objectionable. They quite clearly inferred, if they did not overtly state it, that there has been a deviation from morality on the part of the Minister of Finance and others, yet in the same breath they refused to offer any evidence, which is hardly something that the Hon. Member himself or I would ever condone.

Mr. Hnatyshyn: I would like to direct a question to the Minister of Indian Affairs and Northern Development (Mr. Munro). I do not want this debate to reach a low level; I simply want to reaffirm the fact that as far as I am concerned, there are more men and women of conviction in the present Cabinet than in any other in the history of the country, and I have checked with historians. I want to ask the Minister whether or not he thinks this is a clear case involving conflict of interest guidelines, which state:

Within a period of two years after leaving office, Ministers should not:

(c) lobby for or on behalf of any person or commercial corporation before any department or agency for which they were responsible on an ongoing basis during the last two years of their participation in the Ministry.

The Minister will understand that. I would also ask him whether he will consider the letter from Alastair Gillespie to Marshall A. Cohen, dated December 6, 1980, which the Minister will understand was written within two years of Mr. Gillespie's leaving the Department of Energy, Mines and Resources. In the letter, Mr. Gillespie sets out some of the details of this particular project and says, in the last sentence:

As you can see, we are now well launched; we need your assistance and support, and we need your guidance on how we should formalize our relationship with you.

Will the Minister, on a fair reading of the correspondence which has been tabled and of the guidelines, not at least admit that Mr. Gillespie was in clear breach of those conflict of interest guidelines that I recited?

Mr. Munro (Hamilton East): Mr. Speaker, perhaps the Hon. Member is basing this whole debate, in attacking the character of the Minister of Finance, on a paragraph which he has taken out of context in the entire letter. He said that someone has written and asked, "Would you please explain the process which I should follow in order to obtain a certain result?"

Mr. Epp: No, it was in Gillespie's writing.

Mr. Munro (Hamilton East): If he lays that before the House in all seriousness as the basis for the type of assault he is founding now, I think the Hon. Member is being absolutely ridiculous.

Mr. Fraser: I wonder if I could ask the Minister of Indian Affairs and Northern Development (Mr. Munro) a question arising out of what has gone on here the last several days and in relation to his own remarks here today. It seems to me that there are two issues involved. I am wondering if the Minister would agree with me. One concerns what, in fact, Ministers do

or do not do, or what they should not have done. The narrow issue concerns whether they acted improperly or illegally. It seems to me that the Government is asking the House to prove that something illegal was done.

However, the other issue which has been before us since the beginning of the debate concerns whether or not the guidelines were broken. In view of the fact that several days ago the Deputy Prime Minister (Mr. MacEachen) said that it is for Ministers to judge whether the guidelines are broken, how can the Canadian public and how can we as Members of the Opposition subscribe to such a system of guidelines when the decision whether or not they have been broken is left with individual Ministers who have an interest in the very issue which is raised?

The Minister has spent many years in the House. He will know, despite his complaints this morning about character assassination, that I as an Hon. Member have never entered into anything of that sort. I am concerned to know what the Minister thinks about what we and the public should think as to who is the judge of whether the guidelines have been broken. The guidelines in this case can be broken without any crime being committed.

• (1520)

An Hon. Member: Parliament is the judge.

Mr. Munro (Hamilton East): Exactly, Mr. Speaker. That is why the Hon. Member and the rest of us got elected. Parliament is the judge. The conduct of all Hon. Members will be judged in this House. This House has to be satisfied, not on the basis of gossip or because of allegations that are highly politically motivated that fall within the pattern of conduct, as I explained this morning, on the part of the Leader of the Opposition, which is quite clearly discernible over a twenty year pattern, but on the basis of something that is demonstrable evidence, something other than gossip.

I have the highest respect for the Hon. Member, a lawyer from the West Coast. I know he knows the difference between gossip and demonstrable evidence. Would he please supply some demonstrable evidence? I am not saying in a court of law, but would he show us where the Minister indeed has been guilty of any of these smear allegations that have been made up to now? They have been totally unsubstantiated, that is all.

An Hon. Member: What is the use of guidelines if you do not respect them?

The Acting Speaker (Mr. Blaker): I am sorry to inform the Hon. Member that the ten-minute question period has expired, but I think I did hear an Hon. Member rise on a point of order. If not, debate.

Right Hon. Joe Clark (Yellowhead): Mr. Speaker, in beginning my remarks I want to echo two sentiments that were expressed by the Minister of Finance (Mr. Lalonde) this morning. The first is that the issue here is not a question of personal reputation, not at all. The issue here is a question of the integrity of the Parliament of Canada and the integrity of the Government of Canada. That is the issue in this debate.

The second, and I am pleased that the Minister of Finance himself chose to underline the importance of this matter, is that if it is important for all of us to be judged as men and women of integrity, then it is particularly important for some Ministers of the Crown to be so judged. That obligation rests with particular weight on the Prime Minister (Mr. Trudeau), and as the Minister of Finance said today, its rests with particular weight upon the Minister of Finance.

There can be no question about the probity or honesty or integrity of the Minister of Finance. It is precisely because that question of the integrity of the Minister of Finance is so important that we are raising and pursuing this matter here and asking that it be judged by the impartial authority established by the law to judge exactly these questions.

Some Hon. Members: Hear, hear!

Mr. Clark: If I may express a personal view, I regret that Parliament has to raise the matter. In my judgment, the Minister should have acted himself, as Ministers in the parliamentary tradition have acted before, and he should have resigned. That would have been the proper course of action. I need not remind the House of the practice that has been long established in the parliamentary tradition. We were reminded the other day, those of us who still read Richard Gwyn, of a case that is precisely on point which occurred in Great Britain, and I quote Mr. Gwyn:

> In 1953, Agriculture Minister Thomas Dugdale resigned after discovering that junior officials, without telling him, had improperly failed to compensate farmers for expropriated lands.

He quotes the Minister:

> "I take full responsibility for any mistakes done by my department," Dugdale said in his resignation speech, "just as when any officials bring off successes on my behalf, I take full credit for them".

That is the tradition, the practice and the standard that is followed in Parliaments that have a degree of self-respect and by Ministers who have a degree of self-respect.

Some Hon. Members: Hear, hear!

Mr. Clark: Closer to home, just to establish the Canadian tradition, I remind this House of the most regrettable resignation of the Hon. D'Arcy McKeough from the cabinet of the Government of Ontario. Why did Mr. McKeough resign from a central senior ministry? He said that it was because he felt he was guilty of no more than a mistake in judgment. On that basis, a man of honour in the Canadian parliamentary system set down his office. On that basis he resigned, as he should have, and as this Minister should have resigned.

We have had read into the record earlier today a most recent case, a compelling case, the case of a Minister who was probably the most important, next to the Prime Minister, in the Government of Great Britain, the case of Lord Carrington. Lord Carrington resigned from his position as the Foreign Secretary of the United Kingdom, not because he made a mistake but simply because he failed to foresee an eventuality,

and on that basis alone, because he failed to foresee what was going to happen in the Falkland Islands dispute, Lord Carrington had the honour and the courage and the respect for the traditions the respect for the public place of public people, that he stepped down.

Some Hon. Members may have read the excerpts in the recent issue of *New Yorker*. Let me quote for the House:

> Prime Minister Margaret Thatcher didn't want to accept Carrington's resignation, but he gave her no choice, saying in their private conversations what he later said publicly, which was this: "I was wrong in the assessment of what they (the Argentines) were doing and therefore I am responsible." He declined to share the responsibility with the Ministry of Defence or with the intelligence services, which may have miscalculated Argentina's intentions. Mrs. Thatcher told reporters that she had "spent a lot of time Saturday and Sunday trying to persuade him not to put in his resignation." But, she continued, "when he put this to me as a point of honor and said there had to be honor in politics, I was not at liberty to refuse." Nothing more was involved than the "point of honor"—no concealed disagreements over policy, only Carrington's determination to take full responsibility for what he described as "a humiliating affront to this country."

That was a Minister who acted within the traditions of this Parliament. He resigned on a point of honour because he was a man of honour, and that is the course that should have been followed by the Minister of Finance.

Some Hon. Members: Hear, hear!

Mr. Clark: I should make a distinction and underline a point. There has been talk about the unusual importance of the Minister of Finance to this Government. No one who knows the state of affairs in the world would deny the unusual importance of Lord Carrington to the Thatcher government in Great Britain. The difference is not in their importance; the difference is in their standards, and it is an unhappy day for this Parliament when we have to admit that the standards of the Parliament in Westminster appear to be higher than the standards of the Parliament of Canada.

What we have here, to aid Ministers and to aid the public, is a system of guidelines established so Ministers will not be operating in the dark and the public will have some basis on which to judge the performance of those who sit on the Treasury benches. We have those guidelines. They are designed precisely to create confidence in the system. Let me quote from the guidelines outlined in the Prime Minister's letter to the Deputy Prime Minister (Mr. MacEachen), the man who was sitting silently at Port Hawkesbury before the expiry of the date. The letter dated April 28, 1980 reads:

> The precept of fulfilling one's official responsibilities in an objective and disinterested manner lies at the very heart of our system of government. Ministers, therefore, have an obligation to meet the highest standards of conduct and to arrange and conduct their personal affairs in a manner which does not conflict or appear to conflict with their public duties and responsibilities.

That is the relevant excerpt from the letter of the Prime Minister to all of his Ministers. That is the standard which should guide them. I underline the point. Not only is there the question of avoiding conflict, but there is the question of avoiding the appearance of conflict as spelled out in the guidelines that were presented to that Minister and to every Minister on the Treasury benches.

The guidelines deal with two cases. They deal with serving Ministers, people who are now serving in the Cabinet, and the guideline there that is relevant to this debate is, and I quote:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

That is the guideline as it applies to serving Ministers.

As it relates to former Ministers, first of all, the guidelines concerning former Ministers are restricted to two years. There is one that is of particular relevance here, and I quote:

• (1530)

> Within a period of two years of leaving office, Ministers should not:
>
> lobby for or on behalf of any person or commercial corporation before any department or agency for which they were responsible on an ongoing basis during the last two years of their participation in the Ministry.

Those are the guidelines which apply to former Ministers. Those are the guidelines which apply specifically to the act of lobbying, which we believe was carried on by the former Minister, Alastair Gillespie, within the period prohibited by these guidelines, of which he was aware.

There are two cases, but there are times when those two cases come together, because, Mr. Speaker, if a serving Minister knows a former Minister is breaking the guidelines, and helps him break those guidelines, then that serving Minister is guilty also. The Deputy Prime Minister (Mr. MacEachen) is guilty. The Minister of Finance (Mr. Lalonde) is guilty. The Minister of State for Mines (Mrs. Erola) is guilty.

Some Hon. Members: Hear, hear!

Mr. Clark: That, Sir, we allege is the case here. We believe that the guidelines applying to serving Ministers were broken. We believe that the guidelines applying to former Ministers were broken. But that is not for us to decide. We have established a place and a procedure which allows precisely these questions to be judged. What has been proposed by the Leader of the New Democratic Party (Mr. Broadbent) and what is supported by this Party, is precisely that. This question of allegations that guidelines have been broken should go to the officer whom Parliament appointed to judge these allegations so that a fair and impartial judgment can occur. That is what we are asking. We are asking that the Liberals stops the cover up, that they allow a fair judgment to be made by the very officer whom they have appointed precisely to judge cases of this kind. That is what we are talking about.

Some Hon. Members: Hear, hear!

Mr. Clark: Let us look at the facts of this case as we know them. Let us review what has happened here.

[*Translation*]

Someone on the other side said that it is about time. I agree. I am taking part in this debate because I want to say exactly what has been going on this morning.

Mr. Pelletier: This was done neither by the Leader of the NPD nor by the Hon. Member's party.

Mr. Clark: It was done earlier by the Leader of the New Democratic Party. If the Hon. Member for Sherbrooke (Mr. Pelletier) wants to take part in this debate, he may. He kept silent during the constitutional debate and perhaps he will keep silent once more.

Mr. Pelletier: I did not keep silent. It is not the same in Eastern Canada.

Mr. Clark: Never!

Mr. Pelletier: This is what you are doing!

[*English*]

Mr. Clark: Let me speak, Sir, about the facts in this case. Let me deal with Mr. Gillespie. Let us first of all identify Mr. Gillespie. Alastair Gillespie is the former Minister responsible for the program which is in question here. He went out of Government in June, 1979. June 4, 1979, was the date when the two-year clock started to run. On December 6, 1980, that former Minister, Alastair Gillespie, wrote a letter, a "Dear Micky" letter to his former Deputy Minister. I will quote from the "Dear Micky" letter as follows:

Dear Micky:

As you know, I have been working on this project for some time. Indeed, it has taken rather longer than I expected, but I am now satisfied that we have a solid base from which to move forward. I have been encouraged by your support for the concept and your view that it would be regarded as a candidate for assistance under the "oil substitution fund", provided it had the support of the Nova Scotia government.

That is the relevant portion of the "Dear Micky" letter from the former Minister to his former Deputy Minister.

An Hon. Member: Signed "Alastair".

Mr. Clark: That is right, signed "Alastair". I remind you, Sir, of the guidelines regarding lobbying, prohibiting lobbying. The Prime Minister (Mr. Trudeau) has suggested from time to time that lobbying cannot occur with just one call, that lobbying has to occur over a period of time. That is his peculiar definition. Without arguing that for a moment—I believe it is an incomplete definition—let us accept the Prime Minister's own definition of lobbying and say that it has to occur over a period of time. Let me then quote again from Alastair Gillespie's "Dear Micky" letter, "As you know ... ", dear Micky " ... I have been working on this project for some time." There is no question. It is there in the records, which the Government itself placed on the Table of the House of Commons, that lobbying had been going on for some time. The actions of Alastair Gillespie were in clear violation of the prohibition against lobbying within the two-year period.

Some Hon. Members: Hear, hear!

Mr. Clark: Another reference which is interesting to me is the specific reference to the Oil Substitution Fund. In my judgment, that specific reference to the Oil Substitution Fund in this letter is open to the interpretation that Mr. Gillespie knew there was going to be a problem with the eligibility of his program for the oil substitution fund. The letter also refers, I remind the House, to earlier discussions. We do not know whether those earlier discussions dealt with the fact that the project which Alastair Gillespie was putting forward did not meet the criteria strictly, or there was doubt about it meeting strictly the criteria of the Oil Substitution Fund. His letter makes specific reference to that. It is open to the interpretation that that was designed to establish a case and to carry on the lobbying. That interpretation, unhappily, Mr. Speaker, has been confirmed because the agreement was later specifically changed to permit the Gillespie proposal. The Government's own document, among the documents which were released yesterday by the Prime Minister or the Minister of Finance, says this:

Canada-Nova Scotia-Scotia Coal Synfuels Project Agreement executed 25 September 1981 and effective retroactively to 30 June 1981. Since the 1977 Canada-Nova Scotia Agreement did not clearly state that coal liquefaction was included, the Oil Substitution Fund could not automatically be used. Hence Canada entered into this tripartite Agreement in part for the purpose of agreeing further with Nova Scotia that coal liquefaction was a valid use of the Oil Substitution Fund.

That was the result of the lobbying which occurred in the "Dear Micky" letter and other conversations of which there is no record in the House of Commons, but there is clear prima facie evidence of lobbying by Mr. Gillespie in a way which violated the conflict of interest guidelines which apply to former Ministers of the Crown.

Some Hon. Members: Hear, hear!

Mr. Clark: Again, what we are dealing with here is evidence of, and I quote, "improper influence, privileged access or preferential treatment". Those are the words of the guidelines. You will recall, Mr. Speaker, that the other day in this House of Commons I raised, and later made available outside, a Cabinet document which indicates that the Government's own official—

Mr. Chrétien: It is not a Cabinet document.

Mr. Clark: Then tell us what it is.

Mr. Chrétien: It is an internal memo, not a Cabinet document. Do you know what a Cabinet is?

Mr. Clark: I know what a Cabinet is. A Cabinet is a group of men and women with honour, and we do not have one in this country now.

Some Hon. Members: Hear, hear!

Mr. Clark: It was, Mr. Speaker, an internal memorandum, but it came from the officials of the Department of Energy, Mines and Resources, and it said that this particular project was not viable from an energy point of view, was not viable from an economic point of view. Also, it indicated very, very strongly the heavy weight of expert evidence against proceeding with this proposal. Yet, they proceeded with it. The

Alastair Gillespie factor prevailed. That at least has to be the prima facie case which we refer to the judge appointed by this Government to judge precisely these kinds of questions.

Some Hon. Members: Oh, oh!

Mr. Clark: The Members opposite are trying to shout me down. That is exactly the case we had, Mr. Speaker—

Some Hon. Members: Oh, oh!

Mr. Hnatyshyn: Watch out, you will wake up the Speaker.

Mr. Clark: I believe, Mr. Speaker, it is doubtful that this project, if it had other sponsors, would ever have been approved, but that is a matter which we are prepared to allow to be judged by the judge whom Parliament appointed, to whom the Liberals want to keep the case from going. They do not want the case to go to the judge. They want to hide the evidence and stifle debate here in the House of Commons.

Let me raise this very important question: what in the world was Alastair Gillespie doing there? What is his expertise in energy matters? Was he there because he is an expert? No, because he is not. Was he there because he had a whole passel of money? No, because he does not. He was there for one reason. He has one asset, and his asset is the "Dear Micky" connection. "Dear Micky, dear Marc, dear Allan, dear Pierre, cher Jean." That is the reason why Alastair Gillespie is involved in this case. That is prima facie evidence, Mr. Speaker, that the guidelines have been violated. That is all that the Associate Deputy Registrar General needs. That prima facie evidence should go before the judge whom this Parliament appointed so that he can see whether the guidelines by which we are supposed to live and Ministers are supposed to live have in fact been honoured. That deals with Alastair Gillespie.

• (1540)

Let me deal now with the Minister of Finance. First the Minister of Finance denied knowing anything about it. He denied knowledge. Then he admitted knowledge. He said he had misled the House but he did not really mean to. As I pointed our earlier, when honourable Ministers in Ontario, Britain and throughout our system, mislead the House, they resign. That is what honourable Ministers do. This Minister did not do that.

Let us review the facts that are known so far, and I emphasize so far because it may well be that not all the facts are yet in the public domain. We have a memorandum dated January 15, 1981, well within the period of prohibition for Alastair Gillespie to be involved in matters with his former Department. I will quote from that memorandum. It is from Mickey again. This is the Mickey to Marc document. It is from the Deputy Minister to the Minister of Energy, Mines and Resources and it reads:

> You will recall that Mr. Gillespie has organized the Scotia Coal Synfuels project whose object is to study the possibilities for the liquefaction of coal in Cape Breton, possibly using the now-dormant refining facilities of the Gulf Company at Point Tupper. Mr. Gillespie now has commitments of $300,000 from each of four participants: Gulf, Nova, Petro-Canada and Devco. In anticipation of this development, provision was made during the planning stage of the National Energy Program for a maximum of $1 million to be available for federal participation in this project.

The Minister was told that on January 15, 1981. The memo began with the words. "You will recall", which suggests that the matter was brought to his attention before that time. The Minister says it does not matter when he knew. Well, it matters very, very much.

That was accompanied by a memorandum asking for the Minister's comments. The Minister's comments were sought. We do not know what the Minister's comments were. They were not in the package.

I note that I am coming near the end of my time. I am citing the evidence that the Hon. Member for Sherbrooke (Mr. Pelletier) wanted. The comments were not in the package presented to the House of Commons. The Minister's comments were asked for. We do not know what they were, but we do know what happened. Nothing happened. For nearly three months after the Minister was advised, nothing happened. Nothing happened until a Treasury Board meeting on April 3, 1981.

Mr. Lalonde: There was no Treasury Board meeting.

Mr. Clark: I will make reference to the Minister's own words outside the House in a media interview when he said that the matter did not then go to Treasury Board on April 3, 1981, it did not go to that meeting because "there was a discussion at the official level about the possibility of—ah—the allegations about potential conflict of interest". He said "at the official level". The officials raised the objection two and a half months, nearly three months, after the Minister knew about the conflict of interest problem. Officials had to raise the objection. He did not do it himself. He did not carry out his duty. That is very clear from the evidence that is available to us.

Some Hon. Members: Hear, hear!

Mr. Clark: The Minister is trying two escapes. He says that Alastair Gillespie received no benefit. Let me review it quickly. The guidelines for the program were changed. That is a benefit. Second, the program continues to be studied despite the overwhelming opposition of officials who are expert in the matter. That clearly is a benefit.

Then there is the question of money. The Minister claims he did not make a direct payment of Government money to Alastair Gillespie. As the Leader of the Opposition (Mr. Nielsen) has made clear, it is going to be very hard to persuade anybody of that because, how do you trace the payments? He cannot argue that there were no benefits to Alastair Gillespie from the consortium. The consortium is paying him $30,000, some $600 per day. He is getting benefits. Do you think he would be getting benefits if he were not involved in this consortium? Do you think he is there out of charity? Of course he is getting benefits as the result of his "Dear Mickey" "Dear Marc" relations with the Government of Canada. There can be no doubt about that.

I see, Mr. Speaker, from your posture that I am near the end of my time. There are a few things I would like to say. If I have the opportunity to continue, I will do that. If not, I will naturally respond to questions.

The Acting Speaker (Mr. Blaker): I thank the Right Hon. Member for noticing the time. I am not sure whether he wants to seek unanimous consent.

Some Hon. Members: Continue.

The Acting Speaker (Mr. Blaker): The question before the House is that the Right Hon. Member seeks unanimous consent to continue.

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

[*Translation*]

Questions, answers and comments.

The Hon. President of the Privy Council (Mr. Pinard) has the floor.

Mr. Pinard: Earlier, the Leader of the Opposition mentioned that the purpose of his motion was to refer the matter to the Assistant Deputy Registrar General for investigation. Can he tell the House very specifically what leads him to believe that the Assistant Deputy Registrar General should be responsible for investigating such a matter?

Mr. Clark: Mr. Speaker, first, the regulations concerning conflicts of interest designate the Assistant Deputy Registrar General as the authority responsible for examining such matters. If the Government wants to introduce an amendment to give this responsibility to a judge, for instance, or to have a parliamentary investigation, we would be willing to consider it, but this is what the law provides and we want to obey the law. This is the first part of my answer.

The second part concerns the second way in which the Minister of Finance (Mr. Lalonde) is trying to elude his responsibility to resign in this situation.

[*English*]

He said that this is all the fault of his officials. That is what the Minister of Finance said. That is a flagrant breach of all the traditions of parliamentary democracy. Let me just remind him of the readings on this matter by J. E. Mallory on "The Structure of Canadian Government". I am sure the House would like to hear about this. It reads:

> All official acts of government officials are done on the authority and in the name of the minister. Accordingly any act by an official of the public service, within the scope of his duties, is one for which the minister must assume responsibility.

Mr. Lalonde: Mr. Speaker, I rise on a point of order. I never said what the Hon. Member says I said. I would hope that he would at least be honest.

[*Translation*]

Mr. Pinard: I regret that the Leader of the Opposition has tried to kill time to avoid answering questions. My question was simple and to the point. First, under what act can he claim that the Assistant Deputy Registrar General has the authority to carry out the type of enquiries mentioned in his motion? Second, is it not true that his former House Leader, the man who has taken his place as Party Leader in the House, wrote to the Assistant Deputy Registrar General to ask him to launch an enquiry? And third, does he have the courage to tell the House whether he has received a reply from the Assistant Deputy Registrar General stating that he has no authority to make that kind of enquiry, that he answers to the Prime Minister, and that he has definitely no jurisdiction to analyze the guidelines applicable to former Ministers? Does the Leader of the Opposition, the former Leader of the Opposition, have enough courage, to sustain his argument, to substantiate his allegation, to tell us what act he is invoking and whether his Leader of the Progressive Conservative Party did indeed ask the Assistant Deputy Registrar General to make an enquiry? Finally, can he tell us whether he got a reply? Three very simple questions!

[*English*]

Mr. Clark: Mr. Speaker, this Government is really beyond belief. They are now trying to say "Yes, you have caught us, yes our finger is in the cookie jar, but there isn't a judge who can look at it." That is what they are trying to say. Let me answer them. They have admitted guilt. They just say there is nowhere that guilt can be judged. Sooner or later they will have to go before the court of public opinion and have their guilt judged. When that happens they will be thrown off the Treasury benches.

Let me respond precisely to the question put to the President of the Privy Council (Mr. Pinard). I quote from a document of his own Government, which reads:

> On behalf of the Prime Minister, the Assistant Deputy Registrar General is responsible for implementing the federal Government's policy on conflict of interest, in particular the conflict of interest organization, applies conflict of interest guidelines to Ministers of the Crown, designated Members of their exempt staff and full-time Governor in Council appointees.

• (1550)

That clearly establishes the authority of that official to judge the application and the adherence to the conflict of guidelines. It is the Government's own document. It did not pass an Order in Council in this case as it did regarding the uranium cartel. In the case of the uranium cartel where it did not want the facts to be know, it made it illegal to discuss them. It did not do that in this case. It is here, in its own document, that the Assistant Deputy Registrar General is responsible for policing the guidelines. We are saying, let the policemen police; let the judge judge. Stop hiding.

Some Hon. Members: Hear, hear!

Mr. Pinard: Mr. Speaker, the former Leader of the Opposition deliberately refused to answer my questions. I have asked him very clearly, first, is it true that the new Leader of his Party has written a letter to the Deputy Registrar General seeking for a formal inquiry in this matter?

Second, did he receive an answer, and if so, what is it? It is as simple as that.

If he does not have the courage to answer those two questions, that proves the phoney aspect of the motion and it proves that the Leader of the Opposition (Mr. Nielsen) is not able to substantiate his own speech and his own attitude in the House.

Mr. Clark: Mr. Speaker, I am advised that the Leader of the Opposition has indeed sent a letter of that kind. I do not know if there has been a response. The Leader of the Opposition has not seen a response to a letter of that kind.

We would be concerned, naturally, if, before an official of the Parliament of Canada had an opportunity to reply to the Leader of the Opposition, regarding his competence to judge a matter of this kind, there would have been an intervention by the Government.

Some Hon. Members: Hear, hear!

Mr. Clark: We know that this is a Government which telephones judges. We hope that this is not a Government which tries in advance to silence the Assistant Deputy Registrar General.

Mr. Pinard: Mr. Speaker, I still want the Leader of the Opposition to answer the second part of my question. On what grounds does he insinuate that anybody on this side would have phoned or talked to the Deputy Registrar General on this subject? If so, I dare him, I challenge him, to state that outside the House of Commons and I challenge the former Leader of the Opposition to make a formal accusation that any Member on this side would have done that.

What I am asking the Leader of the Opposition is, how is it that the motion moved by the Leader of the NDP is in the same wording, or almost the same wording, as the letter that would have been sent—

An Hon. Member: How did you get the letter?

Mr. Pinard: —or the request that would have been made by the existing Leader of the Opposition—to an inquiry in that case by the Deputy Registrar General? Is that true? Is that a fact?

Mr. Clark: Madam Speaker, what I have said is that I hope there has not been that kind of interference.

Some Hon. Members: Oh, oh!

Mr. Clark: I will check the record. But we know the record of this Government, which is, after all, a Government that phones judges.

Let me ask the President of the Privy Council a question. How does he know the language of the letter of the Leader of the Opposition to the Deputy Assistant Registrar General?

The Acting Speaker (Mr. Blaker): I will recognize the Hon. President of the Privy Council, followed by the Hon. Member for Restigouche (Mr. Harquail), and that will complete the ten-minute period.

Mr. Pinard: Mr. Speaker, the question was very straight. The answer is that I do not know about the wording of the letter.

Some Hon. Members: Oh, oh!

Mr. Pinard: What I know about is that the answer of the Deputy Registrar General has been made public. I know that the Press Gallery had this answer before I raised my question to the Leader of the Opposition. It is strange that the Press Gallery knew about this answer in which the Deputy Registrar General says that he has absolutely no authority to make that inquiry, when the Leader of the Opposition tell that he does not know about this answer and that his Leader does not know about it.

I ask him again, how is it he is asking for an inquiry when he knows, when his Leader knows, that the Deputy Registrar General has no authority to carry out such an inquiry, and that that has been made known to the Press Gallery even before I asked my question?

The Acting Speaker (Mr. Blaker): The Hon. Member for Restigouche (Mr. Harquail).

Mr. Clark: Mr. Speaker—

An Hon. Member: What about the question?

The Acting Speaker (Mr. Blaker): I think I can rely on the Right Hon. Member for Yellowhead (Mr. Clark) to understand when I say that the Chair has permitted a particularly sharp and excellent exchange of debate. But the Chair is concerned that other Members ought to be able to enter the debate. I know that the Right Hon. Member for Yellowhead will find it quite acceptable and that it will be quite simple for him to handle any remarks that he may wish to make in terms of the President of the Privy Council.

I will now recognize the Hon. Member for Restigouche.

Is the Hon. Leader of the Opposition rising on a point of order?

Mr. Nielsen: No, Mr. Speaker, on a question of privilege. The President of the Privy Council has become confused, as the record will show. He has been referring to the Right Hon. Member for Yellowhead as the Leader of the Opposition.

Some Hon. Members: Oh, oh!

An Hon. Member: Former.

Mr. Nielsen: I know who he is, but the President of the Privy Council obviously does not. I suggest that he correct the record and allow me to inform him that late yesterday afternoon I did write such a letter. The Government having failed to do so, I took it upon myself to ask the ADRG to undertake the investigation, in no way near the terms of the motion of the Hon. Leader of the New Democratic Party.

Some Hon. Members: Order, order!

Mr. Nielsen: So let us clear that up. I made the letter public. I have not seen any reply.

Some Hon. Members: Oh, oh!

Mr. Nielsen: If the Press Gallery has seen a reply, I certainly have not. I am waiting anxiously for the reply.

An Hon. Member: Tell your Leader.

Mr. Nielsen: I did not tell my Leader anything about it. I am the Leader of the Opposition.

Mr. Harquail: Mr. Speaker, we are witnessing a very interesting conflict between the former Leader and the now acting Leader of the Opposition, leading into my question to the former Leader of the Opposition. He said it was not his intention and he disliked very much besmirching or attacking anyone's reputation on the floor of this House, especially someone who would not be here to defend himself. He has always said that.

He commenced his remarks today by making the statement that it was not his intention to attack anyone's reputation. That is in direct conflict and shows a split in attitude between himself and his present Leader, the man who just identified himself as Leader.

My question has to do with the Right Hon. Member's position when he was heading the Clark administration. Did he establish financial guidelines for Ministers during his term of office as Prime Minister?

Mr. Clark: Mr. Speaker, let me first of all indicate that we were told by the Deputy Prime Minister (Mr. MacEachen) that guidelines have no effect now, they are only for guidance. We are now told by the President of the Privy Council that there is no one who can judge these Ministers when they violate their guidelines—when they state that the level of their conscience is not strong enough to meet the standards of centuries of parliamentary practice.

Regarding the question put by the Hon. Member for Restigouche (Mr. Harquail), first of all I should tell him that in my opening remarks I was only quoting the Minister of Finance. I admit that is dangerous. I was quoting the Minister of Finance, so if he has a quarrel with my remarks let him speak to the Minister of Finance—let him write him a letter. If he cannot get him directly he can write "Dear Micky" and it will be passed on in a memorandum later on.

As regards the guidelines, yes, there were guidelines established by my administration. If he needs further information on them I would refer him to the spouse of the Hon. Member for St. John's West (Mr. Crosbie).

• (1600)

The Acting Speaker (Mr. Blaker): Is the Hon. Member for Restigouche (Mr. Harquail) rising on a point of order?

Mr. Harquail: Yes, Mr. Speaker.

The Acting Speaker (Mr. Blaker): I will expect the Hon. Member to come within a matter of seconds, not minutes, to his point of order, which is an appeal to the rules of the House.

Mr. Harquail: I only want to make one point, Mr. Speaker. With respect to the new rules regarding the ten minutes, I think there must be an opportunity for debate and an opportunity for exchange. Also I think that we have to apply the word "fair", and, in fairness, give opportunities to Hon. Members on both sides, when they are posing questions, as has been admonished by the Speaker, to put a pointed question and to get a pointed answer. We have not seen that this afternoon.

The Acting Speaker (Mr. Blaker): The Hon. Member refers to the Standing Orders of the House and, accordingly, at first blush he may have a point of order. I will not spend more than a couple of seconds to indicate that all Hon. Members should be aware that the ten-minute exchange of comments and questions are new rules of the House. If there are people who think that I am not doing the best I can in that regard, I wish they would let me know directly.

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Mr. Speaker, I only want to make one remark about the guidelines which the Leader of the Opposition established at that time. They were so badly screwed up that the wife of the Hon. Member for St. John's West (Mr. Crosbie) said, "Your guidelines, Mr. Clark, I will not abide by them", and the Right Hon. Member for Yellowhead (Mr. Clark) had to go back to the drawing board.

Mr. Clark: That is not true.

Mr. Chrétien: He could not even meet the request or the requirements of the wife of one Member.

Mr. Clark: Mr. Speaker, I know that the Hon. Minister would not want to mislead the House. In fact, the spouse of the then Minister of Finance was concerned about the guidelines, but she adhered to them because in my Government, I am proud to say, not only did the Ministers adhere to the guidelines, so did their spouses. We were a Government that respected guidelines, in distinction from this Government.

Mr. Chrétien: Anyway, Mr. Speaker, in rising to speak in this debate, I want first to situate the context of the issue before the House. It is very evident from long experience in the House that the Leader of the Opposition (Mr. Nielsen) enjoys

fishing for non-existent scandals but knows nothing about the substance of problems facing Canadians.

For years Nova Scotia has been more dependent upon imported oil than any other Province, and for years Nova Scotians have puzzled over how to use their abundant coal resources to reduce their dependence on imported oil. It is known that gasoline can be made from coal. The Germans did so during World War II, the South Africans do so today, and millions of dollars are being spent in the United States in research on coal liquefaction.

Even at the time that Premier Buchanan was Leader of the Opposition, he was asking then Premier Regan about the prospects for coal liquefaction. The idea was supported by the former NDP Leader, in Nova Scotia, Jeremy Ackerman and by Mr. Walsh who was President of the Coal Council of Canada.

In 1977, the Canada-Nova Scotia agreement on oil substitution and conservation was signed to create a fund to provide money for projects that promised to reduce the use of imported oil for electrical energy, in particular, and generally to reduce consumption of oil. Thus there is nothing sinister or scandalous about giving money to research and development which might lead to lessening dependence on imported oil in Nova Scotia and would also create, if successful, thousands of jobs in Cape Breton.

Indeed, almost every day in the House of Commons, the Tories and the NDP complain that the Government does not do enough to encourage research and development and, by its very definition, one is never sure if one is going to be successful with research projects. This does not mean that they should not be undertaken or encouraged, any more than should one stop drilling for oil because one does not find something in every hole. A lot of money has to be risked on research and development, pre-feasibility studies and feasibility studies before one can think of starting a project costing potentially billions of dollars.

I come now to the issue of Mr. Gillespie's involvement and whether he sought to use improper influence, gain preferential treatment or receive privileged access—

The Acting Speaker (Mr. Reid (Kenora-Rainy River)): Order, please. The Hon. Member rises on a point of order.

Mr. Greenaway: Mr. Speaker, I would just like to point out to the Hon. Minister that Canada has one of the most wretched records—

The Acting Speaker (Mr. Reid (Kenora-Rainy River)): Order, please, that is not a point of order.

Mr. Chrétien: —from the Government of Canada. On March 12, 1980, Mr. Gillespie met in Toronto with the Minister of Energy of Nova Scotia, Mr. Barkhouse, to talk about coal liquefaction and its prospects in Nova Scotia. No one can complain about this. One week later, on March 19, 1980, he met with officials of Petro-Canada to ask them what they thought of coal liquefaction.

On May 15, 1980, Mr. Gillespie had privileged access to Premier Buchanan and must have sought preferential treatment from the Tory Government of Nova Scotia. Mr. Buchanan invited Steve Rankin, President of Devco, to the meeting. Mr. Gillespie gave Mr. Buchanan and Mr. Rankin a copy of a paper he had written entitled, "Coal Liquefaction, A National Priority for Atlantic Canada". Mr. Buchanan expressed his support for the idea. Mr. Gillespie wrote letters to Mr. Rankin and Mr. Buchanan on May 22, 1980. Again, this is hardly a contravention of the guidelines.

On May 27, 1980, Mr. Gillespie met with Mr. Cohen, then Deputy Minister of Energy, Mines and Resources, to speak about coal liquefaction in Nova Scotia and to inform him of Premier Buchanan's support of the idea. In June 1980, Mr. Gillespie began to speak to corporations to put together a consortium. This was completed in October 1980.

On November 12, 1980, Mr. Gillespie met with Mr. Cohen for a second time to tell him of the formation of the consortium. On November 16, 1980, Mr. Gillespie spoke to Premier Buchanan again, and again obtained his support. On December 6, 1980, Mr. Gillespie wrote to Mr. Cohen to tell him that he wanted to apply for funding from the Canada-Nova Scotia Oil Substitution Fund. On December 11, 1980, Mr. Gillespie wrote a similar letter to Buchanan.

On January 5, 1981, Premier Buchanan wrote to Mr. Gillespie expressing his support, but conditional upon a Nova Scotia Crown corporation becoming a full partner in the consortium. If ever there has been preferential treatment, here is where it can be found, and it is preferential treatment accorded to Nova Scotia.

On January 22, 1981, Mr. Gillespie wrote back to Mr. Buchanan accepting his conditions.

Here I want to pause and tell the Leader of the Opposition that Mr. Gillespie would be agreeable to tabling all his correspondence with the Government of Nova Scotia. I made that request last night of Premier Buchanan, and he said that he does not want to become embroiled in a controversy in the House of Commons, but that he is on record as supporting the project and continues to support it as good for Nova Scotia. But as of last night he was unwilling to agree to table the correspondence. Perhaps the Leader of the Opposition could ask him again.

Also I want to set out that the consortium is formed of Gulf Canada Products, Petro-Canada, Devco, Nova Corporation and the Nova Scotia Resources Corporation, all of which together own 97.5 per cent of it. Alastair Gillespie and Associates own 2.5 per cent. Would they get together simply for the benefit of Alastair Gillespie?

To return to my chronology, on April 4, 1981, Premier Buchanan, the Deputy Prime Minister (Mr. MacEachen) and Mr. Gillespie appeared together on a public platform in Port Hawkesbury on Cape Breton Island. If there was a conspiracy by the federal Cabinet to give preferential treatment to Mr. Gillespie, then the Tory Government of Nova Scotia was a motivating force and principal party to the conspiracy.

Later in April 1981, federal officials decided that action had to be taken to prevent even the appearance of favouritism toward Mr. Gillespie. Therefore, the draft agreement between Canada, Nova Scotia and the consortium was changed so that eligible costs are defined as, "the cost of the feasibility study and the working capital requirements of the consortium, other than the per diem fees and the annual retainer payable to the developer". In other words, Mr. Gillespie's fees are wholly paid by the consortium completely outside of the costs of the study. There is no direct or indirect payment to Mr. Gillespie of Government money.

• (1610)

What about the gain to Mr. Gillespie if he sells out or is bought out? First, if the project does not go ahead, there is no possibility of financial gain. Indeed, he would lose his whole investment, as would all the other partners to the consortium. Second, if the project goes ahead, then Mr. Gillespie may sell out or be bought out by the other members of the consortium. As the developer and promoter, he negotiated with Gulf Canada on behalf of the consortium. The contract is between Mr. Gillespie and the consortium and not the Governments of Canada or Nova Scotia. It is totally irrelevant to the debate in the House of Commons.

What about the accusations of privileged treatment by the Government of Canada? I can assure the House that Mr. Gillespie has no more privileged access to the Department of Energy, Mines and Resources than do any of the other partners in the consortium. If any of the other partners had approached the Government on behalf of the consortium, they would have received exactly the same treatment.

Finally, what about the results of my Department's study of the project? There has been no Cabinet document, as the former Leader of the Opposition has suggested. A draft document was prepared by officials which concluded that a project based on the technology then being considered by the consortium would not be commercially viable.

This economic analysis was valuable. It led the consortium to search for and to investigate alternative processes which aimed for minimum capital cost and maximum yield of liquid fuel. Thus the possibility of considerable savings in capital cost became evident, with a small decrease in operating costs and with correspondingly lower sensitivity to the cost of coal.

The new process data led the consortium's financial committee to conclude that the nominal return on investment would not be 4 per cent, which was the original finding, but up to 18 per cent. Shortly thereafter, in its continued search for better processes, the consortium discovered that technical advances in two-stage processes had achieved significantly better yields than the processes evaluated in the pre-feasibility study.

The promise of lower capital costs, the promise of higher yields of fuel, and the fact that new versions of the process would use substantial quantities of natural gas, possibly derived from the Sable Island field, prompted the consortium to initiate further studies.

The new process approach may require some time to commercialize as it is unlikely to be in production before 1990. This delay, which would have been a marked drawback when the project was initiated under circumstances of rapidly increasing oil prices, is no disadvantage in the present circumstance. In fact, there is every possibility that the new technology will be ready for the next excalation in oil prices. The Province of Nova Scotia, represented through its Crown Corporation, Nova Scotia Resources Limited, concurs in this new approach.

I shall be asking the Government of Nova Scotia if it wishes to proceed. If Premier Buchanan wants more work to continue on this project, the federal Government will certainly not object to the continued use of funds from the Canada-Nova Scotia Oil Substitution Fund. On the contrary, the federal Government remains convinced that the project will be good for Nova Scotia by creating thousands of jobs and good for Canada by contributing to energy self-sufficiency. Where is the scandal in all that? It would be a great tragedy if the Opposition were to block this project. Therein lies the scandal.

Yesterday I tabled in the House all the documents I had in my possession. I did this in the spirit and by the letter of the Access to Information Act. Today I gave more facts that I obtained from Mr. Gillespie which have absolutely nothing to do with me. This is a project, and the guidelines as debated in this House of Commons are in relation to the then Minister of Energy. I asked the officials if at any time they felt they had been lobbied or pressured. They told me that at no time had that been the case. I think they are honourable.

[*Translation*]

Today, I can proudly say in the House that I believe the Minister of Finance (Mr. Lalonde), who was Minister of Energy, Mines and Resources at the time, acted in the best interests of the Canadian Government and the people of Nova Scotia. As a Minister, he acted responsibly in every way.

There has long been a tendency to try to lessen the role of Quebec Members in the House. I am very pleased to see that today, the Minister of Finance, who has served his province and his country with great integrity, both as adviser to a Government, although not on the same side as I was, and I was already in politics ... Later, as Minister, he always put the public good before private or partisan interests. His record speaks for itself. Mr. Speaker, it would have been a tragedy if today, the House had been obliged to accept the resignation of the Minister of Finance, because there are few people serving this country who have worked so intelligently and so hard to make Government projects a success.

What is at stake today? The future of a province which has probably suffered more than any other because of its dependance on imported oil. When 80 per cent of the energy generated in Nova Scotia came from oil imported at the kind of prices we had before the Energy Program was established, when there was no Federal compensation, all clear-thinking

Nova Scotians were anxious to ensure that consumers of electric power in their province would have access to alternative sources of supply, and that coal miners in Cape Breton, which has a great deal of trouble selling its coal because it has a high sulphur content, could go on producing the coal that would be beneficial, eventually, to Nova Scotians. Last night, the Premier of Nova Scotia, Mr. Buchanan, asked me during a telephone conversation to forget this partisan quarrel and to make sure that in future the people of Cape Breton and Nova Scotian consumers would be able to benefit from their own natural resources.

Some Hon. Members: Hear, hear!

[*English*]

Mr. Chrétien: I think it is a scandal that these people again, for a matter of diversion, love to make accusations or try, as they often do.

[*Translation*]

There was a gentleman in my riding by the name of Fernand D. Lavergne, and the Right Hon. Prime Minister has met him—who gave me the following advice: Jean, in politics, when the mudslinging starts, do not worry. The mud will dry out and fall to the ground. In English, they say:

[*English*]

He who throws dirt, loses ground.

Some Hon. Members: Hear, hear!

Mr. Chrétien: Those are two proverbs. I have been a Minister for a long time. I have my own rules, and I will tell you one of my rules. The instructions that I have given to my staff are that whenever a Member of Parliament calls, he or she should have priority for my attention, whatever their Party affiliation may be. People who have served in this House and have had the guts at one time in their life to run for Parliament will always receive a phone call from me and I will always accept their calls.

• (1620)

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Clark: Potential delegates—

[*English*]

Mr. Chrétien: Come on! You need that. You have a Member of your Party who calls you dog food that nobody wants to buy. We are not that dirty with you. You are looking for delegates, and I wish you the best luck possible. We love you too. You have a great career as Leader of the Opposition.

Some Hon. Members: Hear, hear!

Mr. Chrétien: This is what disgusts me the most. I have been the Minister of Indian Affairs and Northern Development, the Minister of National Revenue, the President of the Treasury Board, the Minister of Industry, Trade and Commerce, the Minister of Finance, the Minister of Justice, and the Minister of Energy, Mines and Resources, because I spent 20 years of my life in this House serving the people. When I leave, should I go on Sparks Street with a tin can and ask the people to help a poor guy who worked for the Government of Canada?

As the rules apply, it is not forbidden for former Ministers to call Governments. They can do that. The problem is to make sure that they do not get privileged access. It is exactly what happened with this file. The officials bent over backwards to make sure that not only did he not have any privilege but that there was no appearance of privilege. They told me privately, when I asked them if they felt at any time they had been lobbied, that they had not. They said they had been dealing in this case exactly the way they could have dealt with any citizen of Canada.

With respect to those who try to destroy people by character assassination, there is a proverb which I learned today in the English language, and I think it is still true, which says "He who throws dirt, loses ground".

Some Hon. Members: Hear, hear!

Mr. Beatty: Mr. Speaker, perhaps the Minister of Energy, Mines and Resources (Mr. Chrétien) could draw that aphorism to the attention of the Minister of Indian Affairs and Northern Development (Mr. Munro), particularly following his speech today.

I want to ask the Minister a question with respect to a statement that he made today. He indicated that the document entitled "Scotia Coal Synfuels" dated September 13, 1982, was not a Cabinet document and was, in fact, an internal memorandum. Why is it that yesterday he said that first, he was tabling all relevant documents, particularly all letters between Mr. Gillespie and the Government and, second, "all internal memoranda relating to the project for the same time period". He continued to say, as reported at page 23142 of yesterday's *Hansard:*

> The only relevant documents which I am not tabling are those which are in Cabinet confidence, in this case submissions to the Treasury Board.

If that is the case, why has this document never been tabled in the House by him?

Mr. Chrétien: Mr. Speaker, he already has it. If he wants me to give him another copy I will get a copy made and send him one. It was available. It was quoted from by the former Leader of the Opposition.

Mr. Nielsen: Give us a copy.

Mr. Chrétien: I do not mind. I do not have it but I will check it out. I asked what that document was and they said it was an internal memorandum. The former Leader of the Opposition, who we hope will be back in his job soon—

Mr. Nielsen: Me too.

Mr. Chrétien: —quoted it as a Cabinet document, and I say that it was not one.

Mr. Beatty: Mr. Speaker, we know something about the worth of statements made by these Ministers in this case. With regard to the memorandum which he does have and did table yesterday, the one from Mickey Cohen to the Minister of Finance (Mr. Lalonde), dated January 15, 1981, it states:

In anticipation of this development—

In other words, the consortium being formed.

—provision was made during the planning stage of the National Energy Program for a maximum of $1 million to be available for federal participation in this project.

Meaning that particular project.

Can the Minister indicate whether in fact it was the case that when his predecessor drew up the National Energy Program it was fully his intention to set aside $1 million for the Gillespie project? Can he tell the House at the same time if he is aware of the statement by his predecessor to the Committee on Alternative Energy and Oil Substitution, which was, "Yes, I can tell you that on this program there is not a word in this program that I did not approve personally. The officials worked but it is a Government program. The decisions and options that were retained were those retained by the federal Government, not by officials as such"? Can the Minister tell us that and confirm that in fact, at the time the NEP was being drawn up, his predecessor set aside $1 million to go to the Gillespie consortium?

Mr. Chrétien: Mr. Speaker, I think that there was a fund that was created in 1977 in which $9.3 million was available. There was some money remaining. I discussed this problem at length this morning with some of my officials. The Nova Scotia Government did not want to use that fund. It wanted to have it paid by the federal Government through another fund. It eventually came to the conclusion that it was to come from the oil substitution program. To this day it would like us to pay directly without using that fund, so they might keep it for something else.

I do not blame the Nova Scotia Government for trying to get more money from the federal Government. It is absolutely legitimate. But I understand that the discussions with the Nova Scotia Government over this program began long before the budget was brought down. It was always intended that the money was to come from the oil substitution program which was under the control of the Nova Scotia Government's treasury. I am certain, from the research that I have done, that there is not any link at all between that and the budget, because the funds were already under the control of the Nova Scotia Government.

Mr. MacKay: Mr. Speaker, the Minister has just stated some alleged facts about the origin of the money that was used by the Province of Nova Scotia for very laudable reasons, and to the admitted benefit of the Province of Nova Scotia. That is not the issue. As a matter of fact, let me quote to the Minister from the bottom of page 2 of this memorandum with which he should be familiar. It says:

In the event that the Province of Nova Scotia insists on Novaco being admitted to the industrial group solely on the strength of the funding from the Oil Substitution Agreement and if this is not acceptable to you—

Being the Minister of Energy at the time:

—it will still be possible to arrange federal participation in the project by applying NEP funds directly.

That is directly, not through any washing arrangement to which the Province of Nova Scotia was finally prevailed upon to agree.

I want to refer briefly to the interjection made about my referring to my friend, the Right Hon. Member for Yellowhead (Mr. Clark), as dog food. That was not the context. At least I did not refer to another substance that dogs sometimes make, which sticks to people's shoes, which his Leader did when he referred to the unemployed truckdrivers of LaPalme. Maybe he forgot that.

I want to say to the Minister that I am a little surprised that he knows so little about his portfolio that he did not realize, for example, that my colleague's Province of Prince Edward Island is much worse off for energy than Nova Scotia. While everyone concedes that this is a very laudable project, we come back to the point that the Province of Nova Scotia was used by the federal Government for its own purposes, taking advantage of the Nova Scotia Government's understandable desire to develop coal. It is interesting that the coal in my area was never developed like this, and I am glad that it was not if it required the methodology that was used in Cape Breton.

Mr. Chrétien: What was referred to was that they explored many avenues, and the avenue that the Hon. Member refers to was not acceptable. That is why we used the other avenue. That is well known. Can you blame the people for looking at all the possible avenues in searching for what can be done? They discussed all the aspects, but they have to look at what the results of those discussions are. The result of the discussion was that the first financing had been carried out through the substitution program, which is under the control of the Nova Scotia Government. We cannot have the same type of project in P.E.I. There are other kinds of agreements with P.E.I. on the problem. They do not have coal in P.E.I., so we cannot liquefy potatoes. We are talking about the liquefaction of coal.

Mr. Andre: Mr. Speaker, I will be very brief. The Minister of Energy, Mines and Resources (Mr. Chrétien) and the Prime Minister (Mr. Trudeau) indicated earlier today and on other days that the funds for this project are paid—the Minister should listen because he has misled the House—from the Nova Scotia Consolidated Revenue Fund and they are part of the 1977 agreement. I would like to quote from a memorandum to the former Minister of Energy, Mines and Resources from Marjory Loveys, which is found at page 250 in the pile of documents that he tabled yesterday, and which states:

• (1630)

The $1 million slated for the coal liquefaction consortium is in addition to the money in the fund—

This is the relevant section:

—it has been passed through the fund for administrative reasons:

So it is being passed through the fund for administrative purposes. This is federal money. The Minister has misled the House. Will he now have the decency to stand up and say that perhaps he has forgotten about this document which he tabled yesterday?

Mr. Chrétien: The Hon. Member said I misled the House. It is very terrible. There was another memorandum sent the day after, I understand, containing instruction that the money must come from the Oil Substitution Fund. The Hon. Member should read the whole file. Perhaps I am learning a terrible lesson in that I may have given too many documents to the Hon. Member and he has become confused.

Mr. Clark: We know the truth.

Mr. Lewis: Did you give them all?

The Acting Speaker (Mr. Blaker): The Hon. Member for Vancouver South.

Mr. Fraser: I wonder if I could ask—

The Acting Speaker (Mr. Blaker): Order, please. I am sorry but I am not certain whether the Hon. Member for Hamilton Mountain (Mr. Deans) is rising for the question and answer period or to seek the floor on debate. I thought it was the latter, so I excluded him.

Mr. Deans: Debate.

The Acting Speaker (Mr. Blaker): The Parliamentary Secretary to the Minister of Energy, Mines and Resources is rising on a point of order.

Some Hon. Members: Oh, come on!

Mr. Dingwall: Mr. Speaker, I have just one comment. The Hon. Member for—

Mr. Lewis: One question!

Mr. Dingwall: —for Central Nova (Mr. MacKay), who just spoke—I just wanted to make one comment.

Mr. Lewis: Point of order!

Mr. Dingwall: I would like to—

Mr. Andre: That is not a point of order!

Mr. Beatty: You are the Parliamentary Secretary. Ask him in his office!

The Acting Speaker (Mr. Blaker): If the Hon. Member wants to raise a point of order, he should refer to the Standing Orders of the House. If he wants to ask a question, he must wait because I have already recognized the Hon. Member for Vancouver South.

Mr. Beatty: The Parliamentary Secretary is asking his Minister a question.

Mr. Pinard: So what is wrong with that? You do not like the truth?

Miss MacDonald: That shows how much they ever get together.

Mr. Fraser: I would like to ask the Minister a question. Several days ago the Deputy Prime Minister (Mr. MacEachen) said that those guidelines are self-enforcing, there is no monitoring agency, they are left up to the conscience of the individual to follow, and Ministers are to follow the guidelines "according to our judgment", in other words, they will judge themselves. At the same time, the Deputy Prime Minister was critical of the Opposition and said that, in its dealings with this matter, it was not acting according to the principles of natural justice.

One of the principles of natural justice is that no man shall sit in judgment of his own cause. That goes back to the seventeenth century. Can I ask the Minister, on behalf of the Government, whether it is the position of Ministers, the Government and the Prime Minister (Mr. Trudeau) that there is no judgment to be exercised by anyone else except the particular Ministers as to whether or not there could be the appearance of a breach of the guidelines? Is this to be something that—

Mr. Lalonde: The Prime Minister and Parliament.

Mr. Fraser: —is to be completely decided by the Minister who is involved in seeing or hearing something?

Mr. Lalonde: That is what we are debating today.

Mr. Fraser: Is it that Minister who is to decide, or is there no one else who can make a judgment?

Mr. Lalonde: We are passing a judgment today.

Mr. Chrétien: There are two aspects to the question. As far as the Minister is concerned, he is responsible to the Prime Minister. If the Prime Minister concludes that his Minister has acted improperly, he will ask him to resign.

In this case, the Prime Minister has accepted the word of his Minister of Finance. I am glad to be sitting next to the Minister of Finance and saying that I also think that the Minister acted in an entirely proper fashion. This is the court for Ministers. Their responsibility is in relation to the Prime Minister and the Prime Minister takes the necessary action. In this case, he has kept his confidence, rightly so, in my judgment, in the Minister of Justice.

In relation to the public, there is another court, which is this House of Commons. At 5.45 o'clock p.m., everyone will have a chance to express their views.

Some Hon. Members: Hear, hear!

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, in an attempt to return to what I consider to be the question before the House of Commons, I want to start by saying to Government Members that no one is questioning the character of the Minister of Finance (Mr. Lalonde).

Mr. Gourd: Look at the questions you asked this week.

Mr. Deans: I want to suggest that perhaps Hon. Members opposite should be kind enough to listen. I have listened all day to every Hon. Member who spoke. What I am personally doing is questioning the Minister's judgment. That happens to be my job, to come to Parliament and to elicit from the Cabinet the information I believe is necessary in order to make proper judgments about matters of public importance. I am not likely to ever suggest that the character of the Minister is to be questioned. However, I see some important questions which should be answered. We should not become drawn into a discussion of the value of the project because it is not a matter which is before the House at the moment. It is entirely possible that an accurate assessment of the project would prove it to be of little value. However, another assessment may well prove it to be of considerable value. However, that is not the question.

The question before us centers on two questions. First, it centers on whether a former Minister of the Crown, or Ministers who have left office, violated the guidelines as set out by the Prime Minister. Second, it centers on whether the present Minister of Finance who, at the time this deal was entered into, was the Minister of Energy, Mines and Resources, has fulfilled all of the requirements of the guidelines for Ministers in office. I would like to deal with those two questions and to state my reason for asking the questions that I raised earlier in the week, and my reason for rising in the debate today.

The first question is, did Mr. Gillespie adhere to the guidelines as set out by the Prime Minister? First, let us consider what the guidelines state so that there is no doubt as to what we are discussing. The guidelines state that a former office holder must not, within the relevant time period, lobby for or on behalf of any person or commercial corporation before any Department or agency by which he was employed or with which he had a direct and substantial official relationship during the period of two years prior to the termination of his employment. That was the guideline in place when Mr. Gillespie was a Minister. Mr. Gillespie, in accepting his appointment to the Cabinet, accepted the fact that he must abide by that guideline if he left office.

I suggest that there is quite clear evidence which would show to anyone reviewing the documents tabled by either the Prime Minister or by the present Minister of Energy, Mines and Resources (Mr. Chrétien) that Mr. Gillespie most certainly did carry on a continued relationship with the former Minister of Energy, Mines and Resources on behalf not only of himself but also on behalf of other corporate citizens, and that in so doing he was clearly in violation of the guidelines.

No matter how often Hon. Members say, "Not so", the record is clear. Mr. Gillespie telephoned, there are records to show that he carried on correspondence, and even went as far as seeking the assistance of Mr. Cohen, the Deputy Minister, in getting his project "off the ground", in exactly those words. He was therefore using his former position as a Minister in a way which was in clear violation of the guidelines.

Further, at the time Mr. Gillespie was a Minister, there was a guideline stating that a former office holder must not, within the relevant time period, give counsel for commercial purposes concerning the programs or policies of the Department or agency by which he was employed or with which he had a direct or substantial official relationship during the period of one year prior to the termination of his employment.

• (1640)

I want to suggest that there is even on this count clear evidence on the record to show that in the year immediately after Mr. Gillespie left the Ministry he did in fact give counsel and therefore was in violation of that guideline also. If we accept—and quite clearly the Cabinet members and others who are carrying on private conversations frankly do not give a damn about it because they have already decided to whitewash the thing—however, if one accepts that there was at least sufficient evidence that one could draw that conclusion, that there was sufficient evidence that Mr. Gillespie might have been in violation of the guidelines to the extent of having other than Members of Parliament wonder about it, then you have to wonder why the Minister of Energy did not himself recognize that that may well pose a problem for him at some future date.

Let me suggest to you that it is not only the Members of the Opposition who are concerned about whether Mr. Gillespie violated the guidelines. In the letter contained in the voluminous documents that were tabled yesterday, there is a memorandum from Dr. J. H. Walsh to Dr. K. Whitham, dated April 14, 1981, and in that memorandum he says:

> 3. (ii) The role of Mr. Gillespie: Concerns were expressed regarding the retaining and daily consultant fee ($600) to be paid to Mr. Gillespie, and about the terms under which the Consortium partners have the right to buy out his interest. There is also a question of whether Mr. Gillespie's participation is in variance with conflict of interest guidelines.

Mr. Lalonde: Read on.

Mr. Deans: Do not worry, I am going to read on. It goes on:

> I replied regarding the financial arrangements between Mr. Gillespie and the Consortium members that this matter was wholly transparent and that Ministers could approve or disapprove in their wisdom.

We are now questioning the wisdom of the Minister, and I think quite rightly so.

Beyond that it goes on to say:

> With regard to conflict of interest matters, I noted that Mr. Gillespie's term as Minister ended June 4, 1979, when Mr. Hnatyshyn was appointed. In any case, I could not see that there was any direct benefit to Mr. Gillespie arising out of the negotiations with the two Governments.

Mr. Lalonde: Ha!

Mr. Deans: Wait a minute. It goes on:

> Mr. Shulte replied that he would refer this question to the Privy Council Office which I believe is the correct agency to consider this matter.

Mr. Lalonde: Right.

Mr. Deans: So, quite clearly, although the opinion was given by the writer of the document, Dr. Walsh, that he himself did not see the conflict, Mr. Shulte, who was there as the counsel, said that he thought the matter should be referred to the Privy Council Office for a decision.

An Hon. Member: Then what happened?

Mr. Andre: They amended the agreement, that is what happened.

Mr. Deans: There is no further memorandum to show that the Privy Council Office was either approached, considered the matter, or replied. However, there are the amendments to the agreement, as the Prime Minister said today—

Mr. Lalonde: They are not amendments to the agreement; they are amendments to the Treasury Board submission.

Mr. Deans: Thank you the amendments to the Treasury Board submission, in which the situation surrounding Mr. Gillespie was altered. Let me say to the Minister of Finance, I want him to think about this for a moment. It was quite clear that under the situation that had prevailed during the period leading up to April 14, 1981 that there was serious doubt as to whether Mr. Gillespie was indeed not violating the conflict of interest guidelines. In order to correct that, the Treasury Board submission was changed to rechannel the funds. I put to the Minister, if you ever needed more evidence that in fact an agreement was entered into from which Mr. Gillespie benefited, which he otherwise would not have been entitled to, what more proof do you need? Mr. Gillespie, quite clearly, was not entitled to participate as he had been participating. The decision of the Government was then to change the Treasury Board order to allow him to be able to participate. I put to the Minister that that is quite clearly preferential treatment. Who else but Mr. Gillespie could be in that situation? So right off the bat we have a prima facie case of preferential treatment accorded to Mr. Gillespie. He got what he otherwise would not have been entitled to by virtue of a change that was made to a Treasury Board order.

An Hon. Member: Or he was in conflict before.

Mr. Deans: He was in conflict, that is what I am saying. He was in conflict right up until April, 1981. Otherwise, why change it? The only reason they changed it for him was because he had been in conflict and they were not willing to run the risk of having him maintain himself in conflict, and so he was given preferential treatment. I do not think that is an unreasonable conclusion to draw. It may be arguable, I concede, but I do not think it is unreasonable to draw that conclusion.

I want then to suggest that if one draws that conclusion, it is therefore equally valid to draw the conclusion that the information contained in the memorandum that I just quoted was brought not only to the Assistant Deputy Minister's attention but would, undoubtedly, because of the conflict of interest question, be brought to the Deputy Minister's attention, and should have been brought to the Minister's attention.

I say to the Minister that under no condition should the Minister have agreed to sign any document that conveyed benefit to Mr. Gillespie that he had not been entitled to receive as a result of the guidelines that were in place. That is the basis for the argument that I make. The Minister then has to assume his responsibility. His Ministry altered the rules of the game. They did this because they knew that Alastair Gillespie was clearly in conflict. The Minister signed the approving orders to alter the rules of the game. The Minister in so doing assumed the responsibility for conveying on Alastair Gillespie a benefit that he would not otherwise have been entitled to. It is for that reason, I say to the Minister, that I seriously question his judgment. I do not question his honesty; I do not question his character; I question his judgment, damn it, and that is why I am here.

I put to the Minister that he, at the time that this matter was brought to his attention, should have taken a look at the guidelines that pertain to Ministers of the Crown. It says quite clearly in the guidelines:

> In any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

I say to the Minister, in all fairness, based on the argument that I have put, an argument that I believe if it was put in a court of law, if it were a law that we were dealing with, would be sustained; an argument that I believe if put before an impartial tribunal—which have asked for, incidentally, and have been refused—would be sustained.

I put to the Minister that there is no doubt in my mind, and I raise it for no other reason, that Mr. Gillespie violated the guidelines; that the Ministry altered the terms to accommodate the violation; and that the Minister signed the document to accommodate the alteration of the terms which enabled them to circumvent the guidelines. There is quite clearly the appearance of grounds for allegations of improper influence. More important, there is certainly the appearance of grounds for allegations of privileged access, and there is most certainly the appearance of grounds for preferential treatment.

I say to the Minister that although he made an eloquent speech defending what in fact was not in question, he has not addressed himself to the matters that I have put before him. He has not addressed himself to the question of whether, in signing the document which altered the terms and conditions, he in fact aided and abetted Alastair Gillespie in getting benefit, potential and immediate, to which he would otherwise not have been entitled. And I say this to the Minister, although no doubt he does not care. He does not even listen, which is unfortunate. It is unfortunate there is a majority on that side of the House, it truly is, because if there was not, they would

have to listen to the arguments being put, as opposed to chatting with the Minister of National Health and Welfare (Miss Bégin) who obviously does not give a damn about this, either.

• (1650)

Mr. Lalonde: I can listen to you while I am listening to someone else.

Mr. Deans: You can, can you? Is that the same way you dealt with the documents which you did not know existed, doing two or three things at a time?

Mr. Lalonde: Why will you not cool off?

Mr. Deans: Why don't I cool off? Do you know why I don't cool off? You are drawing this institution down to a level the likes of which it has not been in years.

Some Hon. Members: Hear, hear!

Mr. Deans: The reason I do not cool off is that this institution is the only thing that stands between the country as it now is and total anarchy. And I say to the Minister that if he can stand up and satisfactorily refute the points which I have made, then I suspect that I would withdraw my argument. But I say to the Minister, frankly, that I do not see how he can do that. I do not see how he or the Prime Minister (Mr. Trudeau), or the current Minister of Energy or, for that matter, the Attorney General (Mr. MacGuigan), could claim for one minute that Alastair Gillespie was not lobbying. I do not see how any one of them could claim that in the process of lobbying, he was not violating the guidelines. I do not see how anyone can claim that when that violation of the guidelines was brought to the attention of the Ministry, a new submission was drafted in order to circumvent the violation which existed. And I do not see how anyone could claim that if the Minister signed that amended proposal, he is not an accomplice in Mr. Gillespie's violations. I therefore cannot see how the Minister can claim that he is entitled to remain in office.

Mr. Lalonde: I have listened with great interest to the Hon. Member's speech and to the attempt he has made to present his case, I think reasonably. Let me put the case to him another way and ask him whether or not he could see the other side of the point which he tried to make, in all fairness and in all reasonableness. He said that Mr. Gillespie had been given preferential treatment because the Treasury Board submission was modified.

Mr. Deans: Yes.

Mr. Lalonde: He says, yes. Well, that is a strange leg to put his argument on, I would submit, for the very simple reason that Mr. Gillespie has been treated in this case in a way which is indeed different from that accorded to any other average citizen who would have applied. Why has he been treated differently? Because, as he is a former office holder, the Government and the officials have taken exceptional care to prevent him from having access to public funds under the Canada-Nova Scotia agreement. Far from being an occasion of damning the Minister or of damning the officials, the fact that they have taken that extra care to get the Treasury Board submission changed to eliminate the possibility for Mr. Gillespie to have access to any of these funds, surely should demonstrate to any reasonable being, and I assume my friend is a reasonable being, and approaches this situation reasonably, that all due care was taken to ensure that the conflict of interest guidelines were respected. Surely my hon. friend has quoted from documents and memos where officials have said, "Hey, there is that conflict of interest guideline. We must ensure it is taken care of. The official of the Treasury Board said, 'I will check with the Privy Council Office' ", and in the end, the Treasury Board submission and the agreement had a special provision inserted into it to take into account that particular situation.

Does my friend, as a reasonable man, not see that there is another side of his argument and it provides a completely different conclusion from the one he reached using the same facts? It is a completely different conclusion and it shows that the officials and the Government acted responsibly.

Mr. Deans: I thank the Minister for making my case for me. I want to suggest to the Minister—

Miss Bégin: Listen to the Minister.

Mr. Deans: I listened. Believe me I listened. I have sat up every night for the last week puzzling over what has been going on.

An Hon. Member: You were talking to Mark Rose.

Mr. Deans: I was not talking to Mark Rose. Do you want to hear my answer or do you want to talk? The Minister made the case extremely well. He said that the Ministry officials recognized the potential for a conflict of interest. They recognized the potential because in fact Mr. Gillespie had been in that conflict of interest position for almost two full years. They recognized that. They then decided that if they continued with what they were proposing, he would not be able to participate.

Mr. Lalonde: No way.

Mr. Deans: No. Hang on. They decided they had to alter the Treasury Board order—

Mr. Lalonde: To take extra care.

Mr. Deans: In order to allow Mr. Gillespie to not violate the guidelines. I put to the Minister, if Mr. Gillespie had been in violation of the guidelines, and if the Treasury Board orders had to be altered so that he was not in violation—

Mr. Lalonde: Even appearing to be in violation.

Mr. Deans: —are you not giving him something which he would otherwise not be entitled to? You had to change the guidelines to entitle him to participate. You had to change the Treasury Board orders.

Mr. Lalonde: We can't change the guidelines. We respect the guidelines.

Mr. Deans: I can only suggest to the Minister that I believe what has happened is that, having been in power for such a long time, the Liberals sense, perhaps, that whatever they do is right, regardless of whether it is right or not. And I resent it because it is quite clear that Alastair Gillespie violated the guidelines, and it is clearly stated that that was a concern of the Ministry officials. So they then altered the Treasury Board orders to allow him to do what he was doing, with impunity.

Mr. Dingwall: Mr. Speaker, I have a question for the Hon. Member for Hamilton Mountain (Mr. Deans). He talked about fairness in his speech and, being a fair-minded person, perhaps he would agree with me that the Minister of Finance (Mr. Lalonde), as well as the Deputy Prime Minister (Mr. MacEachen), are not stupid individuals. And if they were to try to give a benefit to, or confer a benefit on Alastair Gillespie, which would hopefully not be noticed by Members of this Chamber or other Chambers, can he explain to me why then would the Deputy Prime Minister and the Premier of the Province issue press releases, go to a press conference, be televised on CBC, be spoken about in the Nova Scotia House of Assembly with Mr. Gillespie, the Deputy Prime Minister and the Premier of the Province? Can he explain that?

While he is on his feet, Mr. Speaker, would he explain why it has taken his Party 23 months to raise the issue, only raising this issue after the Conservative Party raised it? They sit for two days in waiting and then raise the question. Would he answer those two particular matters?

Mr. Deans: Thank you. I will answer the last one first. The time involved is totally irrelevant. The question surely is that if there was a violation, then whenever one finds the violation, one must raise it publicly. If it took 22 years to find the violation, it is still a violation. It does not alter the fact.

• (1700)

With regard to why the Deputy Prime Minister sat on the platform and why the Minister of Finance did what he did, the answer to that is very difficult to find. That is why this whole debate is taking place. We frankly question their judgment on the matter.

Miss Bégin: We question yours.

Mr. Deans: We think that, along with the loud-mouth Minister of Health, they probably made a mistake and were given bad advice. Perhaps, with the benefit of hindsight, they might see that what they did, in light of the circumstances that are now clear to everyone and with all of the documentation that is now available, was an error. In making that error, they put their own particular positions in jeopardy.

That is what ministerial responsibility is all about. When you become a Minister—if you do—you will find that everything that happens in that Ministry is your responsibility. As was said by a forced to retire British Member of the House of Commons who was in the Cabinet, he accepts the credit when his department does something right, and he accepts the blame when they do something wrong. In this instance they did something wrong.

The Acting Speaker (Mr. Corbin): Order. The time provided for questions has expired. Debate.

Hon. Bryce Mackasey (Lincoln): Mr. Speaker, in 45 minutes we will be asked to vote on a non-confidence motion for the supply period ending March 26, 1983. It is significant that the Leader of the New Democratic Party (Mr. Broadbent), in putting his reference to a lack of moral standards and the need to refer the issue before us to the Deputy Registrar General, attached it to a vote of non-confidence, knowing full well that it would be defeated. Nobody in their right mind would expect the Government to bring on its own defeat simply to refer to the Deputy Registrar General an issue that the House thinks should be referred there.

Immediately we have the hypocrisy of the Opposition in attaching that to a vote of non-confidence. It shows that deep down they do not want it to go there. That was obvious from the questions today. It is obvious that we will win this vote of confidence. As usual, they wanted the best of all worlds, an opportunity, a day if you like, to belabour the Minister of Finance (Mr. Lalonde) once more. That is fine. I understand the role of the Opposition.

Mr. Speyer: How do you?

Mr. Mackasey: You are new here and a little stupid, and that does not help.

The Acting Speaker (Mr. Corbin): Order. I would request the Hon. Member for Lincoln (Mr. Mackasey) to address his remarks to the Chair.

Mr. Mackasey: Mr. Speaker, I must apologize to my hon. friend. I really mean that sincerely. I do not really appreciate heckling, and it is one of the things that I have not done in my 20 years here, any more than I have had to attack anybody in this House personally. There is something about the House of Commons that is rather important to me. I do not for a moment pretend that it is not important to me or to others. Truthfully, I can point out 10, 12 or 15 Members, including the Hon. Member for Bow River (Mr. Taylor), who understand the House of Commons. They understand that sooner or later in our whole parliamentary process the House of Commons becomes the arena, the centre of the whole parliamentary system. It is not the committees, not the newspapers, but the House of Commons. I see the Hon. Member for Nepean-Carleton (Mr. Baker) wants to get closer to the action and the excitement. As a Member of the House of Commons he has mastered, as I have, the ability to use the same speech on all occasions.

It is rather ridiculous, and would be almost amusing if it were not sad, that at a time when the country is concerned about unemployment, the future, the need to get on with a new budget, and concerned with cleaning up the business of the

House so that we can do things to generate the economy and bring down unemployment, Members of both Parties opposite have placed priority on the question of whether Mr. Alastair Gillespie did or did not breach the spirit of the guidelines. For that matter, they think they see an opportunity to bring down the Minister of Finance.

I have had my differences with the Minister of Finance over the last 20 years. He is rather hard-headed, even if he smiles a lot, but he is a man of integrity. He has devoted the best years of his life to the service of his country. I understand why the Minister of Finance, despite the opportunity waiting for him out of here as a top notch legal expert in this country, wants to be here to defend his reputation, because his reputation is important to him. It is, as he says, probably the most precious asset any of us have in life. I have been worried and concerned in my 20 years about the immunity which each and every one of us in this House has. Every time this debate arises, whether it is brought to a head, as this one will be, or whether it is continued in Question Period, sooner or later you find reasonable Members, who individually are friends of mine, acting collectively, dropping their own standards, acting like a pack, braying at the nipped feet of the Minister of Finance, much like a pack of wolves trying to bring down a grizzly. For what purpose? What is there about this House that changes reasonable people into that kind of people without any moral standards of their own?

As the Leader of the New Democratic Party attempted to spell out this morning, the issue before the House is one of morality. He is absolutely right. It is a more important issue than legality, because the people of Canada judge the House of Commons by the collective morals of the Members of this House. That implies that not only must the Cabinet have morals and not only should the backbenchers of the Government have a moral code, but so should Members opposite practice what they preach.

My good friend, the Minister of Energy quoted an old English proverb. I suppose I could have suggested one to him which applies to Members opposite: "People in glass houses shouldn't throw stones".

This Government has been charged with corruption day in and day out in Question Period. There have been inferences of slander and innuendoes. What are we guilty of? The defender of the morals of the House of Commons for 20 years, the Hon. Member for Yukon (Mr. Nielsen), told us what those standards are today. This Government is corrupt because it pays Mr. Macdonald $800 a day.

Some Hon. Members: Agreed.

Mr. Mackasey: It is corrupt because it appointed Mr. Pitfield to the Senate and the Member for Lincoln to Air Canada.

Some Hon. Members: Agreed.

Mr. Mackasey: That's fine. Also because the Minister of Finance, in their opinion, is not a man of integrity.

Let us look at the record of the Tories in 1979. What was the going rate in 1979 for Tory lawyers hired by the Tory Minister of Transport? Was it $100 a day? Was it $150 a day?

Some Hon. Members: Higher.

Mr. Mackasey: Was it $200 a day? I will read it.

An Hon. Member: Name them.

• (1710)

Mr. Mackasey: I do not get down to personalities.

In the famous Mississauga railway accident inquiry, set in motion on December 4, 1979 by Order in Council, legal counsel was hired by the then Minister of Transport. I want to say that I have great respect for him. I do not question his integrity. Nor do I question the fact that one of the firms he hired goes by the beautiful name of Tory, Tory, Deslauriers and Binnington of Royal Park Plaza, and then there were Keyser, Mason, Coleman, McTavish and Lewis. With good Scotsmen in there it means the job will be done. What was their fee? Was it $50 or $60 per day? No, it was $100 per hour.

An Hon. Member: Oh, oh!

Mr. Mackasey: And no allowance for inflation, Mr. Speaker. It was not limited to $800 per day—it was limited to $6,000 per week.

Mr. Chrétien: Expensive lawyers!

Mr. Mackasey: There was nobody on a per diem, and we do not have to worry about overhead. None of the $800 has to go for office expenses—that is a separate issue. The cheques are not paid to the representative of Tory, Tory, Deslauriers and Binnington, they are paid directly to the company. Were any additional fees charged for expenses? Not too many. Oh, there were some fees paid to various legal assistants. An extra $6,000 in the case of Tory, Tory; telephone, travel, office supplies, courier services, searches, photocopies, are all meticulously charged over and above.

Mr. Trudeau: Above?

Mr. Mackasey: Another $14,363.92.

I am not going to embarrass the other firm which was not thought of with quite the same respect and perhaps was not of quite the same quality. It was not entitled to the same fee, and only got $95 per hour.

Mr. Chrétien: A cheap firm.

Mr. Mackasey: All I know, Mr. Speaker, is that I am sure we got value for our dollar. That was a very important investigation and a very serious accident. I am not appalled by the fact that Tory, Tory, Deslauriers and Binnington were paid a total of $167,074.97 for their services. It shows how important it is to get $95 per hour rather than $100, because they

managed to earn no less than $205,257.00. I am not questioning the integrity of those lawyers, whether they were Liberals or Tories. As far as I am concerned they were qualified Canadians, and I mean that sincerely. Nor am I questioning the judgment of the then Minister of Transport. All I am asking is that the same sense of integrity and judgment be applied to this side of the House.

Mr. Trudeau: Hypocrites!

Mr. Mackasey: There were dozens and dozens of similar experiences in the short time the Tories were in charge, that I could dig out every day I wanted to then dig out, all of which were perfectly proper, all of which reflected the fact that the Government in power was doing its job, all of which, if brought into the House with the tactics used by the Opposition, could smear the reputation of each and every one of those Ministers and each and every one of those recipients.

That is one of the problems and worries that plague ex-Ministers—and I have been "ex" more often than most people in this House. I, too, have my sense of integrity, and I am not afraid to express it and utilize it.

Mr. Hnatyshyn: The Prime Minister (Mr. Trudeau) is all ears.

Mr. Mackasey: Oh, the Hon. Member is interrupting me. I have seen a slight change in his standards in recent weeks and I want to talk about that.

There is something about this House which I respect—I will go as far as to say I love it. It brought me back, and I keep coming back here.

An Hon. Member: Like a song.

Mr. Mackasey: You will never be back—oh, I am sorry, Steve. I meant your seatmate.

Unless we maintain a certain standard of morals in this House, all of us, including the Government, including Cabinet Ministers, including myself—this House will not continue to serve the country and the people of this democratic country, properly.

It behooves all of us to meet a level of morality which the Leader of the New Democratic Party attempted to spell out earlier today.

I suppose, Mr. Speaker, that people at home—and many are, those who are unemployed—watching this House day in and day out—frustrated with the unemployment insurance cheques running out, frustrated after looking for jobs all morning—I suppose their priorities are different from ours. They turn on the radio to listen to Question Period or the television to watch it, hoping that something will be said to give them some hope of recovery, some sense of what is going on and whether certain projects are about to take place.

What do they see, day in and day out? Grown men playing Perry Mason, attempting to discredit one of the best Ministers of Finance—

Some Hon. Members: Hear, hear!

Mr. Mackasey: Mr. Speaker, it almost escapes reality at times, and I mean that. I do not get angry, because I have seen these changes in friend of mine. I am sure there are times when I lose my temper and say things that I regret. I was not too upset today when the Hon. Member for Yukon referred to the corruption of the Government, or to the appointment of the Member for Lincoln (Mr. Mackasey) as Chairman of Air Canada. Nor was I particularly upset when that bounced, although I could not quite understand the morality of the Conservatives, since in that same week they named Jean Wadds, the former Party President, to be High Commissioner in Great Britain. I could not understand what she had that I did not. Mind you, she was a Tory and I was a Liberal. But a Party with their moral standards would not take that into consideration.

When he mentioned that another symbol of our decadence was the appointment of Michael Pitfield to the Senate, I asked myself, who would make the best addition to the Senate—Michael Pitfield or Lowell Murray? I suspect, after the fiasco in Winnipeg, that if appointments still had to be made he would never make the Senate.

Is it not time we all took a long weekend, or just a weekend, and did a little soul searching about what has gone on in the House in the last few weeks?

Mr. Trudeau: Hypocrisy!

Mr. Mackasey: I do not pretend that this is a Sunday school. It never was and never will be, nor should it be. I believe in strong debate. I envy those people who speak easily, as I do not. I envy the great Parliamentarians, particularly those in Great Britain where debate has been a way of life and where the people have a sense of history, a sense of integrity and a love of democracy. They understand that the written word, but more particularly the spoken word, is sometimes the difference between the democratic process and dictatorship or some other less favourable system.

I have to say—and I wish the Hon. Member for Yukon were in the House—that his tactics were more suited to the sixties than to the eighties. I must confess that I listened to him this morning attempting to convert or amend his speeches that brought down people in the sixties, to today. I doubt if a single backbencher in the House will ever again fear the mighty Member for Yukon, who made an almost pathetic contribution; it was merely a pathetic contribution. It was almost like Mohammed Ali going into the ring once too often. There was nothing there. There was nothing there for one reason—there is no substance to the argument that the Minister of Finance acted immorally or without a sense of integrity or conferred special treatment on one Alastair Gillespie. No amount of articulateness on the part of the Hon. Member for Yukon could create something that was not there.

● (1720)

There is another change from the 1960s and 1970s, that is the fact that everything we say now goes directly into the homes of Canadians through the media of television and radio; members are judged a little differently than just by the written word. People in those days had to depend on the objectivity or lack of objectivity of the newspapers to determine what was really going on. Smear and insinuation work well when they are confined to newspapers, but they work less well when heard on television and radio. I suspect Canadians do not particularly appreciate Members of Parliament resorting to tactics to which they would not dare resort 50 feet away from the House of Commons.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Corbin): Order, please. The time provided for the Hon. Member's speech has expired. Is there unanimous consent to allow him to continue?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Corbin): There is not unanimous consent. Questions. Comments.

Mr. Regan: Mr. Speaker, I would like to direct a question to the Hon. Member for Lincoln (Mr. Mackasey) who has performed so well. I was bothered by the question of the Hon. Member for Cape Breton-East Richmond (Mr. Dingwall) to the Hon. Member for Hamilton Mountain (Mr. Deans) about this matter having been carried on openly and not in a sneaky fashion. This seems to indicate that there was no bad intent on the part of the Minister of Finance (Mr. Lalonde) or the Secretary of State for External Affairs (Mr. MacEachen) who participated in a press conference and television statements. It seems to me that if they had thought there was anything wrong being done for Mr. Gillespie, they would have had him as a silent partner in that consortium with the other businessmen, not up front and centre.

I want to ask a question arising out of that. Is the Hon. Member aware that the Hon. Member for Central Nova (Mr. MacKay) is from the next seat, the adjacent seat to where this press conference was held, and that he has had a reputation over the years of digging into everything and trying to bring up any muck that he could? Having in mind the fact that he was the only Minister in the Government of the Right Hon. Member for Yellowhead (Mr. Clark) who did not submit his conflict guidelines report to the Deputy Registrar General within the time limit provided—

Some Hon. Members: Oh, oh!

Mr. Regan: —is it what one calls a question of a conscience of convenient time that means that back in 1981, when this matter was announced in his newspapers and in the constituency next door to him, he did not see anything wrong? He would dig around and charge that he was being bugged by the Government, when it turned out that he was bugged by the people he hired himself to search his office. Does it not strike the Hon. Member as strange that that Hon. Member did not at that time bring up the question of any impropriety? He had a calendar—he has a calendar, I know, in his office—and he knew who Mr. Gillespie was, but he did not suggest that there was anything wrong. Why do they bring it up now and not two years ago?

Mr. Mackasey: Mr. Speaker, it may surprise the Minister if I were to tell him that I was not particularly amused by his question because I am not particularly interested in whether the Hon. Member for Central Nova (Mr. MacKay) submitted his expense account or whatever he was supposed to submit. It does not bother me. When I talk about a moral conscience in the House, it applies to this side of the House as well as to the opposite. It seems to me that if we have a good case at any time, in debate we can make it without being concerned about the private weaknesses of Members opposite. I know it is difficult to keep the border line, but those who master the technique understand the House better.

I am interested in some of the facts involved and I understand that is good, old-fashioned politics. But to be consistent—and I am—I do not think it has anything to do with the issue. The issue we are debating here—and I direct this to the gentleman who asked the question—is the integrity of the Minister of Finance and whether there is sufficient evidence from the Question Period and today to suggest, insist or prove that there has been any lack of integrity on his part or any wrongdoing.

Surely the Members opposite without conviction with their love for democracy, their concern for justice, would have long ago made a case here, gone the traditional route and challenged the Minister to go before the Standing Committee on Privileges and Elections, and put his seat in jeopardy. I am sure they have that integrity, the Members opposite who have participate in Question Period every day. Thus, I can only come to the conclusion that they have not been satisfied that there is sufficient evidence or any evidence of any lack of integrity on the part of the Minister of Finance. Hence, maybe that is why they are falling back on the issue moral standards.

I might say in my reply that some of the questions in recent pays but by Members of the New Democratic Party reflect a healthy hypocrisy on their part. The Hon. Member for Comox-Powell River (Mr. Skelly) was not too kind and charitable in his reference to Ministers, I think yesterday. I think he almost chocked to death in his demand that Members resign. Resign for what? There are some Members of the New Democratic Party, not all, who have obviously demonstrated that sanctimoniousness which has always been one of their characteristics as far back as the thirties, that they are purer than anyone else. I suppose that is the hallmark of a true socialist. If the Hon. Member for Comox-Powell River feels so strongly about the Minister of Finance resigning, then he has the time today or on Monday or Tuesday to go the honourable way and make a charge in the House of Commons. Then we would deal with it in the appropriate forum, which is the

Standing Committee on Privileges and Elections. I doubt if he has that courage.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is not designed to amuse the previous speaker, but in view of his long experience here, both as a backbencher and as a Minister, I want to ask him if he is as concerned as I am. I heard him speak about his concern about this kind of debate and, even more important, the kinds of questions which have been asked for more than a week now, going into the homes of the nation. Is he concerned, not only about the reputation of the Minister of Finance (Mr. Lalonde), but whether he believes that indeed the reputation of any Minister or any Member of the House is safe if other Members can get up and, through innuendo and smear, attack an individual in the House, without making a charge, without repeating those charges outside the House, without putting their reputations on the line too?

Mr. Mackasey: Mr. Speaker, I do not think too many Members resort to those tactics, although some on this side have not been above adopting such tactics at one time or another. I have thought of this many times because I was here in the sixties. I was here, but I was not too concerned about the Ministers who were under attack. I was concerned about those who were not part of the House of Commons, concerned about those who did not have access to the House of Commons to defend themselves. Mr. Gillespie does not have that access, but at least he is a political figure and he can defend himself outside this place. I remember a young law student named Guy Lord whose name was dragged into debate by the Hon. Member for Yukon. He had to leave here because of the stigma, and went to Paris to complete his studies. When the reports were tabled a month later by the judiciary he was totally exonerated of any wrongdoing. I am not suggesting that he was brought into the debate on purpose. I mean that. Because of our immunity there are innocent victims, and just like others who suffered from those difficult times, there is very little we can say by way of consolation. That should not be interpreted as meaning any limitations should be placed on the role of the Opposition. The Opposition has an obligation to probe, demand and ask the type of questions, which I thought the Hon. Member for Hamilton Mountain (Mr. Deans) did today in very appropriate parliamentary style. That is the job of the Opposition. It is not the job of the Opposition to drag in red herrings and to smear people, or to use the type of tactics that could not be used by learned counsel in court. Perhaps it is time to review the whole concept of immunity. Maybe we could set up some rules.

• (1730)

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

[*Translation*]

The President of the Privy Council (Mr. Pinard) on a point of order.

Mr. Pinard: Mr. Speaker, I am rising on a point of order to get the floor. I would like to draw your attention to Standing Order 35(1), which I quote:

> Unless otherwise provided in these Standing Orders, when the Speaker is in the Chair, no Member, except the Prime Minister and the Leader of the Opposition, or a Minister moving a government order and the Member speaking in reply immediately after such Minister, or a Member making a motion of "no-confidence" in the government and a Minister replying thereto, shall speak for more than twenty minutes at a time in any debate. Following the speech of each Member a period not exceeding ten minutes shall be made available, if required, to allow Members to ask questions and comment briefly on matters relevant to the speech and to allow responses thereto.

However, Mr. Speaker, keeping in mind the first few words of that Standing Order 35(1) which read "Unless otherwise provided in these Standing Orders", I will now quote Standing Order 62(13) to which I draw your attention because it is contradictory:

> During proceedings on any item of business under the provisions of this Standing Order—

—and this Standing Order refers to an Opposition day such as we now have—

> —no Member may speak more than once or longer than twenty minutes. Following the speech of each Member, a period not exceeding ten minutes shall be made available, if required, to allow Members to ask questions and to comment briefly on matters relevant to the speech and to allow responses thereto.

Here is the point I want to raise, Mr. Speaker: the Hon. Member who is about to speak belongs to the Progressive Conservative Party. Of all speakers today, he is the only one who will not have had the opportunity of facing questions and answers once he has completed his remarks, because of the hour at which he will begin his speech. Under the circumstances, if he has the least bit of courage, I am asking him to agree in advance to shorten his remarks by five minutes so as to enable Hon. Members to ask him a few questions at the end of his intervention.

[*English*]

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I am not rising on a point of order. If the President of the Privy Council (Mr. Pinard) wants to ask me questions, I am quite prepared not to see the clock for five minutes so Hon. Members on the other side can ask questions. I am asking only for ten minutes in which to give my speech. Certainly we will give unanimous consent not to see the clock for five minutes so that Hon. Members can ask their questions.

Some Hon. Members: Hear, hear!

Mr. Andre: Let me make it abundantly clear, and I am being repetitive in terms of what has been said here earlier today by Members from this side of the House, both by Conservatives and by New Democrats, but the question at issue is not the character of the Minister of Finance (Mr. Lalonde). There is no accusation nor has there been a hint of an accusation that the Minister of Finance has pocketed some money or has gained illicitly from this deal. There is no suggestion that the Minister of Finance acted in a way con-

trary to the Criminal Code or contrary to any other law. What is at issue here is whether he fulfilled his responsibilities as a Minister of the Crown in terms of the guidelines for minimum acceptable behaviour as laid down by the Prime Minister (Mr. Trudeau). That is what is at issue, Mr. Speaker. That, and nothing more.

It was interesting to listen to speakers from the Government benches today. They stood up and said that they deplored muckraking; there has not been any; and then they resorted to 20 minutes of muckraking.

Some Hon. Members: Hear, hear!

Mr. Andre: I shall not go up that blind alley. I will not be attracted by that red herring or that straw man which the Hon. Member for Lincoln (Mr. Mackasey) whipped the blazes out of. I will not be attracted by the straw man which the Minister of Indian Affairs and Northern Development (Mr. Munro) destroyed or the straw man that was taken on by the Minister of Energy, Mines and Resources (Mr. Chrétien). We are not impressed with these battles with straw men. What we are concerned about, as has been so eloquently stated today by many, many speakers, is the integrity of Parliament—

Some Hon. Members: Hear, hear!

Mr. Andre: —and the authority of the Minister of Finance, of all positions, probably next to the Prime Minister, second most important to the nation. The unscuruplous integrity which must be associated with that office clearly has been thrown into question. Overwhelmingly it has been thrown into question by any measure of objective analysis that, the Minister is in violation of the guidelines, as is the previous Minister, not just in the eyes of the Conservative Party, or in the eyes of the New Democratic Party, but in the eyes of every single correspondent working for newspapers, radio and television. They have all reached the same conclusion. If we are wrong, so is everybody else who, in a public way, has commented on this matter. Everybody is wrong except for the Liberal Party. Everybody is wrong except for the Treasury benches and the sheep who follow. That is an absurd situation.

What we have is a clear violation of the conflict of interest guidelines by the Minister of Finance, the former Minister of Energy, Mr. Gillespie and, quite probably, the Deputy Prime Minister (Mr. MacEachen), the Minister of State for Mines (Mrs. Erola) and perhaps the Minister of Fisheries and Oceans (Mr. De Bané), who in his previous incarnation was responsible for the Cape Breton Development Corporation. I will not go over all the evidence that clearly establishes beyond and shadow of a doubt that Mr. Gillespie was in violation of the guidelines. The guidelines have been read several times. I want to read them once more because an important part was left out. These guidelines read:

> Within a period of two years of leaving office, Ministers should not:
>
> (c) lobby for or on behalf of any person or commercial corporation before any department or agency for which they were responsible on an ongoing basis during the last two years of their participation in the Ministry.

On the next page we find:

> For these purposes "department or agency" includes Crown corporations—

We have Crown corporations called Petro-Canada and Devco. The former Minister of Energy, Mr. Gillespie, was the Minister responsible for Petro-Canada. He was clearly responsible for Petro-Canada. That means that he should not have had any dealings with Petro-Canada for two years.

● (1740)

The current Minister of Energy said that Gillespie's job was to persuade the other participants. He admits that Gillespie lobbied Petro-Canada. He persuaded them, if you prefer that language. Clearly, it is overwhelmingly established that Mr. Gillespie is in violation of the guidelines.

I will not go over the memos that have been mentioned in terms of the information tabled yesterday which clearly established Mr. Gillespie's culpability. There is the "Dear Micky" letter. They say they treat everyone commonly. I have about 20,000 constituents who would love to be on the terms of "Dear Micky, I have a deal. Do you think you could get your boys to help me with this deal?" Is that not seen as preferential treatment to any reasonable person on the outside? Of course it is preferential treatment.

The Prime Minister says that lobbying is persistent contact. He says that there is no evidence of that. Then they table three inches of documents showing the kind of contact that was occurring. Does it take a file of documents three feet thick before persistence is established?

Of course, there is the quote from the Deputy Prime Minister in Port Hawkesbury that Gillespie is not the beneficiary of his own foresighted policies. From the words of the Deputy Prime Minister, Gillespie is in violation of the guidelines. Automatically, any responsible Minister is also in violation of the guidelines as the current Minister of Finance, the then Minister of Energy, clearly is.

If our system of responsible Government has any meaning whatsoever, Ministers must be responsible for what their deputies do. They are fixed with the knowledge of their deputies. Ignorance cannot possibly be an acceptable defence if we are to try to retain some semblance of parliamentary democracy.

Cohen knew what was going on. Therefore, the Minister of Finance knew too. Cohen and Stewart were directors of Petro-Canada, which was a part of the deal. Therefore, the Minister of Finance was responsible. Finally, the Minister of Finance, as the Minister responsible for Petro-Canada while this deal was going on, has a third level of responsibility in terms of honouring the guidelines, which he most certainly did not honour.

What has happened here during the last week was a bungled attempt to cover up. That is exactly what we have seen. We saw the Prime Minister, on the first day this was raised, saying that it was outside the two-year period, as if that applied to sitting Ministers, which it does not. The next day he stated to the House that he had talked to the Minister of Finance, and the Minister of Finance assured him that he knew nothing about it until September, 1981. The next day he comes in and says that actually it had nothing to do with the federal Government; it was handled by Nova Scotia. We have brought

to the attention of the House already once today a memorandum to the Minister from one Maureen Lovies which indicates that in fact the million dollars from the federal Government was laundered through Nova Scotia. Then we have the indication that the Minister had forgotten somehow, but he knew on January 15. After looking at the documents, we find, from the document of January 15, in the words "You will recall", a clear indication that the Minister of Finance knew well before January 15. He has been misleading the House. There has been an attempt to cover up, but as more information became public, that cover-up, has been prevented.

In my final minute let me just say to those Members opposite who have said that the reputation of the House is at stake, that they are right. That is what is at stake here. What is at stake is parliamentary democracy. If that kind of behaviour, a clear violation of these guidelines, is to be permitted and sanctioned by the vote of a bunch of sheep on the backbenches of the Liberal Party, then this House has lost its right to sit. We have no purpose in being here if that kind of behaviour is to be sanctioned.

Some Hon. Members: Hear, hear!

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being 5.45 p.m., it is my duty, pursuant to the provisions of Standing Order 62(9), to interrupt the proceedings and put forthwith every question necessary to dispose of the business of supply.

[*English*]

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Corbin): Call in the Members.

The House divided on the motion (Mr. Broadbent) which was negatived on the following division:

(*Division No. 297*)

YEAS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Cossitt (Mrs.)
Crombie
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
de Jong
Dick
Domm
Ellis
Elzinga
Epp
Fennell
Forrestall
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Heap
Hees
Hnatyshyn
Hovdebo
Howie
Huntington
Jarvis
Jelinek
Keeper
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss) (Kingston and the Islands)
MacDougall
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Paproski
Parker
Patterson
Reid (St. Catharines)
Riis
Rose
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Wright
Young—125.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaiel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin

Messrs.

Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan—142.

● (1815)

Madam Speaker: I declare the motion lost.

Motion (Mr. Broadbent) negatived.

It being now 6.15 p.m. I do now leave the chair until eleven o'clock tomorrow.

At 6.16 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 25, 1983

The House met at 11 a.m.

• (1105)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

PUBLIC SERVICE

SEVENTH ANNIVERSARY OF FINKELMAN REPORT

Mr. Hal Herbert (Vaudreuil): Madam Speaker, on February 26, 1976, seven years ago, I tabled in this House the report of the Special Committee on Employer-Employee Relations in the Public Service. This report was the result of 18 months of hard work by a Committee which listened to witnesses from unions, management groups, and other interested parties from all parts of the country.

The Special Committee had a mandate to study a report produced by Mr. Jacob Finkelman who was the chairman of the Public Service Staff Relations Board since the legislation was enacted in 1967, and had presided over employer-employee relations in the Canadian Public Service. Thus, our Special Committee report became popularly known as the Finkelman Report. It contained 72 recommendations, of which recommendation No. 4 reads:

> Certain revisions to the Public Service Employment Act be made immediately to allow the Public Service Commission to operate efficiently.

I underline the words "be made immediately".

Recommendation 5 reads:

> That Parliament consider the proposed changes to the Public Service Employment Act as soon as possible, bearing in mind their relationship to changes recommended in the Public Service Staff Relations Act.

No action whatsoever has been taken on any of the 72 recommendations in the report.

Since then there have been two further studies, one on personnel management and one on accountability in the Public Service, the D'Avignon Report and the Report of the Lambert Commission.

In my over ten years as a Member of Parliament—

Madam Speaker: Order.

* * *

HOUSE OF COMMONS

PEACE OFFICERS' MEMORIAL PROPOSAL

Mr. Girve Fretz (Erie): Madam Speaker, it has been said that the wheels of bureaucracy turn exceedingly slowly. Nowhere is this saying more true than in the case of the peace officers' memorial proposal, which I initiated on December 14, 1981, as a result of a motion put forward by the Canadian Association of Chiefs of Police.

Madam Speaker, this is not a complex proposition. It does not involve the expenditure of great quantities of the taxpayers' dollars. Surely it is a project worthy of consideration. Yet, all I have been getting on this is consideration, no action.

I have written many times on behalf of the Association of Chiefs of Police in the hope of receiving a simple answer such as, "Yes, we are placing the memorial book in such and such a room in the Centre Block today." Instead, I have been getting pat answers, indeed the same pat answers two and three times in succession, such as, "The matter is being brought to the attention of the Executive Committee." I would rather not receive letters indicating that the matter will be dealt with shortly, but a letter indicating action will be taken now.

Last week, I again sent a memo to check on the status of this issue which could have been resolved months ago. It was brought to my attention that a room in the West Block would be considered. Surely this is inadequate. The West Block is not a public area. Therefore, how many people will be viewing the guest book in that obscure location?

I believe that our nation's police forces are among the best in the world. The gallant men who died protecting our society's best interests from those who would—

Madam Speaker: Order.

* * *

BUSINESS OF THE HOUSE

NEWSPAPER EDITORIAL ON PROCEEDINGS

Mr. Douglas Fisher (Mississauga North): Madam Speaker, it is time for us to get back to work on positive economic issues. Over the past week we have detoured into false issues by demanding the retirement of the Minister of Finance (Mr. Lalonde). That does nothing to help Canadians find greater prosperity or to restore the country's economy.

In today's editorial *The Toronto Star* has written an important reminder to us about scandalmongering. I want to quote parts of it for our consideration:

S.O. 21

Lalonde's forced resignation would be more than a personal tragedy. It would deprive Canada of a dynamic, progressive-minded politician at a time when they're in short supply. The budget would be delayed many months—a budget crucial to spurring the economy toward recovery and creating jobs—

The Opposition has made much, throughout this debate, and non-confidence vote, of the need for honor and accountability in government . . . Marc Lalonde abused no fundamental public trust, in breaching the guidelines; there is no compelling public interest in seeing him driven from office.

The Government has brought vital economic issues into the House over the past month for debate. We must continue the debate on the Income Tax Act if we are to get refunds out to low-income people who need the money. We must debate the—

Madam Speaker: Order.

* * *

ADMINISTRATION OF JUSTICE

ENFORCEMENT OF CHILD MAINTENANCE ORDERS

Miss Pat Carney (Vancouver Centre): Madam Speaker, nearly half of all single parent families headed by women in Canada live below the poverty line. An important reason for this economic distress is the lack of enforcement of court ordered maintenance payments for child support. In Ontario, for example, 75 per cent of orders for child maintenance are not paid after two years.

The problem, Madam Speaker, is that the responsibility for collecting the money owed them is left to the mothers who have been abandoned by the fathers of the children. If the father does not pay, the mother must incur legal costs and return to court to request enforcement. If the father has left town, the mother must try to trace him. In many cases the cost of enforcement exceeds the value of the order.

As a solution I urge the federal Government to introduce two amendments to the Divorce Act. The first amendment would empower the courts to enforce and collect child maintenance payments through the issuance of continuing orders. If a parent defaulted, a Crown attorney would be appointed to trace the parent and compel him to pay.

The second amendment would permit the court to use Revenue Canada records and social insurance numbers to trace spouses who default on their child maintenance payments. Appropriate safeguards could be applied to ensure that only the courts had access to this information. This system already operates successfully in the United States.

The economic situation of single parent families today is so desperate that immediate Government action is imperative.

• (1110)

EXTERNAL AFFAIRS

UNITED STATES REACTION TO LOWER CANADIAN AIR FARES AND OTHER MEASURES

Mr. Les Benjamin (Regina West): Madam Speaker, yesterday the administration of the United States cancelled seat sale air fares offered by Air Canada, affecting 56,000 Canadians who planned to travel to the United States. Obviously that administration wants to collapse the convention on air travel arrangements with our country, because Canada had given approval to United States airlines to charge similar fares on travel to Canada. What the U.S. administration really wants to do is put Canadian airlines out of business hauling Canadians to Pacific Rim destinations, by allowing U.S. carriers to funnel our travel around the Pacific via California. Canada must take immediate action to counter this blatant interference in our affairs.

This is nothing more than another action in a series where the United States has broken faith with Canada: obstruction to the showing of National Film Board films, one of which is nominated for an Oscar award; stonewalling solutions to acid rain problems; refusal to ratify a fisheries treaty; failure to meet commitments on the Northern Alaska pipeline; attempts to emasculate FIRA; blackmail to force us to test U.S weapons systems.

Canada must be firm and forthright in its dealings with the United States and stop its supine acquiesence. We must stop acting like mendicants on our hands and knees in our dealings with that country.

* * *

HOUSE OF COMMONS

CORRECTION OF MISLEADING STATEMENTS

Mr. David Smith (Don Valley East): Madam Speaker, yesterday both the Hon. Leader of the Opposition (Mr. Nielsen) and the Right Hon. Member for Yellowhead (Mr. Clark), as reported at page 23188 of *Hansard*, called for the resignation of the Minister of Finance (Mr. Lalonde) on the grounds he had misled the House. Clearly these Hon. Members are demonstrating rank hypocrisy by failing to distinguish between an honest mistake and a deliberate misleading of the House. No one on the opposite side suggested that the Minister of Finance intentionally misled the House. They know his reputation, and they know that such a suggestion would be unthinkable.

On October 15, 1979, the Minister of State for International Trade in the Tory Government, the current Hon. Member for Etobicoke Centre (Mr. Wilson), rose to correct an answer given by him in the House three days earlier. He said:

Since making that statement, my officials have made me aware of three contracts which have been cancelled, one in the amount of $4.2 million and two other smaller ones, one contract for approximately $350,000 and the other one for approximately $60,000.

Obviously that Tory Minister clearly misled the House in regard to deals worth over $4 million. If we are to apply the logic of the Right Hon. Member for Yellowhead, he should have demanded the resignation of his Minister for misleading the House. Did he? Of course not. Why? Because it was unintentional. Did Liberal Members demand the Minister's resignation? No, because we know the basic and fundamental difference between an honest mistake and a deception.

I would suggest that Members opposite should stop this hypocrisy, stop applying double standards, and show some consistent application of parliamentary principles for a change.

* * *

NATIONAL FILM BOARD

UNITED STATES RULING ON CANADIAN DOCUMENTARY FILMS

Mr. Walter McLean (Waterloo): Madam Speaker, Canadians are proud of the independence and international reputation of the National Film Board. Its documentaries have won acclaim in film festivals around the world.

The decision of the United States Justice Department to declare three recent documentaries offensive and brand them as political propaganda, is unacceptable. Those in the United States who show National Film Board films "Acid From Heaven", "Acid Rain: Requiem or Recovery", and "If You Love This Planet", must record their names with the Justice Department as if they were taking part in a subversive activity. Incidentally, the latter film which warns of dangers in the nuclear arms build-up, has been nominated for an Oscar.

It is not enough for officials to make statements across the border about this unfortunate incident. It is imperative that the Secretary of State for External Affairs (Mr. MacEachen) and the Minister of Communications (Mr. Fox) make a clear statement to the American administration that the treatment of these films is unacceptable to the people of Canada and the Government of Canada.

* * *

ENVIRONMENTAL AFFAIRS

AMAX CORPORATION'S DUMPING OF TOXIC WASTE—MEETING WITH MINISTERS

Mr. Jim Fulton (Skeena): Madam Speaker, Canadians from coast to coast have been following the Gillespie-Lalonde affair with jaundiced eyes. There are too many deals, patronage, and appearances of pay-offs by Liberals to their friends.

For three years now, on behalf of all Canadians I have attempted to reveal the truth about the Amax affair. These same frontbench Liberals have fought every move, have sought to hide material from the public view. Documents delivered in an unmarked envelope this week add one more chapter to the book on why Liberals are unfit to govern.

The documents reveal that two Liberal Cabinet Ministers met together with Amax officials and their respective lawyers before the Government's own environmental review was complete. The results of the meeting are now clear—Amax's own lawyers participated in the drafting of marine disposal regulations, which were ultimately signed by the then Minister of Fisheries, the present Minister of Public Works (Mr. LeBlanc), in the middle of the 1979 federal election. The two Cabinet Ministers, Len Marchand and Iona Campagnola, can take credit for circumventing the Government's own review process, for saving Amax $23 million, for allowing dumping 8,000 times above the Government's own regulations, and for lowering the level of trust the average Canadian can put in the political and legislative process in Canada.

• (1115)

Can we forget, Madam Speaker, that four out of five on the Government's scientific review panel opposed the marine dumping proposal by Amax? The Gillespie affair is shameful. The Amax affair is political corruption at its apex.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—SIGNING OF CONSORTIUM AGREEMENT IN OCTOBER, 1980

Mr. John Bosley (Don Valley West): Madam Speaker, I have a question for the Minister of Finance with regard to what would seem to be a leak of the October 28, 1980, budget. The Minister will know that the documents tabled in this House this week indicate a million dollars was set aside in the planning stages of that budget for the Scotia Coal Synfuels Project. The Minister will also know that, one day after the budget was announced in this House, the consortium agreement was signed, that agreement obviously having been negotiated and prepared weeks in advance, indicating that the consortium was aware and intended to apply for that $1 million. How was it that the Scotia Coal Synfuels Project consortium knew that money was in the budget?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the infusion of the funds for research on coal liquefaction was and is part of the National Energy Program which was tabled in the House at the same time as the budget on October 28. Second, I am advised the agreement between the consortium was actually signed at a later date than the one mentioned by the Hon. Member.

Mr. Broadbent: A day after the budget.

Mr. Lalonde: Third, I am advised that the project is one that was considered for a long time by the Nova Scotia Government under the 1977 agreement. It had nothing to do with the budget.

Fourth, I am advised that no one in the consortium knew that there was to be anything in the budget about this or even in the National Energy Program specifically. That is the advice I got. Certainly Mr. Gillespie was not aware that there would be any specific sums allocated for that purpose in the National Energy Program itself.

CONSORTIUM'S CONTEMPLATION OF FUNDING

Mr. John Bosley (Don Valley West): Madam Speaker, the memorandum of understanding was signed October 29, 1980. How could that memorandum include the following words:

It is contemplated that the Consortium will be able to obtain, directly or indirectly, a contribution or grant of 40 per cent of the Study Project Costs, up to $1 million, from the Oil Substitution Fund—

And then comes the key word "or", and it continues:

—or from other sources of Government funding—

Unless there was reason to believe, as the then Deputy Minister of Energy, Mines and Resources has indicated that a million dollars was, in fact, being provided, as the Deputy Minister said in the memorandum to the Minister dated January 15, how can the Minister explain that a document could be prepared for signature on October 29 that clearly refers to moneys included in the October 28 budget?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, again I have to repeat what I have said before. Obviously there must have been discussions between officials and members of the consortium in which this issue was considered. Again, the sum of $1 million must have been anticipated under the Oil Substitution Program that existed since 1977. The mention of it in the National Energy Program that was tabled at the time of the budget should be no surprise.

REQUEST THAT MINISTER QUESTION OFFICIALS

Mr. John Bosley (Don Valley West): Madam Speaker, my supplementary question is for the Minister of Finance. He seems not to be aware that there is at least the potential or the appearance of a budget leak here. Will the Minister undertake to question directly the officials involved and, if appropriate, bring them before a parliamentary committee? It is imperative the House know—that the House know, Madam Speaker—the consortium did not have what it appears to have had, and that is advance knowledge of what was in the budget.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I will be very happy to check if my hon. friend makes this request. It is obvious by virtue of what I have already said that there could not have been a budget leak. It is part of the National Energy Program that was tabled at the time of the budget. Discussions obviously must have taken place and there must have been consideration of this particular project. But there was no budget leak here.

• (1120)

ROLE OF PETRO-CANADA

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is directed to the Minister of Finance. The Minister knows that this project is mentioned on page 84 of the National Energy Program which is a part of the 1980 budget. He will also make himself aware that on November 25, 1980, before the Alternate Energy Committee, the Minister of Finance, then in the position of Minister of Energy, Mines and Resources, said that there is not one word in this program that he did not approve personally. Therefore, the references on page 84 were personally approved.

We knew at the time of the budget that Mr. Joel Bell, senior Vice-President of Petro-Canada, had a hand in drafting the budget. That was confirmed here in the House. The very next day Petro-Canada signed a deal, a memorandum of understanding with Gillespie and Associates, that mentions the $1 million.

If in fact there was not prior knowledge by Mr. Bell, other officials of Petro-Canada and Mr. Gillespie, if we are asked to believe this Minister whose word I find difficult to believe in view of his conflicting letters, what possible explanation can he provide to the House for that overwhelming circumstantial evidence that Mr. Gillespie, Mr. Bell, other officials of Petro-Canada, Devco, and perhaps others in the private sector, were aware of what was in that budget before it was presented to the House at 8 p.m. on October 28?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, my hon. friend should read the budget of October 28. He will find that there is no reference to this project in the budget of October 28. At the time of the budget the Minister of Finance tabled the National Energy Program which contained a large number of measures and a large number of allocations of funds, including funds for Atlantic energy development. That was all made public at the time.

I am advised, if I remember well, that Mr. Bell worked on the Canadianization aspect of the National Energy Program. I have never heard that Mr. Bell worked on any part of the budget.

Mr. Andre: The Minister is asking us and other Canadians to believe something that is totally unbelievable. He should examine his own conscience in view of his responsibility as a Minister of the Crown and Minister responsible for bringing down a new budget.

STATEMENT IN UNDATED MEMORANDUM

Mr. Harvie Andre (Calgary Centre): Madam Speaker, the Minister has just repeated in the House something that the Prime Minister has said in the House with regard to where this money is coming from. It is, namely, from the Consolidated Revenue Fund of the Government of Nova Scotia, the $9.2 million that was set aside as a result of the 1977 agreement which Mr. Gillespie drafted.

Would the Minister tell the House how this explanation coincides with an undated memo to the Minister of Energy, Mines and Resources from Marjory Loveys which says that the $9 million has already been completely committed and, "the $1 million slated for coal liquefaction consortium is in addition to the money in the fund; it is being passed through the fund for administrative reasons." What is the explanation for the conflict between this memorandum to the Minister and what in fact the Prime Minister and the Minister have been telling the House this morning?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, if the Hon. Member were really as honest as he pretends he would like to be, he would read the full file. He will find a memorandum written by Mr. Walsh, I believe, that is in the file that has been tabled, and which states quite clearly and categorically that, having seen the Treasury Board submission, the Minister gave a directive that the $1 million should come from the Oil Substitution Agreement with Nova Scotia without reimbursement. If the Hon. Member wishes to address this question to the Minister of Energy, Mines and Resources, I am sure he will be able to refer him specifically to this memo.

So, the money was to be taken out completely and fully from those moneys that were under the control of Nova Scotia and part of the consolidated revenue of Nova Scotia, not from the other funds that were provided for under the National Energy Program. It was for a very simple reason; that fund had been setup and was under the control of Nova Scotia. There was money there and that is where the money should come from. I invite my hon. friend to have the honesty to look at the file, read the documents, and see what indeed transpired. At this point it was made quite clear that, under the Minister's instructions, it had to be taken out of the Nova Scotia-Canada fund for oil substitution.

• (1125)

Mr. Andre: Supplementary, short supplementary!

Madam Speaker: The Hon. Member for Oshawa.

Mr. Andre: How come Treasury Board is needed for the Halifax Consolidated Revenue Fund? Continue to lie.

DEPUTY MINISTER'S MEMORANDUM OF JANUARY, 1981—TIME-FRAME FOR PLANNING PROJECT

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Minister knows, or at least everyone on this side of the House knows, that that change was made so that the very appearance of conflict of interest involving Mr. Gillespie would be evaded. Everyone knows that.

I would like to ask a question concerning the likelihood, it seems to many of us, of foreknowledge of the contents of the budget on Mr. Gillespie's part. According to documents which were tabled in the House the other day, he met with the Deputy Minister of Energy, Mines and Resources, Mr. Cohen, six months before the budget, specifically to discuss the project. Now I want to refer to another document and ask the Prime Minister or the Minister of Finance to listen with care, and then give me a straight answer in relation to it.

Among the documents tabled the other day was a memorandum dated January 15, 1981, sent by the Deputy Minister, Mr. Cohen, to the present Minister of Finance. The following specific reference to Mr. Gillespie was made:

> You will recall that Mr. Gillespie has organized the Scotia Coal Synfuels Project whose object is to study the possibilities for the liquefaction of coal in Cape Breton—

Further down are what seem to be the key words:

> In anticipation of this development, provision was made during the planning stage of the National Energy Program for a maximum of $1 million to be available for federal participation in this project.

It is stating that in the planning stage of the National Energy Program, which was announced in the budget, Mr. Gillespie's proposal, including dollar amounts, were taken into account. Will the Minister please comment on that? Does that not give us the clearest possible reason for believing that Mr. Gillespie had foreknowledge?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I reviewed the file, and the way I understand the problem is that the program in relation to coal liquefaction had been under way for many months with the Government of Nova Scotia.

If the Hon. Member had listened yesterday, he would have heard me state all the chronology of the work done by Mr. Gillespie. He started first with Mr. Barkhouse, the Minister of Nova Scotia, and they discussed the matter for months. Of course the money was to come from the funds under the control of the Treasury of Nova Scotia. At one time they might have considered another possibility, because I am informed that Nova Scotia wanted the federal Government to pay for it. We decided that the money was to come from the funds which were established before, and this is probably where this kind of confusion has arisen.

However, the reality is that Mr. Gillespie started with Nova Scotia, the money was available in Nova Scotia, and at one time Nova Scotia had indicated that it preferred to keep its money for something else. At that time the Minister of Energy, Mines and Resources decided that, if the program was to go ahead, it would go ahead with money which had been allocated to the Treasury of Nova Scotia in 1977.

Mr. Broadbent: Madam Speaker, that does not deal with the question at all. I am not referring to the cute rearrangements which were made by the federal Government in terms of paying Mr. Gillespie.

Mr. Hnatyshyn: Cute, cute.

Mr. Ouellet: Not paying him.

Mr. Broadbent: I am referring to the foreknowledge as to what would be in the budget. If the Minister of Energy, Mines and Resources is now going to answer the question instead of the Minister of Finance, that is fine, but I would like an answer.

Oral Questions

KNOWLEDGE OF ALASTAIR GILLESPIE

Hon. Edward Broadbent (Oshawa): Madam Speaker, in the memorandum sent to the present Minister of Finance, who was then Minister of Energy, Mines and Resources, there is reference to the National Energy Program which was announced on budget day. We now know that the consortium brought about by Mr. Gillespie was announced the very day after the budget—right? That is the sequence of those events. No one disputes them. The memorandum dated January 15, 1981, states:

In anticipation of this development, provision was made during the planning stage of the National Energy Program for a maximum of $1 million to be available for federal participation in this project.

Could the Minister tell us how anyone could possibly believe that Mr. Gillespie did not know that that would be in the budget?

Some Hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I have great respect for Mr. Gillespie—

Some Hon. Members: Oh, oh!

Mr. Crosbie: You sure do!

Mr. Chrétien: —but I find it a bit surprising that he would be so proficient that from one day to the next he would be able to find five partners to form a consortium. The fact of the matter is what I said in the House, that he tried to put these associates together in the summer of 1980, after he had met with Premier Buchanan.

• (1130)

An Hon. Member: Why did he do it?

Mr. Chrétien: Because he knew that there was a fund set aside in 1977 for that very purpose, and it was after he got the agreement and the enthusiastic support of Premier Buchanan that, in the summer of 1980, long before the budget, Mr. Gillespie met with Petro-Canada, met with the Gulf Company and so on, to try to persuade them to have a consortium.

Mr. Clark: They all knew about it then.

Mr. Chrétien: They knew that there was money available for that sort of project.

Mr. Broadbent: It was put in after it was put in the budget.

Madam Speaker: Order. I will allow the Minister to finish his answer, but I am addressing myself to the Hon. Member for Oshawa. He will have an occasion to ask further questions, but please let the Minister answer.

[*Translation*]

Mr. Chrétien: Madam Speaker, I repeat that throughout the summer of 1980, there were negotiations between Mr. Gillespie and the various companies that formed this consortium. Therefore, Mr. Gillespie could hardly have formed the consortium on the very day or the day after the budget was announced. That is impossible, because it took him weeks and months to persuade his partners and convince them that it was a good project. That could not be done after the budget was brought down. In fact, Mr. Gillespie and Premier Buchanan had known for some time that there were funds available to the Government of Nova Scotia for oil substitution research projects. I feel that has no connection with the budget that was announced the day before. It was a program that Mr. Gillespie suggested, first of all to the Government of Nova Scotia as early as the spring of 1980.

[*English*]

Mr. Broadbent: Madam Speaker, the Minister is absolutely right. Mr. Gillespie was organizing months ahead, meeting with Deputy Ministers, meeting with all kinds of people, and he made sure, along with the Ministers co-operating, that what he wanted to achieve would be included in the budget. I think everyone who looks at the evidence, on this side of the House at least, knows that he knew that it was going to be in the budget and was able to announce the consortium the next day.

DEPUTY PRIME MINISTER'S AWARENESS OF PROJECT

Hon. Edward Broadbent (Oshawa): Madam Speaker, I would like to ask the smiling Deputy Prime Minister a question. Since he was in Cape Breton in his riding as Deputy Prime Minister, along with Mr. Gillespie, proudly announcing this project, could he tell the House, as Deputy Prime Minister, when he first became aware of Mr. Gillespie's involvement in this consortium?

Madam Speaker: I would think that a question to the Deputy Prime Minister of this nature would be allowed if the Prime Minister were not present, but since the Prime Minister is present I suppose the question should be addressed to the Minister responsible, but not to the Deputy Prime Minister.

Mr. Broadbent: Madam Speaker, I suspected that the Deputy Prime Minister would use his former role not to answer, so I will ask the present Minister of Finance to check with his colleague four seats down, the Deputy Prime Minister, and find out when he first became aware of this project, and report at some early date to the House.

Hon. Marc Lalonde (Minister of Finance): I will be very happy to, Madam Speaker.

DISBURSEMENT OF FUNDS—ROLE OF TREASURY BOARD

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I want to come back to the question asked by the Member for Calgary South, and direct my question to the Minister of Finance, or to the Minister of Energy, who makes such a point of using Nova Scotia to clear any possible ambiguities here. I want to direct this question to either one of those Ministers. If Nova Scotia was in total control of the funds, why did the

agreement have to go to Treasury Board for approval? Secondly, if Nova Scotia was in total control of these funds, why did the project require approval from the Joint Federal-Provincial Management Committee, which Nova Scotia did not control. Would you tell us that?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, it was because it was part of the agreement of 1977 that the money was to be used for projects in Nova Scotia in that field, not to put asphalt in the riding of the Hon. Member.

Mr. MacKay: There has been no federal asphalt in my riding lately, Madam Speaker, as those Ministers know very well, and they should know that that is a provincial matter.

APPLICATION BY ALASTAIR GILLESPIE FOR FUNDS

Hon. Elmer M. MacKay (Central Nova): On January 7, 1981, Madam Speaker, Mr. Gillespie wrote a letter to Phil Read, the Co-Chairman of the Management Committee, in which he said, "I wish to make application for a matching grant of $1 million". On January 13, 1981, Read replied and said, "The Management Committee agreed in principle to the project to a maximum of forty per cent of the project cost and to an amount not to exceed $1 million." It just took him six days to get $1 million. That is a pretty good performance. Can the Minister of Energy elucidate that a little bit and explain why the great haste?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Yes, Madam Speaker. It was because both Governments had discussed that before the Management Committee. The Member from Nova Scotia evidently was quite aware of the problem because the first discussion in the spring of 1980, for many weeks, was only with the Nova Scotia Government. At that time Nova Scotia was ready, and according to the agreement, they came to the federal Government to get approval, but all the programs were always initiated in Nova Scotia, and one that was approved was from the riding of the Hon. Member. Nova Scotia felt that it was its program, but in the agreement of 1977 there was a provision that the money was to be approved by a joint board because we wanted to make sure that the money was to be used for oil substitution and not for other provincial purposes.

CONFIDENCE OF FINANCIAL COMMUNITY

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Minister of Finance. I was wondering if the Minister of Finance, who is now asking this House to approve going to the country for $19 billion, would not agree with me that the financial community must have a great deal of confidence in the Government if it is expected to lend to the Government $19 billion by summertime. I would like to know how he felt that the financial community would have that confidence in the Government in view of the Minister's lack of memory as to detail as shown in the Gillespie matter, or his lack of attention to how his Crown corporations are operated, as shown in the way he supervised Petro-Canada's involvement with lobbying by a former Minister.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would deplore the allegations made by the Hon. Member at the end of his statement, which are quite wrong.

Mr. Clark: Except the record proves them correct.

Mr. Lalonde: Secondly, I would like to ask my friend whether he can tell me what he was doing on June 3, 1980, or September 12, 1980, or August 15, 1980. If he can answer that question today in the House, right away, by standing up and by telling me what he did that day—

Mr. Crosbie: He was not helping Gillespie that day.

Mr. Lalonde: —I am sure the business community will have great confidence, but to reassure my hon. friend I can tell him that in the last week I have received dozens of phone calls from people in the business community supporting me and supporting the stand I have taken—

Mr. Crosbie: Alastair Gillespie called; Judd Buchanan called.

Mr. Lalonde: —and asking me to carry on.

Mr. Blenkarn: Madam Speaker, I would tell the Minister that it would not be difficult to keep a diary and know where he is going.

REQUEST THAT MINISTER OF FINANCE RESIGN

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question to the Minister of Finance is this. Does he not agree that it is most important to a country in serious financial difficulty that the financial community and the business community have total confidence in his ability to manage, and does he not feel that, for the good of the country, he would be better off to resign?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I stated yesterday in this House that politics for me was not the end all and be all, and that I have a lot of other things that are attractive to me.

Some Hon. Members: Go, go.

Mr. Lalonde: If I felt that any good was going to be served, I would have resigned immediately.

Mr. Nielsen: For God's sake, go.

Mr. Lalonde: If I felt that there had been any wrongdoing or any cause for believing that anything wrong had been done, I would not have needed the admonition of my hon. friend. I would have assumed my own responsibilities, without delay, and immediately.

However, at the same time I believe I would not be rendering a service to the political life of this country, to our system of governing in this country, or to the country—

Mr. Clark: To honour standards.

Mr. Lalonde: —if I were to allow the kind of smears we have heard from the other side to prevail and to lead to decisions by Ministers in the future—

Mr. Clark: To honour your own guidelines. What a contemptible response.

Mr. Lalonde: I think that would be a very, very wrong precedent to establish.

• (1140)

1980 BUDGET—REQUEST THAT PRIME MINISTER UNDERTAKE INVESTIGATION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Prime Minister. It has to do with the statement made earlier today by the Minister of Finance when he said it is obvious there was no budget leak, referring to the 1980 budget. That is the same Minister who, on February 17, informed the Prime Minister that he had no knowledge of anything to do with the Scotia Synfuels Project prior to September, 1981. We found we could not accept his word in that case. We certainly may not be able to accept his word today when he says it is obvious there was no budget leak.

Because of the sensitivity of this issue and because of the importance of the budget at any time to Parliament and to the economy, will the Prime Minister undertake a full investigation to assure this House and the people of Canada that there was no budget leak in October, 1980?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member goes back to the fact that there had been a correction of dates resulting from the Minister of Finance's letter to me. If the Hon. Member arrived late, I would suggest that she read the statement made by the Hon. Member for Don Valley East before Question Period today. I know that Members opposite usually do not listen to statements from this side, but he cited a specific case where the Hon. Member for Etobicoke Centre, while a Minister in the previous Government, had done the same thing. He had given some wrong information to the House, information amounting to some $4 million, I think the Hon. Member said, and some days later he came back and corrected it. He said that he had misled the House. There were no howls on this side and no cries on that side for his resignation.

Mr. Clark: There was no violation of the conflict of interest guidelines.

Mr. Trudeau: The Member had merely misled the House. The former Leader of the Opposition seems to think that is not important. I wish he would get together with the Hon. Member for Kingston and the Islands on that, because she seems to think it is. And stop smiling a silly smile and look at the reality.

RELEVANCE OF DATES IN OCTOBER, 1980

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my supplementary is directed to the Prime Minister who said that his Minister of Finance had merely misled the House previously. This morning he may "merely have misled the House" when he talked about no budget leak in 1980.

Yesterday in response to a question the Prime Minister replied:

> The Minister this morning, and certainly the Deputy Prime Minister and myself have all conceded that the dates are irrelevant—

I would suggest to the Prime Minister that two dates are very relevant. One is the date of October 28, 1980, when the budget was brought down. The other is the date of October 29 when the memorandum of understanding between Mr. Gillespie and the consortium was signed. I would ask the Prime Minister once again whether he has the courage and the sense of responsibility to undertake a full investigation to ensure that there was no budget leak or previous information passed with regard to the budget of October, 1980.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it seems to me that the Minister of Energy answered that yesterday when he put all the dates before the House, all the transactions, all the moments in history when Mr. Gillespie and the four other eventual members of the consortium were trying to put this together on the basis of funds which were available since 1977. Once again, Premier Buchanan was the one whom the corsortium members saw first. They did not even come to the federal Government. They went to Nova Scotia because they knew he had control of the funds. They put the thing together with him.

Does anyone suspect that there was a budget leak which was brought to the attention of the Premier of Nova Scotia? Does someone suggest that Premier Buchanan was suddenly enthusiastic about this consortium and said to go ahead and sign it, because somebody had given him a budget leak? That is preposterous. We had funds available since 1977. They were applied for in the years that followed. They came to fruition after long negotiation sometime in the Fall of 1980 on the basis, once again, of funds available since 1977. Why is the Hon. Member trying to contrive some suspicion here when there is none at all?

REQUEST THAT TREASURY BOARD MINUTES BE TABLED

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is directed to the Prime Minister. One thing journalists in other countries have found out in similar instances is to follow the money. These documents which the Prime Minister gave us are incomplete to do that. I would like to repeat my question to the Prime Minister of yesterday, which he refused or failed to answer. The question was whether he was prepared to table before the House the documents surrounding Treasury Board and the Treasury Board minutes

of April 13, 1981, where Mr. D. Johnston and Mr. A. MacEachen were there in Treasury Board. Would he table the minutes of that Treasury Board meeting, because that would clear up the situation?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, would it really clear up the situation? Would the Hon. Member stop worrying if those minutes were tabled? Would that settle the matter? If I knew this, I might even be prepared to consider his question.

REQUEST FOR TABLING OF PETRO-CANADA DOCUMENTS, AND TELEPHONE BILLS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, the question to the Prime Minister is how can we know? It appears that the Prime Minister is withholding or hiding information. This is the 18-minute gap in the tapes, if you like.

Some Hon. Members: Hear, hear!

Mr. Waddell: I direct this supplementary to the Prime Minister. If the Prime Minister wants to come clean, will he table those minutes, and will he table the minutes of the Petro-Canada documents from May 27, 1980, to October 29, 1980, and, third, the telephone bills that are referred to in these documents that are not appended? Those are the missing documents in this case. If the Prime Minister wants to clear this matter up, as he said, is he prepared to table those particular documents?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member talks of telephone bills. If there are telephone bills which are available and they are relevant, I will make sure they are tabled. However, if he is asking that I table a minute of Cabinet, a minute of Treasury Board or a minute of the Committee of Cabinet, the answer is no. There has never been any precedent for tabling minutes of Cabinet, and I do not intend to create it. There was one exception when access was given to a non-member of Cabinet to Cabinet minutes. That was the McDonald Commission. There was an allegation of criminal action there, and none was found, of course. If the Hon. Member wants to allege criminal action, if he wants to go outside the House and make that allegation—

Mr. Broadbent: Come on.

Mr. Trudeau: I understand. The Leader of the NDP never was and never will be in Government, so he can't—

Some Hon. Members: Oh, oh!

Mr. Broadbent: I wouldn't sell out and join the Liberals like you.

Mr. Trudeau: He would have liked to in the Spring of 1980, but that did not come to pass.

Madam Speaker: Order.

Mr. Trudeau: That trick has been tried before, to ask Government to table minutes of Cabinet, and it won't succeed.

LABOUR RELATIONS

EASTERN PROVINCIAL AIRWAYS DISPUTE—REQUEST FOR MINISTERIAL ACTION

Mr. Maurice Harquail (Restigouche): Madam Speaker, I would like to return to the question of the economy in the Atlantic area, having to do with a very serious transportation problem which affects millions of Canadians in that part of the country. I would like to ask for the support of the Minister of Transport on this very serious matter. It has gone on for some weeks, far too long. What is his disposition and that of his officials as to what can be done to bring some early resolution to the conflicts that appear to be going on between the machinists and the pilots and Eastern Provincial Airways?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have sworn to the Minister of Labour that I will not answer this sort of question any more. Ladies and gentlemen, the Minister of Labour.

Mr. Nielsen: Pass the ball, boys!

• (1150)

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, this matter has been followed by Labour Canada over the weeks with great concern and, very closely, as we always do, with labour disputes. The dispute began on January 6 and it is my understanding that it is continuing despite our efforts and despite the fact that we are available for mediation services.

* * *

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—SUPPORT FOR PROJECT SOUGHT BY ALASTAIR GILLESPIE

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is directed to the Prime Minister. The Prime Minister's guidelines to his Ministers state that they should not lobby their former Departments within two years after they leave Government service. To "lobby" is defined in the Oxford Dictionary as "to solicit the support of". Would the Prime Minister tell me what he thought Mr. Gillespie was doing, with the knowledge of Ministers in December of 1980, when he wrote "Dear Mickey", to Mr. Cohen, a person of influence in the Government, "We need your assistance and support for the project", which afterwards was to realize him many, many tens of thousands of dollars in fees and payments, as we have seen last night? Does he consider that to be lobbying, or is that not lobbying, or is it discussions with Mr. Read of the Department—would that be lobbying, or discussions with Ministers? Are these activities lobbying, or are they not?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I did attempt to deal with that question and I did indicate that lobbying was a question of fact, and the persons who lobbied or who were lobbied, are the best witnesses of whether it was lobbying or not. If there are some objective standards, Madam Speaker, I am prepared to apply them. And I put to the former Leader of the Opposition, the Member from Yellowhead North—Yellowhead—that Members of his Government are dealing with their former Departments. Are they lobbying or are they asking for information? I assume they are asking for information.

Lobbying I see as something that does happen in Ottawa, and it is a form of constant and insistent pressure. What is the margin, Madam Speaker, between asking for information about some government program, asking the Government to support that program, and actually seeing former Ministers, putting pressure on them, and calling on party loyalties and so on? That would be lobbying, but I repeat—

Madam Speaker: Order. Order, please.

Mr. Crosbie: Madam Speaker, my supplementary question is directed to the Prime Minister who is the Member from Mount Misery.

Some Hon. Members: Hear, hear!

SUBMISSION MADE TO TREASURY BOARD

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Prime Minister, of course, has looked at the correspondence he has tabled, I feel sure, and he may find in it a memorandum which went first to the Treasury Board and the project came back again because of concerns about conflict of interest, which shows that those in the Treasury Board have more sensibility than the Prime Minister. Then some finagling was done to get around the problem that Mr. Gillespie was to get $600 a day, or $30,000 a year, and so on, from this project. Does that not indicate to the Prime Minister that there is something in this whole transaction which is wrong, if the Treasury Board had to refuse the project when it first came, and go back to the Minister of Finance who had to have knowledge of that?

Would the Prime Minister also say if his guidelines are now only to be left to the consciences of Liberal Ministers to decide whether they are broken or not, when those consciences have already acquired a great deal of scar—

Madam Speaker: Order, order!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would like to point out to the Hon. Member that in the instance he talks about the document did not go to the Treasury Board. It was changed by officials. What he calls "finagling", I think a more respectable person would have said that the officials wanted to make sure there would be no appearance of wrongdoing. And that is why they made sure that in the case of a former Minister he would not have any access to public funds. That is what they did. That is what they did without consulting me and without consulting the former Minister of Energy.

Mr. Crosbie: Permit wrongdoing, but not the appearance of wrongdoing, is that it?

Mr. Trudeau: Certainly it is to get rid of the appearance of wrongdoing that they did that. If they had thought there was wrongdoing, they obviously would have reported to the Minister and the transaction would have stopped. Once again, when the Hon. Member insists on the appearance of wrongdoing, I repeat what has been said by several Ministers on this side. There was a public announcement with the former Minister, Mr. Gillespie, there, in the presence of the Deputy Prime Minister, made with the Premier of Nova Scotia. If someone wants to do something wrong, they would not have gone on a platform, Madam Speaker. If it had been wrong, or even had the appearance of being wrong—

Madam Speaker: Order. Order.

ACTIONS OF ALASTAIR GILLESPIE—REQUEST FOR PARLIAMENTARY INQUIRY

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I also would like to direct a question to the Prime Minister with regard to lobbying. The Prime Minister indicates that if there had been the appearance of lobbying, the officials would have brought that matter to the attention of the appropriate Minister. Quite clearly in a document dated April 14, 1981, it is stated there is also a question of Mr. Gillespie's participation, whether Mr. Gillespie's participation is in variance with the conflict of interest guidelines, and it goes on to say that Mr. Schulte, the counsel, " . . . replied that he would refer this question to the Privy Council Office". This memorandum was sent to the Deputy Minister in the Ministry of Energy, which is tantamount to sending it to the Minister, as the Deputy Minister has an obligation to bring such matters of political importance to the Minister's attention. I ask the Prime Minister, given what is now known about the documentation which has been tabled, the series of meetings between—

Madam Speaker: Order. Order, please. The Hon. Member realizes, I am sure, that it is a few minutes only to twelve o'clock and he must more brief in his question.

Mr. Deans: Thank you, Madam Speaker. I hope it is only a few minutes to 12 o'clock. With the benefit of all of the information now available, does the Prime Minister not agree that Mr. Gillespie did in fact lobby? Does he not agree that, given what we now have, there ought to be a further inquiry into this matter in order that Mr. Gillespie can be called as a witness so that the people most involved can be questioned, in order that we can get to the bottom of this for the sake of the parliamentary system?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member goes back to the premise which

was stated by the previous questioner. He talks about a document of April, 1981, which was changed because the officials said, "Well, this is a former Minister. We must be careful that he does not get any special treatment. We must make sure there is no breach of guidelines". In order to ensure that, Madam Speaker, they changed the form of the submission. But why did they change it? Not to privilege Mr. Gillespie, not to give him any special access. They changed it to be sure he would have no access to public funds. That is the point. That is why it was changed, and that is appearing in the documents.

QUERY RESPECTING ACCESS GRANTED TO ALASTAIR GILLESPIE

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, is it not reasonable to conclude from all of the evidence that we now have, including the change to the submission, that the reason for the change was to give Mr. Gillespie access to what he otherwise would not have been entitled to?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Well, I ask the Hon. Member—

Mr. Deans: I cannot answer, so do not ask me.

Mr. Trudeau: The Hon. Member said that Mr. Gillespie had access to something to which otherwise he would not have been entitled. Under what section of the guidelines or of the law would Mr. Gillespie not have been entitled to put a project together which was based on government policy, which was asked for by the Premier of Saskatchewan—the Premier of Nova Scotia—and which was beneficial to the people of his Province? Why would that have been refused to him?

* * *

• (1200)

PRIVILEGE

MR. LEWIS—SCOTIA COAL SYNFUELS PROJECT—ALLEGED TABLING OF INCORRECT DOCUMENTATION

Mr. Doug Lewis (Simcoe North): Madam Speaker, I have a question of privilege with respect to the documents tabled by the Prime Minister (Mr. Trudeau) this week, specifically the last letter dated February 23 from the Minister of Finance (Mr. Lalonde), the former Minister of Energy. The point at issue is whether Parliament was given the true facts, not as a matter of debate but as a matter of documents tabled by the Prime Minister.

I have five items to refer to in making my argument. As part of the National Energy Program, on page 85 there was direct reference to "A utility boiler fueled by Cape Breton coal; prefeasibility study recommended site at Port Hawkesbury, N.S., commissioning expected in 1987".

In the budget of October 30, 1980, on page 10, there appears the following statement:

New funds will also be available to find ways in which the large reserves of Cape Breton coal can be used to enhance energy security—

When the Minister of Finance, formerly the Minister of Energy, appeared before the Committee on Alternative Energy and Oil Substitution on Tuesday, November 25, 1980, at page 52 of the report he commented as follows:

Yes, I can tell you that on this program—

That is the National Energy Program.

—there is not one word in this program that I did not approve personally. The officials worked, but it is a government program. The decisions and options that were retained were those retained by the federal government—not by officials as such.

On February 17, the Prime Minister tabled in this House a letter from the Minister of Energy which contained the following statement:

—I can state that between my appointment as Minister of Energy, Mines and Resources on March 3, 1980, and the signing of an agreement between the Government of Canada, the Government of Nova Scotia and Scotia Coal Synfuels Project on September 25, 1981, I did not have discussions, at any time, with Mr. Alastair Gillespie concerning that project.

As we all know, that letter was superceded by another letter dated February 23, 1983 from the Minister of Finance, the former Minister of Energy. He referred to the previous letter and then stated:

Pursuant to that review, I was informed yesterday, that on January 1981, a memo on this project was sent to me on behalf of my Deputy Minister and that on April 3, 1981, I had signed a Treasury Board Submission in connection with this project.

Madam Speaker: I hesitate to interrupt the Hon. Member because I gather that he is making a case about some information which he thinks is not exactly adequate. That might be a grievance, but unless he tells me more about exactly what he is seeking to argue concerning his briefer question of privilege, it will be difficult for me to continue to hear him.

I am willing to hear him if he tells me straightforwardly what his question of privilege is about. If it is about some information which, in his view, is inadequate, I think he knows that that is not the basis for a question of privilege and unfortunately I will not be able to continue to hear him.

Mr. Lewis: Thank you, Madam Speaker, I appreciate your comments. You have allowed me to put on the record the linkage we need to get to this point.

It is not a question of information being inadequate and it is not a question of debate; what it is, Madam Speaker, I respectfully submit, is a contempt of Parliament for documents to be tabled in this House by the Prime Minister, given the force and authority of his office, and to have another Minister of the Crown know that when that letter was tabled the facts contained in it were not correct.

I submit that is a leaving on the record of incorrect facts which I have pointed out are there. It is the leaving on the record by the Minister of Finance of that incorrect fact which is the comtempt of Parliament. It is not specifically that the Prime Minister knew, although I would suggest to you that the authorities state he is taken to have known that the facts were incorrect; what I am suggesting to you is that the contempt of

Parliament lies in the Minister of Finance sitting in his place while those incorrect facts remain on the record. That is where our privileges are being abused.

I suggest to you, Madam Speaker, that the Minister of Finance should do the honourable thing and correct the record now and state that there is no question, based on his own statement, that he knew when the budget came down, when he bragged that he had personally been in charge of the entire national energy project, when he personally approved everything—that is the point when the Minister of Finance, then the Minister of Energy, really knew of the involvement of Gillespie in the consortium.

We have spent a week and a half on that matter, Madam Speaker I suggest to you that the very fact that both Opposition Parties have concentrated on this matter in Question Period has to be evidence enough for you, through the fact that we represent the entire country, that despite the suggestions that we should be debating the economy, this goes to the very essence of what this place is about. If incorrect facts are tabled and if a Minister knows they are incorrect, surely that Minister must come clean and admit that they are incorrect.

Madam Speaker: About this development which the Hon. Member has just given to the House, what is he suggesting? That I should determine whether those facts are correct or not? The Hon. Member knows that the Chair is not in the position to determine whether documents placed before the House are correct or not or whether some of those documents, if the Hon. Member feels there is some contempt because of the fact that a document states a falsehood—if that is what I understand from the Hon. Member—could have been taken out of the record. I do not know if the Hon. Member would have thought of that, but the Chair is not in a position to determine if the facts tabled by the Hon. Minister or the Prime Minister are adequate. The Chair would be in a very, very difficult position having to determine a question of privilege on that basis.

Mr. Lewis: Madam Speaker, I would agree with the comments you have made, but the Chair is in a position to find that there is a prima facie case which should be sent to the Standing Committee on Privileges and Elections for review.

If you find from my remarks and my submission that there is sufficient evidence for a prima facie case, which I suggest to you does not mean enough to convict at this point but is just enough to substantiate what we have been arguing for a week and half—not all of the evidence that is in front of you right now but that we have brought forward enough evidence in this submission in the last two weeks for you to be sufficiently concerned—then as Speaker, as our equal among equals, you could find that there is a prima facie case to send to that Committee. We would be prepared to make that motion if you find there is prima facie evidence.

I have not had many opportunities to argue these questions of privilege but I suggest that we take a hard look at the words "prima facie". In a court of law they mean that a judge feels there is enough evidence to warrant a full judicial review—enough evidence, not for conviction, but to make it sufficiently important in the eyes of that judge to review the matter. Similarly, I suggest to you it is sufficiently important in the eyes of Members of the House to send this question to the Standing Committee on Privileges and Elections for review, so that we can get at the truth of this matter.

• (1210)

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, my learned colleague does not seem to understand the nature of a question of privilege. For his information I would like to point out that to determine whether the question may be raised and whether there is a prima facie case for privilege, the Chair must have a minimum of facts on the basis of which it can conclude that the freedom of speech of Hon. Members and their ability to discharge their duties as Parliamentarians have been restricted. However, that is not the point my learned colleague is trying to make. He is trying to claim that the documents that were tabled are not complete and that they do not correspond, according to his interpretation, to statements that may have been made, in answer to questions, by the Right Hon. Prime Minister or by other Ministers of the Crown. That has no connection with preventing a Member from exercising his freedom of speech or from discharging his duties as a Parliamentarian. He may not be satisfied with the contents of the documents or with the number of documents tabled, and he may not be very pleased with the interpretation given these documents by some Ministers or Hon. Members or the Prime Minister, but that is a matter of opinion, a matter for debate and interpretation. It is not up to the House of Commons to bring people to trial for any wrong doing.

To have a question of privilege, we must determine whether circumstances, or facts indicate that a Member has been prevented from exercising his right of free speech. That is the very essence of privilege. However, there is absolutely nothing in the facts submitted to the Chair by my hon. colleague that would justify the Chair examining whether or not there is a prima facie case of privilege.

In the circumstances, I feel that we have here a flagrant example of abuse of a procedure that should be used sparingly, according to Beauchesne and according to parliamentary practice relating to questions of privilege that are recognized as valid. In the circumstances, Madam Speaker, I submit, with due respect, that my learned colleague has absolutely no grounds for seeking a ruling from the Chair as to whether or not there is a prima facie case for privilege, because nothing the Hon. Member said indicates that Hon. Members have been restricted in their ability to discharge their duties as Parliamentarians in this House.

Madam Speaker: Considering the persistence with which the Hon. Member for Simcoe North is defending his position, the

importance of the question he is raising and his emphasis on that point, and considering the number of times it has been raised in the House, Hon. Members will understand that I intend to take this matter into consideration.

[*English*]

MR. SIMMONS—ALLEGED FAILURE BY CHAIR TO RECOGNIZE

Mr. Roger Simmons (Burin-St. George's): Madam Speaker, I rise on a matter of privilege. I submit that today, during the first hour of proceedings, my privileges as a Member of this House were tampered with. I submit further that this is just the latest incident in a consistent pattern of such tampering with my privileges as a Member of this House. I want you to know, Madam Speaker, that today's incident is the straw that breaks the camel's back for me.

An Hon. Member: Let's have it.

Mr. Simmons: Allow me now to document briefly my matter of privilege, and I inform you, Madam Speaker, that should the Chair—

Madam Speaker: Order, please. I would be delighted to hear the Hon. Member's plea for privilege, but at this point I do not know what it is all about and I did not get any notice of his question of privilege. If it has to do with the deliberations today, then I can hear him; but he must tell me in the first sentences what it is all about, otherwise I cannot follow the argumentation.

Mr. Simmons: Madam Speaker, I am not surprised; there was no argumentation. I had begun the sentence "Allow me now to document". I said in my opening statement that this question was based on something which happened during the first hour of proceedings. For that reason I understand no prior notice was required.

Madam Speaker: No prior notice was required, but the Hon. Member knows that in the first sentences he has to tell the Speaker what it is all about. I have been listening now to the Hon. Member for three minutes and I still do not know what his question of privilege is all about.

Mr. Simmons: As I was saying, Madam Speaker, please allow me to document it ever so briefly, and I inform the Chair—

An Hon. Member: What is the question?

Madam Speaker: I think the Hon. Member is playing with words. I do not want the Hon. Member to document the question now. I want the Hon. Member to state what the question of privilege is all about, and then he could document it.

Mr. Simmons: Madam Speaker, allow me to state the matter of privilege. My affirmation is that my privileges have been breached, and that affirmation arises from the failure of Madam Speaker to allow me the floor during Standing Order 21 proceedings.

Some Hon. Members: Shame.

Mr. Simmons: It is based on two related but distinct issues. The first the Chair may find debatable, but I invite the Chair to hear both. First—

Madam Speaker: Order. The fact that the Speaker did not recognize the Hon. Member surely does not constitute a question of privilege. It might be a point of order, and I would welcome the Hon. Member raising it. However, if he is raising it now under a point of order, I must tell him that I recognized most of the Members who rose today, namely the Hon. Member for Don Valley East (Mr. Smith) and two others. At any rate, there were three on this side, three on the other side, and two from the NDP. If Hon. Members had been in the House at eleven o'clock sharp, there would have been an extra one on both sides. But they were not, and at 11.15 I started the Question Period, as I am bound to do by the Standing Orders.

Mr. Simmons: Allow me, Madam Speaker, on a matter of privilege to state my matter of privilege—

Mr. Nielsen: No.

Mr. Simmons: First, I have said that the privilege is based on the failure of the Chair. It is not the failure itself of the Chair that constitutes the matter of privilege; it is based on that failure. Allow me very briefly to state the two issues which—

Madam Speaker: No, no. I have just ruled that that is not a question of privilege. I have ruled on a point of order in case the Hon. Member transforms this into a point of order. Furthermore, I must remind the Hon. Member that it is the privilege of the Speaker to recognize Members in the order—and I usually use that order—in which they rise. Now, I cannot always say; sometimes two or three rise at the same time. The Hon. Member was unlucky today. I hope that he is luckier another day. I will certainly, as I do in all cases, put his name on a list which I bring back into the House every day and I watch whether that Hon. Member is rising. If the Hon. Member is here on Monday, I am sure that I will be more than happy to recognize him.

Mr. Simmons: Madam Speaker, on a matter of privilege—

Madam Speaker: The Hon. Member for Burin-St. George's is rising on a matter of privilege?

Mr. Simmons: Madam Speaker, on a matter of privilege. I submit, with respect, that the Chair has not yet heard what my matter of privilege is. It is not the failure of the Chair to recognize me. I have said that very distinctly. I said that it was based on that failure, but that is not the matter of privilege. The matter of privilege is first—and I believe most important—that I rose in my place from the very beginning of the proceedings today, yet the Chair recognized other Members

from both sides of the House who had risen subsequently to me. What happened today is part of a consistent—

Madam Speaker: I am sorry, please. The Chair is the sole judge of who will be recognized at any time. How can the Hon. Member—and can he prove it to me—say that several Members did not rise at the same time? At any rate, it is still the privilege of the Chair.

Some Hon. Members: Hear, hear!

Mr. Simmons: Madam Speaker, on a matter of privilege—

Madam Speaker: Presenting reports from Standing and Special Committees.

Mr. Simmons: On a matter of privilege—

Madam Speaker: The Hon. Member for Burin-St. George's on a new matter of privilege?

Mr. Simmons: I said "On a matter of privilege", Madam Speaker. I have not been allowed to state my matter of privilege. That in itself is an abuse of the rules—

Madam Speaker: Order, order. I think the Hon. Member knows that he is presently abusing the rules—

Mr. Simmons: As is the Chair.

Mr. Nielsen: Withdraw!

Madam Speaker: He has stated his case, the Chair has ruled on his case, and I have suggested that he might transform it into a point of order but he refused to do so. The Hon. Member does not have a question of privilege. He should read the definition of privilege very carefully, and he will realize that he does not have a question of privilege.

Mr. Lewis: Madam Speaker, on a point of order, I wish to draw to your attention and to the attention of the House that during your recent remarks, when you suggested that the Member was abusing the rules of the House, the Hon. Member for Burin-St. George's (Mr. Simmons) said "And so is the Chair", or something similar. I would ask him to withdraw those remarks.

Madam Speaker: Well, I did not hear the Hon. Member say those words.

Mr. Nielsen: *Hansard* did.

Madam Speaker: I will ask him if he did say those words, and if he did say them, of course he will have to withdraw them. I did not hear them, but I will ask the Hon. Member to tell me on his honour whether or not he said them.

Mr. Simmons: Madam Speaker, I believe very deeply that in this matter the Chair abused the rules, and I said so. However, if the Chair finds that statement of my belief to be in unparliamentary terms, then I withdraw without equivocation. But you cannot hang me for what I am thinking.

• (1220)

Mr. Wilson: Shame.

Madam Speaker: Of course, in the strict sense that is acceptable. I do feel the words of the Hon. Member were unparliamentary. In a strict sense he has withdrawn them. I cannot help but say the way in which he has withdrawn them with regard to the Chair is really with a great lack of courtesy.

Mr. Nielsen: It is disgraceful.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. MITGES—PAYMENTS TO MACDONALD COMMISSION OFFICERS

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I am happy to present a petition today on behalf of constituents of Grey-Simcoe concerning their strong opposition to the gross overpayment of officers of the Macdonald Commission during this time of economic restraint.

The petitioners state that when this Government asked all Canadians to tighten their belts and to define their priorities, the Government should have been the first one to set a good example. The petitioners are very concerned, as I believe all Canadians are concerned, by this Government granting astronomical salaries to those individuals who are earning far more than perhaps 99 per cent of all Canadians.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,429 and 4,511.

[*Text*]

OIL AND GAS FOREIGN AID PROGRAMS

Question No. 4,429—**Mr. Mazankowski:**

1. Under the oil and gas exploration and development foreign aid programs financed by CIDA or Petro-Canada International, what criteria are used for selecting recipient countries and what conditions are attached to the aid provided?

2. Have the funds been used by foreign countries to hire oil companies other than Petro-Canada International and, if so, which companies were hired, by whom were they hired and at what cost?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Canadian Interna-

tional Development Agency and the Petro-Canada International Assistance Corporation as follows:

1. The criteria used for selecting recipient countries are as follows: (a) the recipient must be a developing country eligible to receive Canadian bilateral development assistance; (b) the recipient must be dependent on imported oil; (c) assistance must be consistent with the Government's international development assistance objectives and programs. The condition attached to the aid provided is that a maximum use of Canadian goods and services be assured.

2. No.

COST OF REFIT OF "CSS PARIZEAU"

Question No. 4,511—**Mr. McKinnon:**

1. Was a $219,531 design contract for the midlife refit of the *C.S.S. Parizeau* recently awarded to Eyretechnics Ltd. without tender and, if so, for what reason?

2. Were any West Coast firms given the opportunity to bid for the refit contract of this West Coast ship?

3. For the 12 months prior to August 31, 1982, what was the total value of government contracts awarded to Eyretechnics Ltd.?

Hon. J.-J. Blais (Minister of Supply and Services): 1. A design contract was issued to Eyretechnics Ltd., without tender on March 9, 1982 for $219,531.25. This firm was involved in the preparation of the statement of requirements and the correction of the drawings of the ship under a separate local contract for $24,574.29. The contract for the final design was issued on a sole source basis as it was considered to be the most cost effective and time saving procedure in view of the fact that this firm was fully acquainted with the ship as a result of the initial contract.

2. Requests for proposals were restricted to the three West Coast ship repair firms which had the facilities to carry out the required work. (1) Burrard Yarrows Corporation (which later submitted the lowest bid and won this $1.7M refit contract.) (2) Rivtow Industries Ltd. (3) Vancouver Shipyards Co. Ltd.

3. The total value of the contracts awarded to Eyretechnics during the 12-month period from August 31, 1981 to August 30, 1982 was $4,786,367.

Note: Question 1 above refers to the design contract and question 2 refers to the refit contract.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed from Tuesday, February 22, 1983, consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly (p. 22957).

Mr. Maurice Harquail (Restigouche): Madam Speaker, on Tuesday last, I spoke on Bill C-143 and pointed out the impressive decline we have seen in recent weeks in the inflation rate in Canada. We know that inflation was a very serious problem in 1982 and that it had some disastrous effects on our economy. I am pleased, and I am sure most Canadians are, that as I speak today the inflation rate in Canada is down to 6 per cent.

Mr. Nickerson: No, it is not.

Mr. Harquail: I want to take this opportunity to bring additional good news to Canadians, particularly to consumers. The Bank of Canada rate as of this week is at 9.43 per cent. The prime rate for borrowing at the banks is 11.25 per cent. In my view, this is excellent news for the turnaround in the economy that we are all hoping for.

On Tuesday I also mentioned the increased housing starts. I mentioned that my friend, the Minister responsible for housing, the Hon. Member for Westmorland-Kent (Mr. LeBlanc), had laid out some very impressive statistics to prove this point. That has to be another aspect of encouragement. We know that these increased housing starts will create many, many jobs which we are all interested to see come into the work force in Canada.

Having laid that groundwork, I want to talk about confidence in the country. We know that the Conference Board has indicated in its recent analysis that there will be a continuation of the upturn in our economy. Senior business executives have been more optimistic about this turnaround in the Canadian economy. For instance, in *The Globe and Mail* recently, Mr. Ron Lawless, President of CN Rail, was quoted as saying that he sensed an uptrend and is optimistic about increased business that CN Rail will be able to enjoy in terms of the operation for which he is responsible within the group of CN companies.

In addition to Mr. Lawless's statement from CN headquarters in Montreal, there was a statement made by the President of the Canadian Chamber of Commerce, Mr. George Urquhart. He is a fellow New Brunswicker. He expressed confidence and has praised, according to the article I have here dated February 15, the Minister of Finance (Mr. Lalonde) for his sincere and honest work in bringing back that confidence we have all been working so hard for in recent months.

When we read statements put out by the Conference Board of Canada, by the President of the Chamber of Commerce and the President of CN Rail, to name just a few of the business leaders in the country who have confirmed and are prepared to state publicly their conviction that the good work of this Government is resulting in lower interest rates and a lower inflation rate, it has to be very good news for Canadians.

I want to put some additional facts on the record. Sales of passenger cars have increased, to which I alluded the other day. But something has been lost in our discussions in recent months. I am speaking of Canada's trade surplus. It jumped to $21.6 billion in December, 1982. That is a 157 per cent increase from the previous record surplus of $8.4 billion in 1980. These figures and facts are not only significant but they are very impressive. Yet from time to time, because of heated debate on other topics, this news gets brushed aside, so I am highlighting it today.

In addition, corporate profits increased in the third quarter of 1982 after having declined for five consecutive quarters. This is another indication of an upturn.

The last time I spoke I referred to the CPI. The Consumer Price Index declined 0.3 per cent in January, 1983 after registering no increase in December, 1982. This marks the first decline in CPI since September 1978. As a result of the monthly decline, the year-over-year increase between January, 1982 and January, 1983 fell significantly, to 8.3 per cent from the 9.3 per cent increase recorded in December, 1982.

All of these pertinent facts support our position in bringing forward this important Bill now. The $5 billion is required to cover spending commitments in the current fiscal year. The additional $14 billion of interim borrowing is needed to meet the heavy seasonal cash requirements in the first fiscal quarter and to ensure the Government has flexibility in its debt management program.

The 1983-1984 Main Estimates tabled by the President of the Treasury Board (Mr. Gray) this week detail all the planned Government expenditures and spending for the upcoming fiscal years. As I said on Tuesday, the fact that the President of the Treasury Board brought forward those Estimates last Tuesday gives all Members of Parliament and all Canadians an equal opportunity to assess the plans and the indicators of the Government as to what its spending will be.

• (1230)

We all have very many serious and important projects that we want to see proceed in the various sectors and regions of the country. Obviously, I speak of the Atlantic region and particularly of my own Province of New Brunswick. I discussed this subject the other day and have had occasion to bring it to the attention of the various Ministers concerned with economic development in Canada. I was talking about the very important megaproject in northern New Brunswick. It is not only important because it will create an estimated 1,500 person-years of employment during its construction stage, but it will result in over 500 permanent jobs which tie in very nicely to the mining sector developments in the northern part of New Brunswick. This project is estimated to cost $360 million. Those jobs will complement the 1,800 in the mines plus the 600 people who are presently employed in the zinc plant that is in operation in that area now.

When we think of projects, we think of such things as upgrading and continuing expenditures on highways which need to see improvement. I am sure everyone feels that we have spent enough time talking about highway route 11 and 17. I am sure, Mr. Speaker, you will be familiar with this topic that I am identifying. We have encouraged and tried to insist that the Government responsible for the construction of highways in New Brunswick will have its planners, engineers and its Minister finally agree to put the highest priority on the completion of the network of highways leading from Moncton and Campbellton over to St. Leonard and Edmundston and down to the borders of the United States. These projects have been put on the backburner for far too long.

I submit that a reason for stressing and emphasizing the importance of proceeding with this project is that there are very substantial sums of money that we transfer to the Provinces. We know that the Canadian Government has every reason to implement this measure at this time, when one considers such questions as transfer payments to other levels of Government.

The Acting Speaker (Mr. Corbin): I regret to interrupt the Hon. Member but I must inform him that the time provided for his speech has now expired.

Questions, comments and answers.

Mr. Huntington: Mr. Speaker, in view of the fact that the Hon. Member for Restigouche (Mr. Harquail) has suggested that since the President of the Treasury Board (Mr. Gray) has tabled the Estimates, Members should be able to judge and determine how the $14 billion requested for the first quarter of the next fiscal year is to be spent, could he point out to me where in the Estimates that information is available? As well, could he point out where the annual calendar of cash flow would be able to tell me and other Members just what the need is for the programs presented in the Estimates for the first quarter of the coming year?

Mr. Harquail: Mr. Speaker, I first want to say that when one continues a speech from a previous day, ten minutes certainly does not give one adequate opportunity to cover all the aspects that I, at least, would have liked to cover.

In response to the question, I have great respect for the experience and the knowledge which the Hon. Member has. He knows that the Estimates have been tabled. He will also know that there have been discussions about an upcoming budget. I would submit that the specific answers to his question will be contained in that budget once we receive it.

With respect to his question concerning any indication of the expenditures, we all realize the importance of continuing the social programs that, in fact, we on this side brought to Canadians. The Hon. Member will know that one of the areas where we will have increased expenditures is in the transfer of

federal moneys to other levels of Government. That increase in cost is estimated to have risen by $2.5 billion, an increase of 17.5 per cent.

That was a point I was getting to in my speech. Now that I have an opportunity to put it on the record, let me say that this is an area where there will be a significant increase in costs. These funds will help pay for necessary programs such as health care, university education and others. We also know that there is an increasing number of elderly people in Canada. The pay-outs alone in old age pension, supplements and spousal allowance are forecast to increase by almost 10 per cent, or over $1 billion. We also know that there has been a heavy increase in cost as a result of our attempt to deal with the unemployment question in Canada. Those costs have jumped by 133 per cent to approximately $3 billion, as compared to the $1.25 billion last year.

In response to the question dealing with the budget, I am sure that Ministers concerned with the Treasury will be able to respond to the Hon. Member's question with more specific details. However, I have attempted to respond in some manner to his question.

Mr. Huntington: Mr. Speaker, the Hon. Member's answer obviously is that there is no cash flow projection within the Estimates whereby a Member of the House, no matter how diligent, can recognize just what the first quarter cash flow needs of the Government are.

In reply to my first question he did say that the budget would be coming down. Would the Hon. Member not then agree that Members would be far more informed and knowledgeable about a $19 billion borrowing requirement, requiring $14 billion for the first quarter, if the budget came down before this Bill was presented to us?

Mr. Harquail: Again, Mr. Speaker, I am convinced that the Hon. Member will agree that we need some consistency in order to have an orderly and consistent flow in fiscal management. This gives me the opportunity again to point out the declining interest rates and the lesser cost of money recently. All Members and that Hon. Member in particular would have to agree that lower interest rates will afford the Canadian Government the opportunity to obtain money at less cost. That is a point which must be emphasized. That fact will obviously put us in a much better position in the coming weeks and months than we were in at the beginning of 1983.

As far as the cash flow is concerned, there must be some built-in flexibility, as I am sure the Hon. Member realizes. I have tried to highlight some of the spending programs that we will have to spend the money on as a Government. I have tried to present some of the projects that are of concern to me in the Atlantic area which certainly pertain to the continued economic and industrial development in northern New Brunswick which we would all want to see.

I repeat that this just proves the remarks I made when I commenced my speech—

The Acting Speaker (Mr. Corbin): Order. There are other Hon. Members seeking the floor. I must interrupt the Hon. Member.

Mr. Riis: Mr. Speaker, I too would like to direct a question to the Hon. Member for Restigouche (Mr. Harquail). I must say that I was encouraged by the over-all tone of his presentation; I appreciate hearing that kind of optimism.

I would like to pursue a point that he raised in his speech on Tuesday of this week. I was not in the House at that time but I have had the opportunity to read *Hansard*. He made reference to the fact that we have seen a turn-around as well with respect to the economy. This was after he had indicated that there had been an increase in housing starts, as modest as they are. At least it is a positive direction. He went on to say that we have seen a turn-around as well. Could he elaborate on this turn-around that has occurred?

Mr. Harquail: Mr. Speaker, I would first like to make the observation that I also think it is encouraging to see the Hon. Member has returned to the question of the economy and to his responsibility to deal with economic questions in the House. I congratulate him on that.

I did not have the opportunity to complete my remarks about the good news. I was talking on Tuesday of this week about the decline in interest rates for borrowing money at the banks and the decline in the inflation rate. The good news was also about the housing starts at $1.5 billion. Any properly informed person would agree that this is good news.

• (1240)

I laid on the Table and on the record all the other aspects of the increase in sales of passenger cars. There was an increase of 37 per cent from July, 1982, to 66,800 units in December, 1982. That is something else which has been put forward by your own Party, and has been a very important indicator.

Concerning housing and the construction of cars, your very Leader, the Leader from Oshawa—

The Acting Speaker (Mr. Corbin): Order. The Hon. Member should address his remarks to the Chair, please.

Mr. Huntington: Yes, and they should be short.

Mr. Cosgrove: There is so much good news. You should hear it.

Mr. Harquail: Yes.

Mr. Cosgrove: Listen and learn. Clean out your ears.

Mr. Harquail: I think Your Honour will agree with me that the important items involving billions of dollars, as Hon. Members opposite have pointed out, and which I consider very serious and important, cannot be dealt with in 30 seconds. I am only following the lead given in the past week or so, when people have gone on to speak for five or ten minutes into the Question Period and other times—

Mr. Huntington: Practise answering questions!

Mr. Harquail: Now that we have dealt with the intrusions and interruptions which are unfair, and which—

The Acting Speaker (Mr. Corbin): Order, please. The Hon. Member for Restigouche should know that the Chair is charged with establishing order in the House. I would invite him to complete his answer, please.

Mr. Harquail: Yes, I would be delighted to complete my answer, and I thank Your Honour. I would only tell the Hon. Member that I think the evidence is very clear as to why I made that statement about the upturn in the economy.

Some Hon. Members: Hear, hear!

Mr. Riis: I would like to ask the Hon. Member a supplementary question. If he studied the record, he would find that I have not asked a single question in this House in the last six months which did not relate directly to the economy. Therefore, I am a little bit confused by the reference he made in his response. Mr. Speaker—

The Acting Speaker (Mr. Corbin): Order, I regret to interrupt Hon. Members again, but the time provided for questions and comments has expired. Debate?

Mr. Keeper: Mr. Speaker, I rise on a point of order. In light of the importance of this matter, I am wondering if the House would give unanimous consent to allowing a couple more questions to be asked of the Hon. Member.

Some Hon. Members: No, no!

Mr. Cosgrove: We want to hear from others.

The Acting Speaker (Mr. Corbin): Is there unanimous consent to allow the question period to continue?

Some Hon. Members: No.

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

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, having listened to the speech by the Hon. Member for Restigouche (Mr. Harquail), we now know where some of the $19 billion will go. It will go to Liberal pork barrel schemes in New Brunswick.

Some Hon. Members: Oh, oh!

Mr. Cosgrove: That is intelligent.

Mr. Nickerson: Perhaps the Liberals are considering a coal liquefaction plant there to complement the one which will be put in the sister Province of Nova Scotia.

However, that is not what I want to discuss today. I want to discuss the principles behind the huge borrowing authority Bill requesting $19 billion. This Bill really amounts to two Bills in one, two Bills which have been combined for the purposes of debate which should not have been combined. The first one is to allow an additional $5 billon to be borrowed during the course of this fiscal year. That would bring the borrowing authority for this year up to a total of $26.2 billion.

If one reviews the history of the accumulation of this borrowing authority, one finds a serious indictment of the Government in that it does not know what it is doing and is incapable of producing a reasonable financial plan. In addition to the $3.5 billion or so of previous unexpired borrowing authority, the Government had to come back to this House with Bill C-111, requesting another $6.5 billion, and then it came back with Bill C-125, requesting another $7 billion. Then it came back a few months later with Bill C-128, requesting another $4 billion, and here it is today with Bill C-143, requesting an additional $5 billion for this one year. If this does not prove that the Government cannot get its financial act together, I do not know what does.

As I said before, the Bill is two Bills in one. What we should be doing is dealing with this $5 billion requirement for this fiscal year now, and if the Government is in such poor shape that it really cannot get by without borrowing those additional funds, then the House might be prepared to deal with that matter expeditiously. However, the other $14 billion—and I strongly suspect that there will be much more to come later—is not required until the next fiscal year.

There is absolutely no reason whatsoever why we cannot vote in favour of the amendment put forward during this debate by the Hon. Member for Comox-Powell River (Mr. Skelly), deal with the $5 billion, and then examine the request for the additional $14 billion for the next fiscal year in the Standing Committee on Finance.

It is unheard of in the history of Parliament that a Government would come to Parliament to seek authority to borrow those sums of money without presenting the necessary projections telling us why it needs the money and how it intends to spend it. These are the types of issues which should be studied in detail in the Standing Committee.

The Government is mishandling its financial affairs, as we have seen from the Bill. Further, the way in which it puts House business together is so bad that it is forced into smuggling in important Bills, combining them, bringing in omnibus Bills, because it does not know what it is doing. It is wasting so much parliamentary time that it is not taking care of the necessary business of Canada. We have seen numerous illustrations of this. I suggest that all Hon. Members of the House consider voting in favour of the very reasonable amendment put forward by the Hon. Member for Comox-Powell River.

I listened with great interest to one of the better presentations during the course of the debate made by the Hon. Member for Kamloops-Shuswap (Mr. Riis). He condemned the Government for seeking this borrowing authority—

Some Hon. Members: Shame.

Mr. Nickerson: —and quite rightly so. He pointed out some of the things I have pointed out as well. In fact, he used the 20 minutes or so available to him almost exclusively for that

purpose. It was a very good speech, but it missed one of the fundamental questions: Why does the Government need all this money?

I suggest that it needs it because it has been following the lead of the New Democratic Party. It has been introducing all these new spending programs. We have a little game going on here. We hear the NDP suggesting more ways to spend Government money, necessitating increases either in taxes or in borrowing. Gradually, after a time, these suggestions are picked up by their friends over in the Liberal Party.

Mr. Cosgrove: They voted with you last night.

Mr. Nickerson: Then the time comes to count the cost, and that is what we are having to do today. The cost in this Bill is $19 billion on account of those socialist policies put forward by the NDP and followed by the Liberals.

Mr. Blenkarn: Absolutely right.

Mr. Nickerson: On the very few occasions when measures have been put forward in the House to reduce Government expenditures, what has happened concerning the NDP? Its Members have voted against them.

Mr. Cosgrove: They voted with you last night.

Mr. Nickerson: Not too long ago a Bill was presented for the purpose of reducing expenditures by cutting the salaries of MPs. It called for Parliamentarians to show the way, and with the support of this Party it eventually passed. However, the NDP voted against it.

Mr. Cosgrove: But they voted with you last night.

Mr. Nickerson: On a more philosophical level, I now want to challenge some basic assumptions which have become part of the conventional wisdom of this country. I initiated this matter in the House on February 15, and I do not think I was the first one. I recall in a series of presentations by the Hon. Member for Ottawa Centre (Mr. Evans) that he also broached such matters, although perhaps indirectly.

• (1250)

On February 15, under S.O. 21, I brought to the attention of the House that in 1968 when the Prime Minister (Mr. Trudeau) first took office the federal deficit was some half a billion dollars and at that time there were 350,000 unemployed Canadians. In 1975 the deficit had increased to some $5.5 billion and unemployment then stood at 700,000. In 1981 the deficit was $13.5 billion and unemployment at that time was 900,000.

If you study the figures for the last 20 years or so and plot them on a graph, Mr. Speaker, you will find that there is almost a linear relationship between the number of unemployed and the federal deficit. The conventional wisdom is that if you are faced with the problem of unemployment you go into a deficit spending position, and this is supposed to take care of your unemployment, the so-called Keynesian theory, although the way I read what that hon. gentleman said, he never did suggest that one could get anything for nothing.

If you were faced with the undeniable fact that there is an inversely proportionate ratio between the number of unemployed and the federal deficit and were unfamiliar with the so-called conventional wisdom, you would obviously come to the conclusion that it is the deficit that is causing the unemployment, rather than the deficit being the cure for unemployment, as is the position of the Government. If you look at the figures in other countries you quite often find that countries which over the years have had a smaller annual deficit in comparison to Canada, or have broken even, have experienced much less unemployment than countries which have indiscriminately increased their deficit. So there is not only a Canadian example to go by, but international examples.

Given that, it would be my suggestion that the cure for unemployment is not a continual expansion of the federal deficit. Indeed, it is the very opposite. It is a contraction of that deficit that will lead to reduced unemployment in Canada. If we can work towards a balanced budget, such as proposed by the Hon. Member for St. John's West (Mr. Crosbie) in 1979, that will bring about a reduction in unemployment and eventually will bring about full employment in Canada.

If this is examined in another way, the reason that is the case will be apparent. If we have a well-run system of finance in Canada, that will lead to stability. It will lead to confidence, something that is sadly lacking at the present time. With stability and confidence in place, that will lead to investment. Canada will be a safe place for Canadians and other people to invest in. Investment will bring about employment. That is the relationship, and that is why we should get away from what we are doing at present.

What we are on now is a treadmill approach to things. The deficit gets bigger and bigger. It is supposed to reduce unemployment, but it does not; it increases it. We do not want to give up the theory so we increase the deficit some more, which leads to more unemployment. "Try some more spending" is what the Government has been saying for years and years, and we now know that this does not work. In the past we have borrowed up to our necks. Canadians are taxed up to the hilt. They can hardly bear any more taxation. There appears to be practically no capacity left to tax more or to borrow more.

Let us look at what that is doing to our nation. I have read several ancient authors and they have said: "How do you judge the strength of a nation? How do you judge its capacity and capability to fight back?" If you see a country that has low taxes, that does not owe very much, that has its affairs in order, in the case of a military situation they know that if that country were invaded it would be able to fight back, because it would have the capability of raising taxes, of getting more money, of borrowing money elsewhere, either internally or externally. That would not be a country that you would choose to invade because they would be capable of fighting back. They would have the capacity to do so.

I suggest that the same thing happens economically. When a country is faced with an economic crisis, as many countries are

in the world today, if over the preceding years they have taxed themselves to death, have borrowed until they are unable to borrow any more, then they are easy victims and do not have the capability to fight back. That is precisely what is happening in Canada today. We are now paying for the mistakes and the faults of Government going back to 1968, and even before that. Canada is an easy victim of the recession because of past Liberal policies.

I would strongly suggest that the institution of Parliament and all of its Members, not just those on this side but also a good number of those on the other side, have some real doubts about the request the Government has put forward to us today for some $19 billion of borrowing authority. Many Parliamentarians here are scared to say no, because they do not know what would happen if Parliament said no and there was no more money to be made available to the Government, or the amount of money was severely reduced. But if this Parliament does not say no, there is no stopping these fellows on the other side. There is no stopping the Government. We have seen what has happened in the past, and it is the same old treadmill. They will continue in their reckless and abandoned way.

If Parliament says no, then we will force the Government to put its house in order. We know it will be difficult to do that and we know that there will be political repercussions, but some day we are going to be faced with that and it might as well be now as some time in the future when the problem will be even worse.

Just look at what has been happening of late in the Province of Quebec, the fiscal calamity of that Government—that is a familiar term; I heard it used by somebody on the other side some time ago, before he was a member of the Privy Council. However, the situation in which the Government of Quebec has got itself into is proportionately worse than that of the federal Government of Canada. Unlike the federal Government of Canada, the Government of Quebec cannot print money. It does not have the same recourse to the printing press as the federal Government has. So it has been forced into the crunch, forced to take actions that undoubtedly it wishes it did not have to take. And look at the result. There is almost rioting in the streets.

I suggest the same situation is going to catch up with us federally unless we take action now to anticipate those things to come.

I wonder if I might call it one o'clock, Mr. Speaker?

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being one o'clock, I do now leave the Chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

[*English*]

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deputy Speaker: Order. When the House rose at one o'clock, the Hon. Member for Western Arctic (Mr. Nickerson) had three minutes remaining in the 20 minutes allotted to him.

Mr. Nickerson: Mr. Speaker, in the three minutes that remain to me, I will briefly put an end to what I was saying before lunch. I was describing the treadmill upon which we have got ourselves, the treadmill of unemployment, deficits, borrowing, more unemployment and yet more deficits. I was suggesting that Parliament has it within its power now to put a stop to that. I do not suggest it would be easy to do that. I do not suggest there would not be a period of difficulty, but I can assure the House that people would readjust and that Canada would come out of this period of readjustment lean, strong and fit and without the accumulation of Liberal baggage which has grown up over many years.

Members of Parliament now have it within their power to put a stop to this. We can vote no to this Bill. We can put an end to the Liberal financial ineptitude and stupidity and we can put Canada back in shape. It has to be done some time, and I suggest we do it now.

Mr. Keeper: Mr. Speaker, my question for the Hon. Member has to do with comments he made earlier today. He indicated that the reason we have a deficit in this nation is that the NDP have been advocating the expenditure of public moneys and the Liberals have been following our advice.

I want to point out that the Hon. Member has at least conceded the fact that the NDP is an effective Party in this House and that we can affect public policy. I want to point out the kind of things that we have fought for in this House. We have fought for Unemployment Insurance so that people do not suffer in times of economic depression such as we have now. We have fought for pensions for old people in this country so that they can lead a decent life in their old age. We have fought for Family Allowances, a fight in which the Tory Party has not joined hands, the six and five debate. We also fought for the development of medicare. Which of those items—Unemployment Insurance, pensions, Family Allowances medicare—does the Hon. Member decry the NDP for having fought for in this House?

Mr. Nickerson: Mr. Speaker, I certainly do agree with the Hon. Member for Winnipeg-St. James (Mr. Keeper) that the New Democratic Party, in conjunction with the Liberal Party, has been effective. It has certainly been effective in putting Canada on the brink of bankruptcy.

Where do we start cutting down the costs of Government? The Hon. Member for Winnipeg-St. James is quite right in pointing out that some of the social programs we have in this country are very expensive. If you examine the budget, you find that we spend much more on these items, which are really

within the provincial domain, than we do on national defence, for example.

Let us take medicare. Not long ago I talked to a group of doctors. They pointed out that 50 per cent of medicare payments are in respect of families with medical expenses of less than $250 per year. There is one obvious item where we can cut down our expenditures. If a family in Canada was obliged to pay the first $250 of any medical bill, we could cut by 50 per cent the amount of money paid to doctors under the medicare scheme. That is a very good example of how we could at least commence this process.

ed3112;-1 **Mr. Young:** Mr. Speaker, I would also like to address a question to the Hon. Member. Is he enunciating official Conservative policy when he makes that kind of statement?

Mr. Nickerson: Mr. Speaker, the Conservative Party has always been known for its responsibility in the field of Government finance. What I said today was said in the very same way by the Hon. Member for St. John's West when as Minister of Finance he brought in the Conservative budget. If the Members of the New Democratic Party want to know where we stand on financial affairs and financial responsibilities, I suggest they pull out the 1979 budget and have a look. They will see how, without causing undue difficulties to Canadians, the expenditure of revenues of the Government of Canada can in a period of years be brought into line.

Mr. Riis: Mr. Speaker, I want to direct a short question to the Hon. Member for Western Arctic regarding PIP grants. The Government has set aside $1.5 billion in the last year to assist in frontier oil development and exploration which goes primarily to the foreign multinational oil companies, not Canadian oil companies. Does he agree with the principle of that kind of support to these kinds of companies?

• (1410)

Mr. Nickerson: No, sir, I do not support the way in which the Government of Canada has gone about the idea of PIP grants. The Hon. Members of the New Democratic Party have said many times that the solution to the oil and gas supply problems in Canada would be the nationalization of the companies engaged in that business. I certainly do not agree with that approach, as I do not agree with the approach taken by the Liberal Party.

The approach which I would like to see would not be PIP grants. I would like to see a simplified system of taxation in Canada whereby Canadians could gather themselves together to form oil and gas companies and explore for and produce oil and gas. If they were successful in a very risky undertaking, as the oil and gas business is, then they would derive profits from that venture and would be able to keep a fair amount of those profits. It would not be a confiscatory taxation system like we have today. If the taxation system was amended, then there would be no need for PIP grants. I do not like PIP grants any more than my colleagues to my left.

Mr. Keeper: I have a supplementary question for the Member for Western Arctic. I asked the Hon. Member whether he applauded or decried the fight of the New Democratic Party for Unemployment Insurance, pensions, Family Allowances and medicare. He indicated those are provincial responsibilities, and that we really needed to spend more on national defence at this level of Government. Does the Hon. Member not realize that those are precisely the priorities and policies of Ronald Reagan, the President of the United States, the gentleman who has dragged us all into this depression today?

Mr. Nickerson: That, Mr. Speaker, is a misrepresentation of what I said. I was comparing the amount of money contained in the federal budget for national defence, for social programs and other areas. I did not advocate an increase in the national defence budget.

Mr. Young: Mr. Speaker, I still did not get an answer to the question I asked the Hon. Member for Western Arctic a few moments ago. In fact, he has been giving answers which are nearly as good as the slippery ones we get from his bed partners across the way. Is it official Tory policy that individuals in Canada would be required to pay $250 in medical fees first before they would become eligible for medicare payments?

Mr. Nickerson: No, Mr. Speaker, that has not been adopted as the official policy of the Conservative Party of Canada, but it will be as soon as I am made Minister of National Health and Welfare.

Mr. Deputy Speaker: The Hon. Member for Kamloops-Shuswap on the last supplementary question.

Mr. Riis: Mr. Speaker, a quick question to my hon. friend for Western Arctic. The Hon. Member referred to his concern about unemployment which we in this Party share wholeheartedly. He also referred to the solutions of the Progressive Conservative Party back in 1979. I wonder if the Hon. Member would support the application today of the programs which the Conservative Party brought in when they were in power, and that was to terminate all of the direct job-creation projects in Canada? In other words, every single job-creation project which had been restored to this country was terminated. Is that the kind of approach to job creation he would suggest?

Mr. Nickerson: That, Mr. Speaker, is absolute nonsense. That never was the policy of this Party. It was not advocated by our Minister of Finance when he was in office. The approach which we would like to see taken is to get the economy healthy in all areas, and once you do that and once you have the citizens of Canada productively engaged, you do not need all those make-work schemes. That is the policy which we advocate in this Party.

Mr. Deputy Speaker: The Parliamentary Secretary to the Minister of Finance (Mr. Fisher). The time is running out.

Mr. Fisher: Very good, Mr. Speaker. I would just like to compliment the people on the other side and tell them how good they are when they get off scandals and back on to the economy.

Mr. Keeper: I wonder if the Hon. Member for Western Arctic does not realize that when his Party was in office it eliminated direct job-creation programs, and in fact a fellow Member of his Party, the Hon. Member for Rosedale (Mr. Crombie), has admitted in a press conference that his Party eliminated the direct job-creation program when in office.

Mr. Deputy Speaker: The Hon. Member for Western Arctic. A very brief comment.

Mr. Nickerson: Yes, Mr. Speaker, it might have eliminated them in the riding of Winnipeg-St. James, and I can well understand that, but it certainly did not eliminate them in the federal constituency of Western Arctic.

Mr. Deputy Speaker: The time for questions and answers has expired. The Hon. Member for Thunder Bay-Atikokan (Mr. McRae).

Mr. Harquail: On a point of order, Mr. Speaker—

Mr. Deputy Speaker: The period for questions and answers has expired.

Mr. Harquail: That is what my point of order is about.

Mr. Deputy Speaker: The Hon. Member for Restigouche (Mr. Harquail).

Mr. Harquail: Thank you very much, Mr. Speaker, because the Hon. Members of the New Democratic Party—

Mr. Deputy Speaker: The Hon. Member is not raising a point of order; he is entering into debate.

Mr. Harquail: You cannot rule on it before I state it.

Mr. Deputy Speaker: If the Hon. Member is engaging in debate, he cannot make the excuse of a point of order. If he has a legitimate point of order, he may state it.

Mr. Harquail: I would be delighted to state it. Thank you Mr. Speaker for your courtesy. My point of order is with respect to the fact that three Members of the New Democratic Party consecutively had the floor. We did not—

Mr. Deans: You did not rise.

Mr. Deputy Speaker: The Hon. Member is not making a point of order. The Hon. Member for Thunder Bay-Atikokan.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, I believe this is, perhaps, the fifteenth or sixteenth borrowing Bill which I have participated in over the last ten years. I feel there are some features of this borrowing Bill and of the Government's demands which are very common to all of those years. When we are looking for $5 billion for this fiscal year, 1982-83, and then another $14 billion for the next fiscal year, as a portion of what the estimated requirements may be, we are doing what we were doing for many, many years. We are borrowing because we require to transfer large amounts of money to Canadians in one form or another, basically, and this keeps the economy at least going at some rate.

I believe we should really try and understand what the Government's Estimates mean. Of the total $85 billion or $86 billion required, 72 per cent is in the form of a transfer to Provinces or municipalities and to the Canadian people. Twenty-eight per cent, in round figures, is to be used by the Government itself. In other words, it is what economists sometimes call "money spent on goods and services". That includes Defence as well as the whole operations of the Government. I have included transfers in that 28 per cent to Crown corporations because I think they legitimately are part of the Government's operations. However, the other 78 per cent is a transfer to Canadians in one form or another, either through another level of Government or directly.

The large increases this year, 17 per cent or 18 per cent in those particular expenditures, are in the areas of transfers to people and transfers to the Provinces. Basically, these are caused by the world recession. The big additional costs are not caused by inflation but by the fact that we have much larger expenditures because of Unemployment Insurance, the need for welfare and so on.

• (1420)

There is no one in this House who would not say that unemployment was one of the major problems of our time. Perhaps, next to the danger of a nuclear holocaust, it is the most pressing problem that faces Canadians.

We have to find ways of creating more jobs. In all our communities people are despairing because they cannot find work. In Thunder Bay, 17 or 18 per cent of the population is unemployed and the situation is becoming desperate for a lot of families. It is not simply a matter of being unemployed for a short while and drawing Unemployment Insurance; some people are running out of benefits and are not able to make housing payments and so on. This can be a disaster for them. It seems to me that the Government has to spend more money and increase the deficit if we are to solve the problem.

We should look at the deficit itself, which is what the borrowing authority Bill deals with, and see if it is a short-term deficit that we are concerned about. In other words, whether, if we had a period of growth free from pressure, the deficit would go away or it is a long-term deficit that would continue no matter what happens to growth.

A group at the University of Toronto headed by Professors Bossons and Dungan has conducted a fairly extensive study of the problem and I received a draft of their report in December. It was also given a good deal of prominence last weekend on the first page of the business section of The *Globe and Mail*. The study indicated that with the tax regime that we put into place in 1978-79, and if the economy had continued with the

growth expected for 1979-80, we would have had a small surplus this year. This is very different from what we find to be the case in the United States, where the congressional office of the budget indicated that the American deficit, with no recession, would be in the area of $90 billion. A Wall Street estimate puts it at $60 billion. It would be a long-term, structural deficit. The University of Toronto study indicates that our deficit would not be a long-term, structural deficit.

It would be interesting to look at the statistics for 1979-80 when the deficit was 4.8 per cent of the Gross National Product; by 1981-82 it had gone down to 2.5 per cent of Gross National Product. Then the recession came along.

One of the interesting things about the recession is that the real reason for the growing deficit is not major Government spending—although it is perhaps a factor in 30 or 40 per cent of it—but declining revenues as a result of so many people being unemployed.

If the study is correct—I think it is, and certainly the size of the deficit as a percentage of GNP between 1978 and 1982 would indicate that the study is correct and that we would have a surplus today if we had not had a recession—then we are talking about a relatively short-term type of deficit and not a structural one. That being the case, the economists are saying that it is not a dangerous thing for us to increase the deficit if we do so in order to create work.

This is the fact that I think the Minister of Finance (Mr. Lalonde) ought to consider very carefully. The deficit, as a function of the Gross National Product at this point, would be somewhere in the area of 8 per cent. During World War II it ran as high as 25 per cent in one year, so 8 per cent is not an undue amount, given the strains on the economy. If the deficit were allowed to rise to 10 or 11 per cent of GNP, in the short term only, it would not be a very dangerous thing. I think a lot of economists might say that it is necessary at this time.

There is another factor that is related to unemployment and the deficit and that is the rate of personal savings. Personal savings as a function of gross personal earnings are something in the order of 13 per cent, about double that of the United States where it is about 6.9 per cent. If is of some consolation to those concerned about inflation and higher interest rates that this figure is so high and that gross personal earnings are about three-quarters of the GNP.

With this large amount of saving, there is some room for manoeuvre in terms of putting pressure on the economy as far as inflation or interest rates are concerned. The very high level of savings is a significant factor in slowing the economy down. So much money is going into savings and not into consumption at this time that I think most economists would say that the problem is that not enough of the GNP is going into consumption. People are not buying. We will not get increased growth in the economy until there is growth in consumer spending.

I think there are two basic reasons why the personal savings ratio is so high. In the sixties it was about 3 or 4 per cent; now it is 13 per cent. One reason is that real interest rates are very high. If you subtract the inflation rate of 8.3 per cent from the prime rate of 11.5 per cent, you get a real interest rate of 3.2 per cent. That is not very realistic, of course, because inflation is much lower than that. For the last six months it has been running around 6 per cent, so you have real interest rates in the order of 5 and 6 per cent which are inordinately high. They would normally be below the 3 per cent level. Because real interest rates are high, people tend to put money into savings rather than spend it.

The other reason for the savings ratio being so high is that people are afraid of losing their jobs, so they are paying off their bills or reducing their mortgage at a faster rate. All these things point to personal insecurity.

It seems to me that the Government has to demonstrate to people who are afraid of losing their jobs that it will create more jobs. I suggest that we could do so by increasing the deficit. If people had the feeling that their job was not going to disappear or that there would be another one for them, then I think some of that insecurity would be dispelled. People would tend to feel they could consume more durables, such as cars, refrigerators or housing.

• (1430)

Again, lower interest rates would stimulate the housing market. What are the options open to the Minister? I know there is a reluctance among many Canadians to expand the deficit, but more and more members of the business community are saying that this may be necessary. I think we should keep in mind the situation which I mentioned, that the deficit is a relatively short-term one, not a structural deficit. Therefore, it can be expanded without creating some structural problems if we do it on a short-term basis. I am suggesting a fairly massive amount of spending to create fairly short-term jobs.

There are some factors which should be taken into consideration in the area of spending to create employment. The projects on which we spend should be fairly large in labour content. This is pretty obvious. Perhaps many of them could be in the public sector, but they should trigger a great deal of activity in the private sector. Again I am thinking of things such as the construction of homes. The projects should be valuable. I am not talking about make-work projects; I am talking about infrastructure in terms of sewage and what communities need; valuable things which must be done. As a matter of fact, if we think about this over a long period of time, we should have a good inventory in the country of the kind of things which could be done when unemployment rises.

A few days ago when I asked the Minister a question, he replied by indicating that these should be very short-term projects. We are not talking about long-term megaprojects because we do not want to create long-term structural increases in the deficit. We want to ensure that these are fairly short-term. Assuming that the world picks up—and things appear to be doing so both in Canada and in the United States; our foreign trade picture is very good at this point, indicating that this is happening—in the long term all of us must share a great deal of concern about the whole unemployment problem. If we had a growth picture of 4 per cent to 6 per cent in the

next year or so, I think it would have a good effect upon the economy but might not do very much for the labour market or create jobs. The idea of giving people meaningful work to allow them to be part of the Canadian economy is tremendously important.

What will we do about this in the long term? If it becomes impossible to create a lot more meaningful work, perhaps we should take a look at the total labour force, the amount of available work, and do some adjusting. Over the last hundred years, the adjustment has been done by shorter hours. It seems to me that this stopped at a certain point. Perhaps a 40-hour week is reasonable; perhaps it should be reduced; perhaps there are other ways of doing it. It does not seem to be a reasonable proposition, in terms of equity to Canadians, that one segment of the population would work eight hours per day for 40 years and another smaller segment would never get plugged in at all. Working and being part of the nation are synonymous; they are very closely related. We must talk about some form of work-sharing over the long term.

This does not necessarily mean that Canadians will take home less. Perhaps some of the productivity gained might be distributed differently from taking home more money. Perhaps it could be in terms of doing less work. This is the kind of thing about which we have to think over a long period of time. There is no question that technology is moving at a very fast rate and that we are getting into a situation where it is becoming more and more difficult, no matter what the growth situation, to create necessary jobs.

In conclusion, certainly the studies I have seen indicate that we are talking about a short-term, non-structural deficit. It is very, very large; it is 8 per cent or 9 per cent of our Gross National Product but certainly nothing like the 25 per cent of the GNP which was used during the war. It can be expanded to create jobs in a meaningful way over a short period of time. Over the long period of time, we must look at different approaches toward ensuring that Canadians in Thunder Bay and in all cities throughout the country are part of the entire national wealth-making process. They should share in part of it and become part of the work force. There is some equity in that area.

Mr. Deputy Speaker: Are there any questions for the Hon. Member?

Mr. Jarvis: Mr. Speaker, I have a question for the Hon. Member. In his introductory remarks—and I believe it was in the first sentence—he mentioned that this was his fifteenth or sixteenth borrowing Bill. I have shared those 15, 16 or whatever the number is with him.

Mr. Cosgrove: And your constituents too.

Mr. Jarvis: I do not need any help from the Minister of State for Finance (Mr. Cosgrove)—

Mr. Cosgrove: I think you do.

Mr. Jarvis: —nor does the country. During that period one thing which we shared in common was that those borrowing Bills either followed a financial statement or followed within a reasonable time a budget. I think the Hon. Member will agree.

Also he will be familiar with the statement of the previous Minister of Finance. He was a Minister with whom I had occasion to disagree on almost every item, but I think he enunciated what the Hon. Member and I experienced during those 15 or 16 borrowing Bills. In committee he said:

> I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation and the implications of that situation on the Government's fiscal situation.

Then he went on to elaborate. He enunciated what I thought was completely familiar, if not a convention or principle. Is the Hon. Member comfortable with what I consider to be a very dramatic departure from what he and I experienced during those 15 or 16 Bills?

Mr. McRae: Mr. Speaker, I must say that I find this period of our economic history to be one of great discomfort. I am not comfortable at all about the situation, and I am sure the Government is not comfortable as well. We are in a period which is sort of without precedent. We are not quite in a recession and we are not out of a recession; we do not know whether it is a depression or what it is. Most of the normal Keynesian and other approaches to monetary policy are working as they should.

I am not sure but it seems to me there were several times when we asked for certain amounts of borrowing which did not immediately follow budgets. I sympathize with the Hon. Member's problem, but one must put oneself in the shoes of the Minister of Finance (Mr. Lalonde) at this particular point. He is not sure—and I think correctly so—just what is the situation at the moment. One would assume from the United States figures and from some of the figures for the last quarter which we received this week that things are on the mend and that we may not have to do that much stimulating.

On the other hand, we have had indications of this kind before. The United States went into the recession about two quarters before Canada. The U.S. seems to be out of it. However, Wall Street and analysts in the U.S. do not seem to be quite sure about that. Canada is about six months behind the U.S. in coming out of the recession. This is a natural phenomenon given the relationship between our two economies.

• (1440)

I believe the Minister is showing some wisdom by not bringing in a budget when we are not quite sure what the direction is. I defy Hon. Members opposite to tell me whether Canada is coming out of the recession, going back into recession or staying level. It is not a clear situation. The next budget will have to be a major effort. I do not see how the Minister can really do the job he should do in what I call a transition period.

Mr. Huntington: Mr. Speaker, the Hon. Member for Thunder Bay-Atikokan (Mr. McRae) in the early part of his address mentioned that the major reason for the need of $19 billion in borrowing was declining revenues. Could the Hon. Member substantiate that statement with figures, particularly those given in the address of the Minister of Finance (Mr. Lalonde) when he introduced the Bill?

Mr. McRae: As I recall reading the address, I did not see a figure. However, when we had an increase in the deficit in the June 28 budget, it showed that the deficit would rise to $19.1 billion from $9.6 billion, I believe. The difference between the two figures is approximately $9.8 billion. I have forgotten what it is exactly, but it is something in that order.

The difference between the numbers, the projected November number and the number projected in June, is $9.6 billion. By breaking down that number you would find that $4 out of every $5 was caused by decreased revenue. I do not have a later figure. I am saying now that the figure is probably $3 out of every $4. I could put some time into the calculations and produce a figure. It startled me at the time in June. I went over the numbers very carefully and found that $4 out of every $5 of the increase—not of the deficit but the increase—was caused by declining revenues.

Mr. Gamble: I have a question for the Hon. Member. He has been in this House since 1972. Does he view the current deficit as not being long term and structural, having regard to the fact that since the Hon. Member has been in this House the deficit has steadily increased? Today we are shocked by the prediction of the Minister of Finance (Mr. Lalonde) himself that next year the deficit will be even greater than this year. The Minister suggests it could be $29 billion. We could, of course, anticipate that figure to be lower than what it will be.

We now have a national debt of something in the order of $120 billion to $125 billion. We know the Auditor General has advised us that added to those figures must necessarily be the realistic appraisal of letters of comfort and guarantees which have been given to Crown corporations. If they were properly valued, it would show that there is in the neighbourhood of another $40 billion to be added. We know from the Minister of Finance himself that next year we will have a potential minimum deficit of $29 billion.

Having regard to the Hon. Members' service in this House since 1972 until today, and even anticipating next year, have we not seen a long term, persistent structural deficit manipulated by the Government that he has served?

Mr. McRae: Mr. Speaker, I will have to call upon my memory for the earlier years, but it seems to me that from 1972 to 1975 we ran small surpluses or very small deficits, something in the order of half a billion dollars one way or the other.

The deficit took off when we indexed exemptions. This was done at the strong suggestion of the Leader of the Opposition Party at that time. We also indexed old age pensions and so on. We created a decline in revenue and an increase in expenditures. That caused a fairly large deficit increase which grew from 1975 to 1979.

Earlier when I spoke I said that in 1979-1980 the deficit was 4.8 per cent of the Gross National Product. That deficit, however, as a function of the Gross National Product—and unless we talk about the Gross National Product, there is no point dealing with this—declined by 1981-1982 to 2.5 per cent of the Gross National Product. We put a tax regime in place in a period which caused some decline. For instance, one of the nice borrowing bills I have had to talk about was one where we actually had to borrow less than we anticipated in the previous budget.

I refer also to the paper produced by the Institute for Policy Analysis at the University of Toronto. The group that put out that paper took 1979 figures and projected them. They show a small surplus. The amount of that surplus will vary, depending upon how you take the study. I saw a figure of about $1.3 billion, but it would be a figure in that order, a very small surplus.

Compare that with the American situation. The Americans have two components which we do not have. The Americans have a very large tax decrease and a very large increase in defence spending. Those two factors have created a structural component to the deficit which is very dangerous. From all the figures I have, I do not think we have that kind of structural component in our deficit.

Mr. Deputy Speaker: The period of questions and answers has expired. The Chair recognizes the Hon. Member for Vancouver-Kingsway (Mr. Waddell). I see the Hon. Member for Kamloops-Shuswap (Mr. Riis) is rising on a point of order.

Mr. Riis: Mr. Speaker, I rise on a point of order. I appreciate that my colleagues in the Progressive Conservative Party wish to ask questions of Members on the Government side.

Mr. Deputy Speaker: Order, please. The Hon. Member is reflecting on the Chair's decision with regard to this period of ten minutes, or he appears to be. I call the attention of the House to the very difficult position of the Chair. The Chair has attempted as fairly as possible to apportion questions. The Hon. Member's Party had three questions. The Hon. Member for Restigouche (Mr. Harquail) complained, although he had not risen himself, and again reflected on the Chair in so doing.

I am appealing to Hon. Members to recognize that the Chair is trying hard to be fair and will continue to do so, but it is difficult.

The Hon. Member for Vancouver-Kingsway.

Mr. Riis: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: The Hon. Member for Kamloops-Shuswap.

Mr. Riis: Mr. Speaker, I am certainly not questioning your decision at all. I simply want to draw to your attention and to the attention of Members of the House that, in the interests of

fair play, I believe that if the present policy were followed Members of the New Democratic Party or backbenchers of the Government would never have an opportunity to ask questions.

Mr. Deputy Speaker: The Hon. Member is reflecting on the Chair. The Hon. Member should know better than to do that. With all due respect, the proportions that are normally respected are three questions for the Official Opposition to one question for the Hon. Member's Party. Had there been a fourth Member recognized, the Hon. Member's Party would have been recognized. Every opportunity is offered to Members on the Government side. In a previous exchange the Parliamentary Secretary to the Minister of Finance (Mr. Fisher), the only Member who rose on that side who caught the eye of the Chair, was recognized. The Chair appeals to Hon. Members to recognize the difficult position of the Chair and the attempt to be impartial.

Mr. Keeper: I rise on a point of order, Mr. Speaker.

Mr. Deputy Speaker: If the Hon. Member for Winnipeg-St. James (Mr. Keeper) has a legitimate point of order, he will be heard. The Chair appeals to Hon. Members not to raise false points of order.

Mr. Keeper: To put my point of order very briefly, Mr. Speaker, without reflecting on the Chair whatever, could we seek unanimous consent of the House to allow one question by this Party?

• (1450)

Mr. Deputy Speaker: At this stage, the Chair recognizes the Hon. Member for Vancouver-Kingsway (Mr. Waddell).

Mr. Harquail: Mr. Speaker, on a point of order, I just want to clarify the matter of the exchange. Perhaps you could help us.

Mr. Deputy Speaker: Is the Hon. Member raising a point of order or entering into debate?

Mr. Harquail: I want to make it clear. My point of order is no reflection on the Chair. That is my first point.

Mr. Deputy Speaker: The Hon. Member has reflected on the Chair. The Chair now recognizes the Hon. Member for Vancouver-Kingsway.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, now that I have the floor, and it being Friday afternoon, I hope that at the end of my speech all Members can be treated alike and perhaps we should have no questions.

I am pleased to speak on this Bill. In my remarks I wish to deal a little with the recession that was mentioned by the previous speaker. I want to say something about the amendment moved by the Hon. Member for Comox-Powell River (Mr. Skelly) on behalf of the New Democratic Party. I would also like to talk about Government spending priorities and its economic policy, or lack of it. As well, I want to say something about Government waste and the jobs it gives to its boys like the Pitfields and the Gillespies. I will also deal with the job-creation program and, if time permits, I will point out the contradiction of the Conservative alternative. Finally, I would like to make some suggestions about what should be done in both the long and short term in order to get the Canadian economy back on track. Time permitting, I will deal with some of the remarks made by the Bishops which I consider important and thoughtful.

We have before us another borrowing authority Bill. I have not had a chance to talk about 16 borrowing authority bills as the Member for Thunder Bay-Atikokan (Mr. McRae) said he has. I think this one is enough. It is the fourth Bill of its kind in eight months. Other borrowing authority Bills were introduced in June, 1982 for $6.6 billion, in July, 1982 for $7 billion and in November, 1982 for $4 billion. This Bill is asking for $19 billion, $5 billion of which is to be used to get through the fiscal year. The remaining $14 billion is to be used as interim funds for the period ending October, 1983.

In effect, the Government is asking for this money without producing a financial statement. That is tantamount to writing the Government a blank cheque. That is hardly a policy that our Party could endorse.

While this amount is relatively high when compared to other borrowing requests, it is not unprecedented. However, the manner in which the Government is proceeding with this Bill is noteworthy. Thomas Walkom wrote in *The Globe and Mail*:

> While it is not unheard of for a Government to ask for some interim borrowing authority, a $14 billion request without a budget is unprecedented.

This is why our Party has proposed an amendment to this Bill. The amendment asks that the Bill be referred to the Standing Committee on Finance, Trade and Economic Affairs for further study before we give the Government a blank cheque. I believe that is the only reasonable and proper thing to do. I urge Hon. Members to support the amendment.

I said that I would talk about the recession since it was referred to by the previous speaker. If I had been able to ask him a question, I would have asked how many were unemployed in his area of Thunder Bay. I do not know how many are unemployed there but I know how many are unemployed in my Province of British Columbia. In that Province, 16 per cent of the work force is unemployed. That is a shameful figure.

We must remember that it is the Government that created this recession. It just did not happen; it is a Government-created recession. While it is partly true when the Government says that there is a world recession, it is not completely true. When one reviews the statistics, one sees that Canada had the worst rate of growth last year of all the OECD countries, that is the industrialized countries in the western world. Our rate of growth was minus 5 per cent, which is last in the list of those countries. We should be near the top when we consider our natural resources and our skilled labour force, but we are last.

We are last because the Government zapped the economy. As a result of the action of the Governor of the Bank of Canada, Gerald Bouey, and successive Ministers of Finance,

interest rates were raised so high in order to squeeze inflation out in the economy that the economy was zapped. That policy is called monetarism. We have monetarist policies in Canada as well as in the United States and the United Kingdom. As a result of this policy there have been 600,000 jobs lost in the last year and a half. That is a real tragedy.

Mr. Harquail: Privilege, Mr. Speaker.

Mr. Waddell: I wish the Hon. Member would sit down and let me finish my speech. He can ask me questions afterwards.

Mr. Harquail: I have a question of privilege.

Mr. Deputy Speaker: The Hon. Member for Vancouver-Kingsway has the floor. I suggest that the Hon. Member for Restigouche (Mr. Harquail) seek the floor at the end of the speech or at some other appropriate moment if he has a question of privilege. The Hon. Member for Vancouver-Kingsway.

Mr. Harquail: Those are the rules, Mr. Speaker. A question of privilege has to be heard if a question of privilege is requested. I request that you hear it.

Mr. Deputy Speaker: The Hon. Member for Restigouche.

Mr. Harquail: That is the rule. Mr. Speaker, I would refer you to the Standing Orders and Procedure Committee, specifically Issue No. 7 which clearly states that the Chair should give priority during the ten-minute question period to Members representing Parties other than that of the Member who has just spoken. It states: "Your committee recommends and emphasizes that it sees these ten-minute periods as being used for questions and answers and critical exchanges."

I regret very much to have been drawn into this, except for the fact that you just stated, Mr. Speaker, with great respect, that three Members of the NDP had held the floor for those ten minutes and we were on this side of the House. The previous speaker was the Member for Western Arctic (Mr. Nickerson). This is the very point we are having difficulty with.

I would only conclude, in begging your indulgence for a favourable decision on this, that you should not assume when a Member is going to stand up. You cannot know if a Member is going to stand. I submit that you will never be able to anticipate whether I am going to stand up or not. However, when I do stand, I do request that I be given the same fair consideration.

Mr. Deputy Speaker: Would the Hon. Member resume his seat. If the Hon. Member had a question of privilege, it should have been raised at that moment. He should not wait and then interrupt another Hon. Member's speech at a later point in the proceedings.

If there is a question about the order, the Chair has scrupulously attempted to observe a fair distribution of questions in the ten-minute period. The Chair noted at one particular point that only Members of one Party in the Opposition were rising. The Chair looked and did not see any Members on the Government side. The Chair did see the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) and recognized him at the appropriate time. When the Parliamentary Secretary rose, the Member for Restigouche may or may not have attempted to rise. He had not risen previously.

It was the discretion of the Chair to recognize the Member who caught the Speaker's eye. With all due respect to the Hon. Member, there is no question of privilege and there is no point of order. The Hon. Member for Vancouver-Kingsway has the floor.

Mr. Harquail: Mr. Speaker—

Mr. Waddell: I wish the Member would settle down. I say in good faith that I know there is a lot of tension in the House. I am trying to make—

Mr. Harquail: I do not need the Hon. Member's help. You are one of the smart guys around here. You have the reputation of having the mouth and being the smart guy.

Mr. Deputy Speaker: I ask the Hon. Member for Restigouche to resume his seat. The Chair has recognized the Hon. Member for Vancouver-Kingsway.

Mr. Harquail: You are just a smart guy. Don't try to tell me.

Mr. Waddell: That is disgraceful.

Mr. Harquail: You talk about the eight-minute tape.

Mr. Deputy Speaker: Will the Hon. Member observe the decorum of the House of Commons.

Mr. Harquail: I always do.

Mr. Waddell: Mr. Speaker, I was trying to analyze what I thought were some of the problems with respect to the Government's present approach to this terrible recession we are in. I was making the point that I thought that the Government's spending priorities were wrong. The Government has, in fact, cut back on social programs through its six and five program. This six and five program is making those people who can least afford it fight the battle. It is the wrong battle. In other words, pensioners, women, children and retired civil servants, retired RCMP and so on, are forced to receive less money than they would normally receive from the Government. This is happening at a time when the Government should be putting more money into their pockets, which would cause them to spend more and would stimulate our economy. The main fight is not against inflation, and I think anyone would recognize that if they looked around. The main fight now is against unemployment.

• (1500)

Let us not have a Government policy, namely the six and five policy, which is mainly meant to fight inflation, because it is using the wrong people to fight it. The Government has also

abdicated its responsibility. The Hon. Member for Restigouche might want to listen a little bit and he might learn something.

Mr. Harquail: You have nothing to tell us. You have never had anything to say.

Mr. Waddell: I wonder why there are so many unemployed in New Brunswick.

Mr. Harquail: I would not want to listen to you or hear anything you have to say.

Mr. Waddell: I think one of the problems is that the Government has an economic policy which has allowed the Bank of Canada to focus on inflation in a single-minded attack on inflation which has, in fact, brought down the economy. In the last year, there have been 11,000 business bankruptcies. The economy is running at 70 per cent capacity and approximately two million Canadians are out of work. I am saying that the Government should focus on job creation and no longer on inflation-fighting matters.

Concerning job creation, the Government is in real trouble. It gives the appearance to the people that there are jobs for the boys, like Mr. Gillespie and Mr. Macdonald. There are all sorts of other examples—

Mr. Sargeant: Mr. Pitfield.

Mr. Waddell: —like Mr. Pitfield, and so on. These people are paid really inflated salaries when the average Canadian, such as people in Vancouver-Kingsway and other people in ridings of other Hon. Members, are suffering. We do not like to see this. In the long run, it will be absolutely fatal to the Government. This Government is finished, morally and politically, if it continues operating in that manner.

I want to say something about what should be done. We should make jobs the first priority. Second, I do not think we should be asking people to lower their expectations, as the Government has been doing. We must ask the people to raise their expectations, to think about working in decent jobs and spending some money. We are working at about 70 per cent capacity in our manufacturing industry. We must put some money in the hands of the consumer fairly quickly. The budget which the Minister of Finance (Mr. Lalonde) will introduce should have short-term stimulative measures.

Believe it or not, I met with people from the Chamber of Commerce, the Labour Congress, and people in Toronto, Winnipeg, Sudbury, Edmonton and Vancouver. I am sorry I did not get to New Brunswick, but I hope I will. Those people will probably reflect the same feelings. Across the country, the people said that the budget should provide some stimulation. I think the Hon. Member would agree that we should stimulate the people, put some money in people's pockets and get them working again. That concerns the short term. What kind of stimulation should there be? It should not be in the Government's present job creation program. I do not have the time to go into detail, but I have an analysis of these programs, and let me just say that they have scarcely made a dent in unemployment. The Government spends about $1 million on 13 separate programs. It costs about $14,000 to create a full-time job. For Mr. Gillespie it costs $1.4 million, but for everyone else it costs $14,000 to create one full-time job. When one really considers it, the Government has created about 72,000 jobs. I just said that we have lost 500,000 jobs in the last year. Those programs, such as the Canadian Development Program, the Outreach project, the LEDA project and the summer works project, are short-term. Surely, students want the summer works project. People want anything that they can get. Some people are desperate and will take anything. However, these are not good jobs.

By "good short-term jobs" we mean and we are considering direct stimulation to the housing industry which puts plumbers and carpenters to work. In my riding, the carpenters told me that they are itching to get to work. Inter-rail transit is a good investment. If the Government has indicated that, and if it could just change its view on the Crow rate and keep it on rail investment, it would be doing the right thing. Concerning the forest industry, reforestration, machinery producing, and so on, should be taken into consideration. In the energy sector, there is room for short-term jobs in energy audits, in fixing up and making energy secure for all our housing in Canada. There is room for major public investment programs in short-term projects, which is better than the Government's present short-term job creation programs. I put that forward both to the Hon. Member for Restigouche, now that he has calmed down, and to the Minister of Finance, to consider as a real and positive alternative.

I do not know if any Hon. Members have read a new book by John Naisbitt entitled "Megatrends". The book says that there are only three count ries in the industrialized world, the United Kingdom, the United States, and Canada, which have not accepted the notion of long-term planning. This is where I depart from my friends to the right, because we in the NDP say that it is about time we considered the notion of long-term planning in Canada. It can be done. We must do it or we will fall as a nation. We will have the worst growth record. It can be done and we must build our strengths. We must build on the fact that we have resources. However, we should not just export our resources to the United States or to Japan. We should start manufacturing some of our resources, making use of our resources in Canada, and this should be part of our industrial strategy. It must be regionalized. There must be a strategy for New Brunswick, for example. It may involve shipbuilding. There must be a strategy for Newfoundland on oil and offshore exploration. There must be a strategy in my part of the country involving the forestry industry and the great opportunities for trade in the Pacific Rim. It can be done, but we must do it in all seriousness and plan it.

I attended a committee meeting yesterday at which Senator Jack Austin testified. While we are considering these important matters in the House, we must not forget that a guy like Senator Austin is taking care of $2 billion or $3 billion of

investment in the CDIC, the Canadian Development Investment Corporation, which is involved with many of these Government companies, like Teleglobe, de Havilland, Canadair, El Dorado and some of the other companies. That corporation could become an element of Government planning in Canada. That is what other countries have done and that is what we will eventually do. It is no use to turn to the right wing rhetoric of the Reaganites or the Thatcherites. The future belongs to a more planned economy. I do not know how much more time I will have left in which to speak. I was interrupted.

Mr. Lapointe: One minute. And it is too much.

Mr. Deputy Speaker: Order, please. The Chair intends to allow another three minutes to the Hon. Member, making allowance for the interruptions.

Mr. Lapointe: It is plenty.

Mr. Waddell: I would like to conclude by suggesting to Hon. Members that they consider what the Catholic Bishops said in their recent statement. They said that economic decisions involve moral choices and that without a vision of what kind of society one is intending to create, the people in this society tend to be treated as "an impersonal force having little or no significance beyond their economic purpose in the system". That is a challenge for all Hon. Members in the House. I heard the Hon. Member who spoke previously mention the words "meaningful work". What is that in a high tech society? I do not have the solution. I am worried about the high tech society. How are we to retain our existing steel, rubber, coal and other industries without selling them out completely to a high tech and robotized industrial system? We should consider what the Bishops say concerning principles. We adopt the principles. We can figure out the technical details later.

Mr. Cosgrove: Keep the people working.

Mr. Waddell: They say that people have been deprived of the right to work by creating mass unemployment, that the industrial base for the heartland of the country has been destroyed by looking to mega resource retraction as the surest way to prosperity. That policy has fallen, a spin-off from megaprojects, being an industrial strategy. That has gone. Thirdly, the Bishops said that we have asked those least able to keep up with inflation, such as pensioners, to bear the burden of the fight against inflation, while providing people who have money to invest with greater ways of ensuring the highest return. This was referring to the loans to Dome Petroleum and some of these companies; and some of these grants to Alastair Gillespie, and so on. Finally, they said we have cut back on the essential needs of people through health care cutbacks and cutbacks in the funding of education, and also cutting off the legitimate voice of the working people in this country by excluding the concerns of labour from the policy-making bodies of Government. These are all the things they have said that we are doing wrong. I will sum up with a quote. I notice that my friend is heckling me there. He is a very strongly religious person, I think, occasionally. The Biblical quote is that old men shall dream dreams and young men shall see visions and where there are no visions, the people doth perish. The vision we have to have is, first, full employment. Second, we have to have an effective industrial strategy based on protecting existing jobs and creating new jobs and fitting them into this new high tech society. Third, we have to continue to lower our interest rates to stimulate the economy and start short-term job stimulation as well in the areas I have suggested. Finally, we have to bring labour into the whole process by finding a new means of having unions, management and Government co-operate with each other.

• (1510)

These are general ideas, but I think it is appropriate to express them when I am speaking to a Bill that asks for a borrowing of some $19 billion.

Mr. Cosgrove: Mr. Speaker, the Hon. Member who has just spoken has given a lot of attention to the remarks of the ethical political philosophy of six Catholic Bishops of Canada. I would like to ask the Hon. Member, in the context of political morality, what was the political morality of his Party when, in this House in the last 18 months, his Party voted against $500 million addressed toward the Canada Home Ownership Plan, $300 million addressed toward the Canada Rental Supply Plan; $100 million addressed toward the rehabilitation of Canadian homes, and $50 million addressed toward the Canada Mortgage Renewal Plan? All of these plans were addressed either to give jobs to people, to provide affordable accommodation, or to assist them in retaining their homes. What was the ethical principle that motivated his Party to vote against these plans, to delay their implementation for six months, thereby depriving people of employment and affordable homes?

Mr. Waddell: Mr. Speaker, the answer is fairly simple. The fact is that most of those particular programs have passed, as I understand it, and these were programs that were to put all the people back to work in the housing industry. I think that was the idea. We said that would not be done with those programs. In my riding there is 24 per cent unemployment amongst the carpenters in the area. Why? Because they are not working in housing, because the housing programs are not working. What we suggested was that these programs were not very workable, they were inequitable programs, and there were better programs. I think the proof of the pudding is in the eating. The programs have passed. Is the housing industry booming in Canada right now? You can bet your bottom dollar that it is not.

Mr. Cosgrove: Mr. Speaker, how can the Hon. Member who just answered the question possibly say that the programs are not working when he well full knows that the $500 million addressed to the Canada Home Ownership Plan has been described as the most positive and successful and costly plan of housing that Canada has known, and has been responsible for 150,000 new housing starts in this country in the last eight months?

Mr. Waddell: Mr. Speaker, I do not know who has described it as such. Perhaps the Minister's Department did, or one of his very well paid public relations people in one of their brochures or one of their advertisements. All I can tell you is that in my riding there is need for homes and there are carpenters not working and homes are not being constructed. We have a co-operative group in the riding, called Columbia Housing. They have line-ups of people who want to build co-operatives. I did not say that the Minister has not done anything. He has tried things, but they have been a drop in the bucket, like the Government's job creation program. It is, if I might say, a typical Liberal response. It is, sort of, go this way, go back, go forward, drop a little here and drop a little there. There is no co-ordinated long-term program. That is the problem with modern day Liberalism, which is why, like the dinosaurs, it will soon be extinct.

Mr. Nickerson: Mr. Speaker, I have a question for the Hon. Member from Vancouver-Kingsway (Mr. Waddell). If I understood his presentation correctly, on behalf of the New Democratic Party he was advocating an even greater stimulative deficit. He wanted to spend even more Government money in order to create employment.

If that were to take place, there are two alternatives. Either the Government can borrow or print more money, and if that is the way that he would like to get these revenues, I would like him to tell us how much, in addition to the already high deficit, he is prepared to go, or, secondly, the Government must increase taxation. So is his policy similar to that of the new New Democratic Party Government in Manitoba, which has just recently increased sales taxes, put taxes on employment, increased tobacco and liquor taxes and all other kinds of taxes on the people of Manitoba?

Mr. Waddell: Mr. Speaker, there are a number of questions there. First of all, I did not use the words "stimulative deficit". I think it was the Hon. Member from Yellowhead (Mr. Clark) in a previous incarnation who used the words "stimulative deficit" when he advocated that.

The deficit, as I see it, is the product of shrinking revenues plus all the UIC and welfare payments. It seems to me that we should not focus on the immediate short-term deficit so as to be able to say that we cannot do anything because the deficit may go up. I agree with what the Hon. Member for Thunder Bay-Atikokan (Mr. McRae) said about the deficit during World War II when we had a huge deficit and when we were priming the economy. We eventually got that money back, and I think that will happen again. We will get it back if we can put people to work. So it is proper not to focus on the deficit. We should talk instead about job creation.

With respect to Manitoba I understand that Manitoba still has the second lowest sales tax in the country, but what I think some of the Provinces need, frankly, is to take a look at the budget where one alternative would be—and I am not adopting this, it is only my own suggestion, but it is something that I think the Minister of Finance might look at—the idea of rebating some of the money to the Provinces so that they could reduce their sales tax.

If a Province like Manitoba or British Columbia or some of the other Provinces that are strapped for cash could rebate some of that money, then they might be able to reduce their sales taxes or stimulate the economy in other ways, or they might be able to stop cutbacks. For example, in my own Province there are needless and stupid cutbacks in education.

So what I am saying, to sum up, and it is not an easy answer, is: do not lose sleep over the deficit. I think it is the wrong focus.

I have only a minute in which to answer this, so I would like to send over to the Hon. Member the Australian Labour Party Program with respect to the deficit because I think it is excellent on this. I would ask him to have a look at it and I would be prepared to answer some questions and discuss the fiscal and monetary policy that is in there with him in private.

Mr. Harquail: Mr. Speaker, as I put a question to the Member for Vancouver-Kingsway (Mr. Waddell), he spoke about my settling down. If the Hon. Member would not make inflammatory statements and talk about religious question—

Mr. Deputy Speaker: Will the Hon. Member put his question and discuss the point.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the changes in the rules allow Members to make brief comments. They are not obliged to put questions.

Mr. Deputy Speaker: The question is relevance. The comments must be relevant to the matter under discussion.

Mr. Harquail: Mr. Speaker, I started out by talking about the relationship of a remark that was made earlier by the Hon. Member for Vancouver-Kingsway. In the debate on Bill C-143 today, the Hon. Member was talking about the economy. Does he agree that in recent weeks the bank rate has dropped to 9.43 per cent and the prime rate to 11.25 per cent? The inflation rate, as confirmed by a statement by the Minister for Commerce and Development in the Ontario Legislature, is 6 per cent. Housing starts are up. The manufacture of cars is up, as is our export surplus.

• (1520)

In the television program "Question Period" the other day the Hon. Member for Vancouver Centre (Miss Carney) stated, on behalf of the Conservative Party, that things are looking better, that there is a turnaround and an upswing in the economy. In light of statements by the Conference Board of Canada and the statement by the Hon. Member for Vancouver Centre, plus the fact that interest rates and inflation are down, does the Hon. Member admit that, because of the policies and efforts of this Government and what it has done to deal with these problems, there have been significant improvements? Does he admit that?

Mr. Waddell: Mr. Speaker, let me first say that I did not make an inflammatory statement on religion. The statement was made by the Catholic Bishops. Second, the economic policies of this Liberal Government are an unmitigated disaster. They have zigged and they have zagged. They do not know in which direction they are going. If interest rates go up they blame it on the United States; if they go down, they take the credit.

Mr. Deputy Speaker: I hesitate to interrupt the Hon. Member but the period for questions and answers has expired. The Chair will recognize the Parliamentary Secretary.

Mr. Huntington: Mr. Speaker, I rise on a point of order. I am wondering if you have the sequence correct. There was a Liberal who spoke and then an NDP Member. Does it not come after—

Mr. Deputy Speaker: The sequence is correct. The next speaker will come from the Government side. This is the normal procedure of the House which is being followed. The Hon. Member for Capilano (Mr. Huntington) will be recognized following this speech.

[*Translation*]

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, in the Bill before the House today, the Minister of Finance (Mr. Lalonde) is asking Parliament to give the Government a supplementary borrowing authority of $19 billion, namely, $5 billion for the year ending on March 31 and $14 billion for the coming year. Why do we have to borrow? Because Government expenditures exceed Government revenue. Those who would like further details regarding expenditures—

[*English*]

Mr. Kilgour: Mr. Speaker, I rise on a point of order. With great respect to the Hon. Member for Laurier (Mr. Berger) is it not within the spirit of the new rules that Members should not read speeches prepared for them elsewhere?

Mr. Deputy Speaker: Order. The Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Berger) has barely begun his speech. With all due respect to the Hon. Member for Edmonton-Strathcona (Mr. Kilgour), I suggest that the Parliamentary Secretary should be allowed to proceed.

[*Translation*]

Mr. Berger: Thank you, Mr. Speaker. In the course of my speech Hon. Members will realize that I prepared it myself, whatever the Hon. Member may think.

As I was saying, Mr. Speaker, those who wanted further details on expenditures had a chance this week when the Main Estimates were tabled. That day, the spokesmen for the Progressive Conservative Party said that the expenditures were unconscionable.

[*English*]

Unconscionable is what the Hon. Member for Mississauga South (Mr. Blenkarn) said.

[*Translation*]

He neglected to mention, Mr. Speaker, that expenditures cannot be cut drastically without hurting the unemployed, senior citizens and other Canadians who are in need. I would also point out to the Hon. Member that the Canadian system is somewhat different from what they have in the United States or Great Britain. In Canada we have health insurance and assistance plans, to name only two. A cursory glance at the Estimates reveals that the Federal Government's Social Affairs envelope represents 40.6 per cent of Government expenditures. In the coming year, there will be an increase of $6.1 billion or 20.7 per cent in this envelope. It includes the following items: first of all, for the Department of National Health and Welfare, increases totalling $2.5 billion will be applied to programs such as Old Age Security, Health Insurance and the Canada Assistance Plan.

There are also transfer payments to provincial governments, for instance, to finance established programs such as health insurance, medical and extended health care and post-secondary education. This year has also brought substantial increases in the expenditures of the Canada Employment and Immigration Commission, totalling $2.2 billion. This includes an additional $1.7 billion for unemployment insurance, $366 million for job creation and $237 million for training. The increases are in addition to the already substantial budget for the past year and, of course, before the budget the Minister of Finance is expected to bring down in a few weeks.

The Hon. Member for York-Scarborough (Mr. Cosgrove), the former Minister of Public Works, spoke of increases that took place during the past year with respect to housing programs. These programs include the Canadian Home Ownership Stimulation Plan, which was mentioned by the Hon. Minister, the Canada Mortgage Renewal Plan, the Home Renovation Plan, the Canada Rental Supply Plan and co-operative housing measures.

I remember that last year, as many as 27,500 co-operative housing units were financed. There has been an increase of $483 million in funding for the coming year, and if we refer to 1982-83, we see an increase of $1.2 billion for housing or housing related assistance.

Mr. Speaker, I am sure the public is aware of the hypocrisy of the Progressive Conservative Members. In every debate in the House, they want the Government to do more and, at the same time, to cut spending. I would like to mention two examples which are fairly well-known to Canadians. First of all, in the debate on established programs financing, they demanded that the Government increase payments to the provinces, and second, when interest rates were high, they wanted the Government to help Canadians who were in danger of losing their homes. So whenever there is an issue that is

important to Canadians, they want the Government to spend more, but on the other hand, they want the Government to cut spending. As I said before, Mr. Speaker, the public is aware of the hypocrisy in this attitude.

This week, we heard the former Leader of the Opposition (Mr. Clark), who is once again campaigning for the leadership of his party, make some truly incredible remarks. He proposed massive Government spending on housing, roads, harbour facilities, airports and other public works, without giving any indication how much it would cost. At the same time, he suggested cutting spending in a number of areas. Representation costs would be cut by $10.4 million. Mr. Speaker, all companies spend money on what they refer to as travel and entertainment, and the Hon. Member wanted to cut $10 million. He wanted to cut the expenditures of the Canadian Unity Information Office by $25.5 million, while ignoring the fact that the CUIC's budget has already been cut this year. The Hon. Member also suggested a $50 million cut in the Government's expenditures on photocopying. I did not check whether the figures were accurate. I will let the Hon. Member for Yellowhead count the paper clips and sheets of paper used in Government offices.

• (1530)

[*English*]

I am glad, Mr. Speaker, that the Hon. Member for Capilano (Mr. Huntington) is in the House at this time. This morning, in one of his questions to the Hon. Member for Restigouche (Mr. Harquail), he asked whether there were certain figures available, related to cash flow, or he was suggesting that they were not available. In reading the speech of the Hon. Member of Finance (Mr. Lalonde) in opening this debate, I noticed he referred to the financial requirements of the Government being some $26 billion. At page 22920 of *Hansard* for February 17, the Minister observed that there would be an increase in the outstanding debt of the Government on an average of $2 billion every month. He also noted that the previously issued debt is coming due and must be refinanced every week; $1.25 billion in Treasury bills must be refinanced each week. The Minister indicated the importance of securing the borrowing authority which he is seeking at the present time, and he stated again, at page 22920 of *Hansard*:

—given the size of the financial operations . . . even a savings, of a small fraction of 1 per cent can imply significant dollar amounts. Since the major objective of debt management is to minimize public debt charges it is important that the borrowing program can be planned and operated in an orderly and efficient manner and that the Government have the flexibility to respond to attractive financial opportunities. Clearly, adequate borrowing authority is necessary for this to be achieved.

It is quite clear that if the Hon. Member for Capilano was asking for the cash flow figures, he had his answer in the speech of the Minister of Finance.

Mr. Deputy Speaker: The Hon. Member for Capilano (Mr. Huntington) seeks to ask a question of the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Berger).

Mr. Huntington: Mr. Speaker, perhaps my question can be answered with just a short statement. I thank the Hon. Parliamentary Secretary for his help in replying to my question on cash flow put to the Hon. Member for Restigouche (Mr. Harquail). It is very obvious from the answer and the explanations given by the Hon. Parliamentary Secretary that he, like the Government, does not have the slightest idea of what the cash flow is on a month-by-month basis, otherwise the Government would not be in so much trouble and its projections would not be so erroneous.

Mr. Berger: Mr. Speaker, I would suggest to the Hon. Member that I have not had the opportunity to make any inquiries of the Minister of Finance. I recognize that the $2 billion increase in the outstanding debt of the Government every month is only one component of the cash flow requirements of the Government. I would suggest that the answers could be very readily obtained, and that is not an adequate reason for holding up the study of this Bill and its quick passage, which the Minister of Finance is seeking.

Mr. Huntington: Mr. Speaker, if the Hon. Parliamentary Secretary is correct, and it is entirely possible that he is, I am wondering why the Comptrollers and Auditors General of Canada have been so concerned about this issue since 1976.

Mr. Berger: Mr. Speaker, I respect the thorough study which the Hon. Member has given to the reports of the Comptrollers General and the Auditors General. I know they have made certain references to shortcomings in the financial management system of the Government, which the Government has taken steps to correct. I would like the Hon. Member to refer me to the relevant portion of their reports which refers to this particular problem, and perhaps we could engage in further discussion of this at some other time. I know that there is a Bill before this House, for example, which proposes to correct some of the problems regarding the accountability of Crown Corporations, about which I know the Hon. Member is concerned. I would suggest to the Hon. Member that it is important to give quick passage to some of the measures which are before the House so we can put some of them behind us and perhaps use them as a building block to resolve some of the other concerns which we all have.

Mr. Kilgour: Mr. Speaker, the present federal borrowing as of now, beginning this fiscal year, is $163 billion more or less. Does the Hon. Parliamentary Secretary believe that that leads to higher or lower interest rates, and what effect does he think that higher interest rates are having upon the economy in terms of creating new jobs? Would the Parliamentary Secretary also tell us, given all the circumstances, what he feels the range of the deficit this year should be? For instance, a professor at McGill University, Sidney Ingerman, recently said he thought it should be in the $35 billion range. What range does the Parliamentary Secretary feel it should be, given the circumstances of the economy?

Mr. Berger: Mr. Speaker, the Hon. Member, I believe, referred to a figure of $163 billion—I cannot recall his exact

words—as the total borrowing requirement of the Government. I believe we are all aware of the very high savings rate of Canadians. We also know that most of the debt of the Government of Canada is financed in this country. Therefore, it does not lead to the kinds of problems which other countries have been experiencing with their large foreign debts.

As far as the effect on interest rates is concerned, I believe it is fair to say that there seems to be a consensus developing on the part of the economists that the economy can withstand the kind of deficit which the Government is forecasting for the coming year. Again, I would like to ask the Hon. Members, as I did in my speech, where do they suggest that substantial savings could be effected? We are not talking here about $20 million or $10 million in food, booze or entertainment, as was suggested by the Hon. Member for Yellowhead (Mr. Clark). With all due respect, $10 million would not make much of a dent in this deficit. Therefore, I would ask the Hon. Member to suggest, for example, in what areas savings can be effected. When you look at the social affairs envelope, which I mentioned, which accounts for some 40 per cent of Government spending, where in that envelope would the Hon. Member suggest that cuts be made? Would it be in the Unemployment Insurance programs? Would it be in the old age pensions? Would it be in job creation programs? Even Mr. Reagan, President of the United States, said in his State of the Union address that he is coming around to seeing that the United States should spend more money on education and job training. That is something that this Government has been doing over a long period of time.

• (1540)

Mr. Scott (Hamilton-Wentworth): Mr. Speaker, I wonder if I could get the Parliamentary Secretary's interpretation of the statement made by the former Minister of Finance who, on May 31, 1982, at the Standing Committee on Finance, Trade and Economic Affairs, stated as follows:

> I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update of both the economic situation and the fiscal situation.

Could the Parliamentary Secretary give his interpretation of that statement and tell us why on this side of the House we are expected to give the Government a blank cheque for $19 billion borrowing authority, without knowing in some detail where the money is to be spent?

Mr. Berger: Mr. Speaker, the Hon. Member's statement is ludicrous.

Mr. Scott (Hamilton-Wentworth): It is not my statement.

Mr. Berger: He is saying that the Opposition or Parliament should not be expected to give the Government a blank cheque without knowing where the money is going.

Just a few days ago the President of the Treasury Board (Mr. Gray) tabled in the House one of the most detailed studies of Government spending ever, the Blue Book, and all the other departmental studies which go into massive detail about the spending of individual Departments, their plans and their projections for the future. How can he say, without shame, that we are asking for a blank cheque?

He previously referred to the statement of the former Minister of Finance who said that he felt it would not be appropriate to ask for more borrowing authority without an update of the economic and fiscal situation. The current Minister of Finance presented such an update last October and is planning another one as soon as the House can deal with some of the items now before it, such as the income tax measures that we have been waiting to study for the past two years and the current borrowing authority.

I suggest that if we were to deal with these items expeditiously and with the other diversions and smokescreens they intend to bring up within the next two weeks, we may get another update of the economic situation from the Minister of Finance.

Mr. Scott (Hamilton-Wentworth): Mr. Speaker, I hesitate to bring the present Minister of Finance into this after what happened in the past week or ten days and to lump him with the former Minister of Finance. We have heard enough about those two gentlemen in the last few days.

How would the Parliamentary Secretary square the promise made last October by the present Minister of Finance that a new budget would be brought in before more borrowing authority was sought?

On October 27, 1982, as reported in *Hansard*, he told the House:

> In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-84 and future fiscal years, and then seek additional borrowing authority as required.

I should like the Parliamentary Secretary to explain that statement. Now you are asking for the money before—

Mr. Deputy Speaker: Order, please. I would call to the attention of the Hon. Member for Hamilton-Wentworth (Mr. Scott) that the time for questions and answers has expired. The Chair is in a most difficult position when we are pressed for time and a number of Members are seeking to speak. I suspect it is not easy to answer that question.

Mr. Scott (Hamilton-Wentworth): It is impossible, Mr. Speaker.

Mr. Deputy Speaker: The Hon. Parliamentary Secretary—

Mr. Berger: Just briefly, Mr. Speaker—

An Hon. Member: No.

Mr. Deputy Speaker: There is not unanimous consent for the Hon. Parliamentary Secretary to speak. The Hon. Member for Capilano (Mr. Huntington).

Hon. Ron Huntington (Capilano): Mr. Speaker, I think my remarks will be a contrast to those of the Hon. Member for Vancouver-Kingsway (Mr. Waddell) who suggested that we should not focus on the deficit. He suggested that that is not the way out of the present dilemma.

Everywhere one goes in the country, one is asked what people can do, how they can help. There is a general sense of helplessness across the land that is serious.

At the outset of my remarks on Bill C-143, Mr. Speaker, I should like to say that I am frustrated with the decay that is setting into the process of parliamentary Government. I am frustrated at the obvious loss of the fundamental principle of ministerial responsibility, and frustrated with the art of stonewalling, not only in the House but throughout the committee system. I am frustrated at the political process the Liberals have adopted in governing the country.

My speech on Bill C-143, the borrowing authority for $19 billion, will attempt to outline the basis of this frustration.

Bill C-143 appears to be an afterthought, as if not part of a plan but simply a debt on a risk—a risk that we could not calculate with any accuracy. The annual deficit proves this. When we started the budgetary process in this Parliament under the former Minister of Finance, we heard it was going to be $19 billion, then it moved up to $23 billion or $24 billion, and now it is $29 billion. It is interesting that when the original $19 billion was announced to the House I was told by a person in the Department of Finance it would actually be well over $25 billion.

I am one who believes that this $19 billion borrowing authority is the result of a plan. So far as Bill C-143 links us to that plan, we are really debating a part of that plan today. As I see it, this borrowing authority is a link and there are three aspects to this link—the past, the future through the present.

The common thread through these aspects is leadership. Through the recent past we have seen a dramatic change in expectations throughout the country—expectations of our responsibilities toward ourselves and toward the state. By this I mean expectations of the rewards for duty. Expectation of what the Government has to offer.

Let us just slip down the west coast of North America and look at the State of California. It has a population about equal to that of all Canada. It is a State that has wealth, people, climate and everything going for it, yet it is bankrupt. It is now paying its civil servants and contractual obligations in IOUs as a result of the rising of the people for Proposition 13.

We are talking about expectations from and of employers throughout the land; we are talking about expectations from and of unions throughout the country. Out of this change in expectations came the displacement of individual self-reliance with the notion of the collective.

Collectives that bring people together in a common purpose as a means of improving the quality of life, are instinctive to Canadians and are a part of our heritage. Collectives have been positive forces throughout our history and in our society. The authority of the state as a collective has been with us all along. But when this authority becomes arbitrary to serve one man's view of the collective at the expense of others, at the expense of our heritage, our traditions and conventions, then the collective breaks down.

The plan was deliberate in 1968. It was made possible by our prosperity. The plan was to use the notion of collectives to serve the ends, the objectives, the purist thinking of a group of political figures. Leadership was the key. The philosopher king became the Messiah.

From that point in 1968 to the mid-seventies, we were given a mindset across our land. Government would do our thinking. The Government would take care of it. Throughout this period too many people gave up a sense of self-reliance. The seeds of socialism were sown. Cradle-to-grave mentality was accomplished by the politics of expectation. This was accompanied by the politics of confrontation. The confrontation which evolved in federal-provincial relationships, the confrontation which was encouraged in business-union relationships and the regional confrontations were all a part of the plan. Confrontation by definition delivers a winner-loser society; the winners impose their way on the losers. This is why the plan is anti-collective. Loto Canada did not happen by accident but rather by design—the winner-loser syndrome.

• (1550)

The deception I have described up to this point links Bill C-143, this $19 billion borrowing authority, to the past. I will now discuss the link of this plan to the future. The deficit of today translates into an inheritance of neglect which will deliver hardship and burden on our children and grandchildren tomorrow. This is where I differ with the Hon. Member for Vancouver-Kingsway.

Bill C-143 exemplifies the serious lack of leadership today. Real statesmen never address the problems of the day at the exense of those that follow tomorrow. Real leaders would deal with the circumstances of today, now and today, so that tomorrow will be more hopeful and the emerging generations will be allowed a dream or two. It is no wonder that the youth of today are disillusioned and hold this institution in such low regard and contempt. They have very good reason to be concerned. The extravagant and spendthrift recklessness of this Liberal Government has already placed an unbearable burden on their backs.

I draw to the attention of the House the Canada Pension Plan crisis which will be with us at the turn of the century. The demographics of today and tomorrow indicate that there will be a larger number of people in the country retired and drawing upon social plans than workers able to sustain them. The big-Government, out-of-control spending exemplified in Bill C-143 serves only the power needs of an elite at the expense of the people who can contribute most to the prosperity of the country, and this plan is also at the expense of those entering the work force tomorrow. The tragedy is that with Bill C-143 and its predecessor borrowing Bills about which we have heard today, we are removing the freedom to decide or the freedom to choose from those who follow tomorrow. There will be a decade and a half of very serious, hard work ahead of the next Government which takes charge of the federal institution in Canada.

When the Minister of Finance (Mr. Lalonde) introduced Bill C-143, he said:

—the deficit reflects the Government's commitment to ease the impact of the recession on individual Canadians and the economy as a whole.

What does this statement mean at face value? Bill C-143 is a Government borrowing to serve the expectation levels created in society. The pressure of these expectation levels comes from the new status called citizenry. Those who govern have the people right where the plan by design has delivered them, without a consensus from business, labour or the people. Indeed, the ship of state changed its course in the middle of the night and without a mandate. Again the Minister of Finance in his "don't-blame-me" attitude when he introduced the Bill pointed to "the unexpected harshness of cyclical forces" for our economic troubles. Surely the Government knows that cyclical forces in economics are a fact of economic life.

This is why many of us have been so concerned with the Liberal Government's extravagance over the last decade and a half; why the budget of the Hon. Member for St. John's West (Mr. Crosbie) in 1979 led an attempt to curtail this extravagance, but our expectations interrupted that attempt. It is why we have been calling for conservation in good times so that we have something in the bank for the harshness of cyclical downside forces. We cannot conduct our own personal lives the way the Government conducts the national life. Why should the Government think that it is any different? As part of its plan, the Liberal Government's intervention in the delicate interplay of supply and demand market forces has led to a magnification of the harshness of cyclical forces. It has abused the authority of the state in its actions. Thus the need for Bill C-143.

Bill C-143 further proves that Canadians have lost the bet that Liberals, with all their promises, could be responsible fiscal managers. The Canadian people are the losers. The Liberals have replaced a simple taxation system with one so complicated that chartered accountants and lawyers throughout the land cannot cope with the confusion and the burden. The results of Liberal spending policies and deliberate political policies are: confiscation of property, retroactive taxation, and budgets not brought into law, which means illegal collection of taxes. We have complexity beyond the minds of those who create and deliver wealth and tax revenues to the country.

In my opinion Bill C-143 is an admission that promises were broken as quickly and as recklessly as they were made. The Liberal Government, as a collective, turned its back on the very principle of the collective it espoused to be. It was to wrestle inflation to the ground as far back as 1974. We heard about no wage and price controls, and then we got wage and price controls. We heard that 18 cents per gallon for gasoline and fuel was an absolute national disaster. What do we have today? It is 67 cents, 77 cents or $1. I know that for each $15 we pay to fill a tank, $5 of it is for fuel and $10 is taxes, yet it attacked 18 cents per gallon.

Do we continue to allow this type of borrowing to sink the roots of arbitrary state power further into the Canadian soil? It is this kind of dirt that causes the country to lose ground, the precious ground upon which our freedoms were nurtured. Bill C-143, this $19 billion borrowing authority, signals more structure, more imposition, more frustration and more hopelessness by a Government that will not even tell us how it will spend what it wants to borrow.

When the Hon. Parliamentary Secretary who preceded me today told me that all the figures were in the Blue Book, it showed the condition with which we as Members of Parliament were faced. Bill C-143 delivers no promises or hope for the next decade, neither do its predecessors.

I spoke in the beginning about my frustration. For the reasons outlined, I call upon the Government to hold this borrowing Bill until it gives us a budget, so that we know what it will do with it.

• (1600)

Mr. Deputy Speaker: The Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Berger) rises to ask a question.

Mr. Berger: Mr. Speaker, the Hon. Member has just talked about such things as developments from 1968 on. He said that the Government has stated a position that it would do everything, that it would take care of us, that self-reliance has been given up and that the seeds of socialism have been cast. Does he realize that expenditures by the Government as a share of the Gross National Product have actually decreased continually since the Second World War and have decreased during the time of the Prime Minister's (Mr. Trudeau) Government?

The Hon. Member also referred to gasoline and the taxes we pay. Does he not recognize that the largest part of the taxes goes to the Provinces? Further, there are industries in Canada today suffering from international competition. Should these industries be helped? If the industries are not helped, should the workers be helped? Because of dropping metal prices in the international markets, certain one-industry towns lose their industry. Should any help be provided by the Government for those towns? Do Members of his own Party not ask for help when such disasters occur?

Mr. Huntington: It is very interesting that the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Berger) has this misapprehension about exactly what is going on in this country. In 1968 federal expenditures were 15 per cent of Gross National Product. This year they will be 23 per cent of Gross National Product. Any aberration of which he might think that will prevent the Government from taking more and more of the Gross National Product of the nation is wrong. There are local cyclical aberrations, but the Government is going to take more and more of the Gross National Product.

In terms of the Hon. Member's statement on taxes, the federal Government takes more from a litre of gas you put in your tank than the combined total of the Provinces of Alberta

and Ontario. Federal taxation, I think, is around 14 cents to 15 cents a litre. Provincial taxation of Ontario and Alberta is around 7 cents a litre. How the Hon. Member finds the basis for his question, I do not know.

Mr. Deputy Speaker: The period for questions and answers having expired, I now recognize the Hon. Member for Ontario (Mr. Fennell).

Mr. Scott Fennell (Ontario): Mr. Speaker, it is always a pleasure to speak in this House, but I cannot say it is much of a pleasure when I review the Bills. It is always difficult to follow my colleague, the Hon. Member for Capilano (Mr. Huntington) because he puts his point across in such succinct language.

The first question I have is, how many times will this Government come back to the trough this year? I am talking about 1983. This Government comes up with Estimates. We get the Estimates one day after this Bill is presented in the House. We look at the Estimates from last year, and there is no comparison between the Estimates and the amount of money this Government is spending. Taking the same percentage last year, this year the Government will spend $94.5 billion. This is an estimate. We went through the exercise last year and it meant nothing. This Government is totally out of control. We hear during debates about band-aid solutions, such as the NEED Program and the summer work for students program. That is wonderful political dialogue. They increase the budget and the spending of the Government, but they do not create one permanent job in this country.

I heard just the other day that California is making payments to its employees with IOUs.

Mr. Fisher: You heard it 20 minutes ago from Huntington.

Mr. Fennell: I did not hear, it. I apologize, I was not here at the time. California is broke.

Mr. Ouellet: You just congratulated the Hon. Member on his fine speech.

Mr. Fennell: If California were the federal Government, it would not have the same problem because the federal Government can print money. That is the part that really worries me. This Government will get itself in such a hole that it will have to put money through in specie and never bring it to the House of Commons for approval. This year I request that that be done. We have a serious situation.

The Hon. Member for Thunder Bay-Atikokan (Mr. McRae) said that we are on the road to recovery. We are not. With unemployment up again this month, that is not recovery. With more people going broke than six months ago, that is not recovery. We are a long way from a recovery, and we are in an impossible situation.

I would like to split this Bill in two. The first part I can understand. We have had Estimates, statements, Miscellaneous Estimates and Supplementary Estimates. We understand the Government is in trouble and needs $5 billion. I can accept that part of the Bill. But it is wrong for the Minister of Finance (Mr. Lalonde), a former Minister of Energy, to request $14 billion of this House when we have not had an opportunity to study the Estimates and we have no idea what kind of a budget he will present to us next. I say next because 1980 was his first budget with his National Energy Program. We are not in a position to deal with this Bill at this time. I would plead with that arrogant group of incompetents to split this Bill, get the money they require now, bring down a budget and then request the additional funding, and we will deal with it at that time. It is almost as though the Government knows it is out of control. Hon. Members on the other side laugh, joke, scream and yell.

Mr. Waddell: That is Chrétien.

Mr. Fennell: But the people in this country are frightened. My children are frightened. Who is going to pay the piper, Mr. Speaker? We have run out of credit with the people. This Government has no sense of reality. Its own Members do not worry about the money that is spent.

Let me review what has happened. In 1968-1969, the first term of the great Prime Minister (Mr. Trudeau) we have right now, the Government spent $12 billion. This year the Government said it will spend $88.9 billion. I will be surprised if this Government does not break the magic $100 billion figure. The smile on the face of the Minister of Energy, Mines and Resources (Mr. Chrétien) proves that I am probably correct. He has a problem. I must say that I respect the Minister of Energy. He will deal with the problem, but it is a problem.

Mr. Cosgrove: Just have confidence in him and respect him. You are speaking from both sides of your mouth.

Mr. Fennell: I am speaking about one Minister. He will know what I am saying. He inherited a great money fund which has, all of a sudden, dried up. So he does have a problem. I will tell you one thing, Mr. Speaker, I would rather have that gentleman as Minister of Energy, than his predecessor.

• (1610)

I wonder how we can trust the integrity of the Minister of Finance when he has stood up in the House in the last day and a half and made statements that the Canadian public does not believe.

Mr. Cosgrove: You are going to challenge his integrity too. Do not step off.

Mr. Fennell: The Minister of State for Finance (Mr. Cosgrove) is a prime example of the sham that exists in the Government of this country. This Parliament has become a sham. We have had legislation pushed down our throats without any opportunity to debate it logically.

Mr. Ouellet: No. You are debating it now.

Mr. Fennell: I would like to point out a fact that I had asked my researcher to find out about the worth of the 1968 dollar today. The answer that I got from the Library is that it is worth 33 cents. Incidentally, our population today is 20 per cent larger, having risen from 20 million to 24 million. If we took a 20 per cent increase from $12 million, there would be approximately $14 million. If that figure is multiplied by three, there would be approximately $42 billion. That $42 billion, which would be a logical and historical budgetary figure, shows that the Government has gone out of control because its budget is 2.5 times that amount, almost $100 billion.

If any of the Government proposals showed a way out of our dilemma, I would accept them. Unfortunately, it follows Keynes through good times instead of bad times. Keynes' philosophy is to spend money during the bad times to get the economy going and to save the money during the good times in order to be protected against these cycles. However, during the good times the Government introduced all kinds of political programs for the people which we cannot afford now. Once the people have those programs, it is impossible to take them away.

We have seen many requests for funds after the budget of October 28, 1980, although I call it the National Energy Program. The Minister now hides behind the fact that he did not know anything about what was going on even though he was writing the budget. Since the National Energy Program was in reality the budget, it was the Minister of Energy's budget. It involved the people in his Department. Although he is Minister of Finance now, when he was Minister of Energy he wrote the budget anyway.

I would ask the Government to consider the GNP. My colleague, the Hon. Member for Capilano (Mr. Huntington) mentioned spending at 15 per cent of GNP in 1968-69. My statistics may be wrong but they show 17 per cent. I have noticed that it has slowly eased up over several years. Ten years ago it was 19.8 per cent. Five years ago it was 22 per cent. According to my calculations, it is now 26 per cent of GNP. The spending program is 26 per cent of the GNP.

Let us assume that this year there will be a Gross National Product of $400 billion, which there will not. If we took 20 per cent of that $400 billion, we would at least be back at a manageable amount of an $80 billion spending program. However, we will end up with a $100 billion spending program. The Government tells us not to worry, that spending will not be that high, but every year since I have been in the House, the Government has brought down budgets, the mini budget and then the National Energy Program. It does not know what it is doing from day to day.

Unfortunately, this city is in a rarified atmosphere and the Government and its bureaucrats feel that they know everything, but they do not go out to talk to people in the rest of the country. The people in my constituency are more aware of what is happening to them economically than many Members on that side.

I recently visited Newfoundland for the first time and enjoyed it immensely. I talked to Newfoundlanders and they told me that they are seriously hurting. I am fully aware that the Minister of Energy, Mines and Resources realizes that those people are hurting. They expected to get more than we have given them when they joined Confederation in 1949. They have been given Unemployment Insurance, or pogey as they call it. They have been given welfare transfer payments. But the one thing they have not been given since they joined the country in 1949 is an economy which can be built on the strong base that we have in the country.

Part of our problem as Canadians is that we are spoiled. We are blessed with riches, resources and energy. As a result, we have become too dependent on robbing the land without creating any secondary and tertiary manufacturing facilities.

A gentleman from the West Coast recently said that we have to put more effort into our primary industry. I understand that, but if we cannot sell it there is no sense in putting more effort into it. I did not totally agree with him because I think we have to have more import replacement in this country. We have to be less dependent on products that we can effectively produce in this country. There are many products that we produce in this country that are not effectively protected.

I do not know what the Minister of Finance, whom we have been challenging over the last few days, is attempting to do by trying to force this Bill through before the budget comes forward. I, personally, cannot trust him. Right now he is in what I call a near-miss position. The House may recall that he also had a near miss in 1970. He was not in the House, but was an employee of the Prime Minister. I say it was a near miss because he was named but escaped.

I would like to ask the Government, with respect to this total of $88.9 billion and $14 billion, how much of it is going toward patronage. Let me give a prime example of patronage. One of the Government's former colleagues was appointed to the Board of Directors of McDonnell Douglas at the time the Government was negotiating for fighter aircraft. The only reason McDonnell Douglas wanted that gentleman on their board was so they could have some influence on the Government to get their aircraft sold.

The patronage I see throughout the Liberal Party makes me sick. Another example is Mirabel in Quebec. The Government allows employees of the Canada Lands Company to come in and buy homes when they have had the advantage of knowing what those homes were worth on the books. After checking with the Department of Public Works in Ontario I found that this is not permitted to occur in that Province. We have two sets of rules. I believe these sets of rules are very unfair to the people on the land in Mirabel. I think their sets of rules are very fair to the majority of Canadians from coast to coast.

I reviewed the estimates very carefully. I saw a very large advertising budget. What does that do to create jobs? It would be acceptable if that money were invested in industry and

assisted industry to sell products. However, for the Government to sell its message of misconceptions to the country is unacceptable to me.

Let me cite another example of patronage which arises from the Estimates. We must come up with $200 million for de Havilland, $200 million for Canadair. I checked to see who happens to be the Chairman of de Havilland. He is also a former Cabinet Minister. I also had an opportunity to speak to the prior President of de Havilland who was brought in for a short period of time. He said it was out of control and that the company would never survive. So, he left and went back to his own airplane brokerage business. He had been President before he left and he was brought back by the Government. He was faithful to the Liberal Party, but he felt he could not work and make de Havilland an effective company and he was afraid it would be destroyed. The Government has done a very good job of it, because what qualifications does the former Minister, who is the Chairman of that organization, have to run an aircraft company in these times?

• (1620)

I would just like to make a comment with regard to the Deputy Prime Minister (Mr. MacEachen). He stated last week that guidelines are only guidelines. I recall that a few years ago, prior to my time, a paper was released by C. D. Howe, saying, "It is only a million". The Government's attitude is that it is only a billion here and a billion there. The Government has no effective program to get our economy on track to solve the problem of borrowing funds. We could accept it if the Government were borrowing funds amounting to $14 billion to create employment, but there has been no formal policy established to assist the country. I notice that the latest one is SBIGs. That is a great idea, but it only goes part of the way. It keeps the interest rate down to 12 per cent. What happens to new developing industries which cannot pay 12 per cent? They are starting during a period of expansion. When the money markets are being tied up because the Government is borrowing money it puts the country in a very difficult situation.

I am worried about Canada. I am frightened about its future. I see $8,000 per taxpayer right now. How far do we go? This Party is trying to say, "Stop, halt. You have gone for enough". The Government tries to make fools of us, but I am sincerely and intensely worried about the future of Canada. Perhaps the only solution which will satisfy the Prime Minister of this country is if we became a totally socialist state. Perhaps that was his original plan and perhaps he will succeed. However, Canadians have seen what socialism has done to this country and they cannot accept it. They want to get rid of the Liberals and also of their red rump.

Mr. Waddell: During World War II, when else?

Mr. Fennell: Referring to the red rump for a minute, I would like to point out the fact that it was in the period from 1972 to 1974 that the balance of power was held by that group, which caused the increase in the deficit spending of the Government and gave it an excuse to proceed with it.

Mr. Deputy Speaker: The Parliamentary Secretary to the Minister of Finance (Mr. Fisher) is rising to ask questions?

Mr. Fisher: Thank you, Mr. Speaker. Yes, Mr. Speaker. I am reminded of a quotation from the House that we heard yesterday. I would like to recite it now, as follows: "As far as I am concerned, they were qualified Canadians, and I mean that sincerely". That quote came from the speech of the Hon. Member from Lincoln (Mr. Mackasey) who was referring to a number of lawyers appointed by the Tory Government who earned very large fees as a result of their appointments.

Mr. Nowlan: He made quite a salary himself.

Mr. Fisher: One made over $200,000, and the other made over $165,000.

Mr. Nowlan: And he did quite well, too, from Air Canada. It is the pot calling the kettle black.

Mr. Fisher: As far as I am concerned, there is a great contrast between the important message in the simple statement of the Hon. Member for Lincoln and the bilious vile which we have heard from the mouth of the Hon. Member from Ontario (Mr. Fennell), and it is to his discredit that he let himself act in that fashion. I would like to ask him a couple of questions.

Does he believe that the F-18 contract was given to McDonnell Douglas because a Liberal sat on the board of directors? That is the first question. Second, does he believe that we should not have supported the de Havilland Aircraft base because a Liberal sits on the board of directors? I would ask him to tell us what connection politics has with those projects, and whether he is accusing those people of blatant patronage and the Government of corruption.

Mr. Fennell: Mr. Speaker, I would like to say that some lawyers are more qualified than others. I think our Party did pretty well. The person to whom he is referring, in particular, is the gentleman who took care of the Mississauga derailment, which was a serious emergency situation. We had no choice at the time and had to act in order to protect the Government of Canada. As far as McDonnell Douglas is concerned, that contract was being negotiated at the time. We all know what has happened concerning the problem with the F-18. The United States is contemplating not ordering any. We may be the only buyers of this great airplane.

Mr. Ouellet: No, no.

Mr. Fennell: I did not say that they were cancelling contracts. I said that they were considering it. When we formed the Government, we raised the point called the F-18 A, and the "A" stands for "aircraft". That is part of the problem. It does not have the range. Do not tell me there is no involvement with an ex-Minister of Defense who is on the board of a company that is bidding—

Mr. Fisher: He is not.

Mr. Fennell: —to get the fighter aircraft contract in this country.

Mr. Fennell: He may not be now, but he was then.

Mr. Fisher: He is not.

Mr. Peterson: Do not let the facts confuse you.

Mr. Fennell: Do not confuse the facts. I happen to know that that is correct. I was quoting the ex-President of de Havilland.

Mr. Peterson: You're throwing mud.

Mr. Fennell: He said that under the Government, de Havilland had nowhere to go. Hon. Members opposite are getting worked up, and I am delighted because I am getting my message across. Canadians are upset, and they should be, with some of the things that their Members of Parliament have done.

Mr. Waddell: I think my friend had a short supplementary.

Mr. Fisher: Let me just remind the Hon. Member for Ontario that when the Hon. Member for Lincoln (Mr. Mackasey) was talking about this process, he set a pretty good standard. He said, "As far as I am concerned, they were qualified Canadians, and I mean that sincerely."

I would also like to remind the Hon. Member for Ontario that the former Hon. Member for Mississauga North, a Tory—and his name is Alex Jupp, in case the Hon. Member needs a little reminding—stood in this House and in my riding and said that the F-18 was his choice of aircraft. Does that mean that Mr. Jupp is corrupt because he has endorsed the Government's aircraft? What will he do? How will he tie together his charge that the projects are corrupted and twisted by the presence of Liberals who happen to be concerned and qualified Canadians? Is it not time that we challenged this kind of nonsense and asked people to produce some evidence and not just the kind of cheap slander we hear? The cheap slander has cheapened the Hon. Member.

Mr. Fennell: Alex Jupp was a colleague of mine for one term. He was on the committee when we discussed the airplane, and Your Honour must keep in mind the fact that his entire constituency surrounded the plant of McDonnell Douglas.

Mr. Fisher: Are you accusing him of being corrupt?

Mr. Fennell: He is supporting his own constituents.

Mr. Fisher: Get your act together.

Mr. Fennell: He is not corrupt. He is supporting his constituents. He was one person in the group, so do not tell me that.

• (1630)

You mentioned the Member for Lincoln. I hate to say it, but I do not believe the Member for Lincoln was qualified to be the Chief Executive Officer of the largest air transportation company in this country.

Mr. Waddell: Mr. Speaker, we have heard the Conservative Member rail on about the red rump, and so on, and about the disastrous policies of the Liberal Government. We know about the disastrous policies of the Liberal Government. My question has to do with what the Conservatives would do. They criticize, but what would they do? I suggested some of the things that we would do.

I want to ask the Hon. Member specifically whether he would agree with the statement made by the Right Hon. Member for Yellowhead (Mr. Clark) in May, 1982, when he said, this:

> We have looked for a solution other than the Government's but we couldn't come up with an alternative . . . I don't have a better solution.

I want to quote two other Members to the Hon. Member. The Member for Etobicoke Centre (Mr. Wilson), the finance critic of his Party, said this to the Canadian Club in Montreal on February 15, 1982:

> That is why I am so fearful of a Government policy which would simply allow interest rates and the Canadian dollar to drop.

The point was that he was worried about interest rates dropping.

In the House of Commons, just following that, the Member for Vegreville, (Mr. Mazankowski) criticized the Government for creating crippling high interest rates and advocated that interest rates come down immediately.

Now, what is it? Does the Conservative Party have any policy at all or does he agree with what the Member from Yellowhead said, that is: "We have looked at it. We could not come up with an alternative. I do not have a better solution." Is that what the Conservative Party really has, in other words, nothing?

Mr. Fennell: Mr. Speaker, I want to state, first of all, with respect to the Right Hon. Member from Yellowhead, (Mr. Clark) that he told me very clearly that his statement was taken out of context and that it had nothing to do with that. As far as the Hon. Member for Etobicoke Centre (Mr. Wilson) is concerned, referring to interest rates, it was in the context of "We cannot allow the dollar to drop through the floor to get lower interest rates because our cost of living index would go up so severely."

One has to put those two things together. As far as the Hon. Member for Vegreville (Mr. Mazankowski) is concerned, he said the interest rates must come down. Yes, we believe that interest rates must come down but I would like to explain why we do not come up with a policy at this time and the NDP Party can. It is because their Party will never form the Government, and we are planning to form the Government. We are making policy, and if anyone thinks we are going to tell those scoundrels what we are doing, they are crazy, because we

want to get rid of them once and for all. We want to do to the Liberals what Lloyd George did to the Liberals in Britain, and that is our plan.

Mr. Waddell: Mr. Speaker, I am not asking the Hon. Member to tell the Liberals opposite what his policies are. I am asking him to tell the Canadian people what his policies are. My question is this, does the Member agree with the statement of the Hon. Member for St. John's West (Mr. Crosbie) in the House of Commons on April 15, 1980 in which he was against Government spending, or does he agree with the Hon. Member for Rosedale (Mr. Crombie) on January 21, 1983 in which he was for increased Government spending. Which one is it?

Mr. Fennell: Firstly, Mr. Speaker, in this Party we have many different views, and it is a consensus of view that will make us a very effective Government.

Mr. Deputy Speaker: The Hon. Members' views may vary, but the time period does not. I should call the attention of the House to the fact that speeches from now on are limited to ten minutes, without a question period.

Mr. John Gamble (York North): Mr. Speaker, Bill C-143 calls upon this House to approve the borrowing by the Government of Canada of $19 billion, and represents a culmination of circumstances which have led us to a consideration of an instrument of this nature requiring an added burden being placed upon the taxpayers of Canada, not only those who sit in the House and those elsewhere, but their children and grandchildren and great grandchildren, so long as we can see a line of Canadians who can survive. It is that unfortunate circumstance to which we, I submit, must direct our attention.

It is absolutely true that as we sit here today the nation is in dire need of assistance. We have at least 1.6 million Canadians who are unemployed, and we are told by the Government that under these circumstances it is absolutely essential that we have the tools with which to ease the burden placed upon these unemployed Canadians. They do not of course at the same time say, "And we assume the entire responsibility for the position in which those Canadians find themselves," although, were they honest, they would indeed make that assertion.

What bothers me is that if one casts one's mind back to as recent a date as June of 1981 this House will recall an address by the then Minister of Finance who began his comments by referring to fairness and equity as being the touchstones of the budget which he introduced. Fairness and equity indeed! The entire process was designed to raise $1.3 billion in additional revenues, and it had as its by-product the disillusionment, distaste and disfavour that flowed through the business community in Canada, coupled with, at that time and still surviving today, an air of complete uncertainty within the Canadian business circle.

One of the things that surely Government should have realized at the very outset was that this uncertainty would breed less production, less development and considerably less employment in our nation, and yet that entire recognizable and anticipated consequence was ignored by Government.

We now are faced, as I have indicated, with a debt burden load which gives rise directly to the payment of interest on the national debt anticipated, having regard to the Estimates which have been tabled this week, to be $18.6 billion, a full 20 per cent of all the money spent by Government, not all the money raised by Government through tax revenues but all the money spent by Government. In terms of money actually raised by Government, it is in excess of 25 cents on every dollar, and that surely must shock this House.

This Bill is part of the revenue raising through the borrowing process which will increase the amount that has to be paid for interest on the national debt, as I say, not by this Government and its members, not by Members of the House alone, but by future generations of Canadians yet unborn.

If we can go back to the alleged principles of the budget of June, 1981 and ask ourselves, is it indeed appropriate, is it just and equitable, that this Parliament place a burden on future Canadians of the magnitude that faces us today and that will grow with the days ahead, under this administration?

I fully recognize the need for additional funds to be spent to help offset the terrible social and economic burdens created by unemployment, but I have asked this Government time and time again when it proposes to do something of a concrete nature to solve the problem, and the problem very clearly is a failure to recognize that they have been over-spending.

• (1640)

Let any Member on the Government side stand in his place and say this is what we have done in order to pare our excesses. Let him say that this is what we have done in order to show the people of Canada that there is some hope and expectation for the future that we will come to grips with our lavish expenditures which have characterized our administration from the beginning of time.

I raised this issue in the House on two separate occasions, on July 5, 1982 and again on November 10, 1982. I specifically asked that the estimates be referred to a special committee of the House which would have the specific task of going through them with a fine tooth comb to eliminate those expenditures which ought not to be incurred.

Let me give an illustration of the kind of frivolous expenditures with which we are faced. The cost of the recent advertisements placed by the Department of Energy, Mines and Resources in various newspapers across Canada to convince Canadians, "that complete energy security in Canada is this close", cost the taxpayers of this nation almost a whole million dollars. One ad run in the newspapers in Canada cost the taxpayers a million dollars. For what useful purpose? There is no useful purpose for that expenditure other than to endeavour to convince the public that its Government is doing a good job. Let the public be convinced by the actual results of the administration, not by a paid campaign to convince the public that it has performed its tasks usefully.

I have examined the Estimates. We have a number of interesting items which should attract the attention of any serious-minded Member of this House concerned with fiscal responsibility.

It is absolutely incredible that we should be taking from the public purse the amount of $820 million to shore up the CBC for the current year, $820 million for a corporation that raises $175 million from ads and other revenues for its entire year's operation.

I recognize that there are times when it is absolutely essential that the public corporation in broadcasting communicate with those regions in the northern part of our country which would otherwise not be serviced by a public communication system. That does not mean that $820 million, an increase over last year of some $82.6 million, is the way in which this can be achieved, having regard to the fact that in so much of our nation the services provided by the CBC are provided by an independent network operated under the free enterprise system. Not only the capital needed to acquire the capital asset has been paid for by privately-raised revenues but the operating costs are paid for out of privately-raised revenues, and a profit is generated on its operations.

Having regard to the nature of the economy today, I submit it is appropriate to examine these Estimates, as I have done so often, with a view to determining whether it is appropriate to go to some Crown corporations and tell them that they are at the end of their leash and, within a limited period of time, those subsidies will be finally terminated.

The time available does not permit me to deal, to the extent that I would prefer, with other items of a similar nature in the Estimates. I regret that the time for questions after speeches has expired.

Mr. Terry Sargeant (Selkirk-Interlake): Mr. Speaker, my constituency is much like many other areas in this country. We have our share of unemployment, we have our share of plant closures, we have our share of small business bankruptcies, and we have our share of farm bankruptcies. We have plants operating below capacity, with the resulting lay-offs. As well, there are in my constituency 11 Indian reserves. In the best of times, reserve Indians live under economic conditions that are nothing short of a disgrace in a country as wealthy as Canada. In the best of times, reserves have unemployment rates that run between 50 and 90 per cent. In times of severe recession, as we are now experiencing, those figures grow.

For some strange reason known only to God and the Liberal hierarchy, reserve unemployment figures are not included in the national figure. I suppose if they were, the resultant high figures would be far too frightening.

For some other strange reason the Government decided in the past year to cut funding for the very programs that might improve the economic situation of these reserve Indians, namely post-secondary education and economic development. The Government chooses instead to increase their dependence on welfare. It is no surprise that my constitutents are rather skeptical, even cynical of this Government, when it comes before Parliament to ask for authority to borrow another $19 billion.

I believe it is fair, and I am sure my constituents would agree, indeed we consider it imperative, that Members of Parliament demand to know how those billions will be spent.

The Minister of Finance (Mr. Lalonde) told us that $5 billion is needed for the last few weeks of this fiscal year, that it needs to borrow that amount because the recession has taken its toll on Government revenues and at the same time that recession has increased pressure on Government expenditures. Of course, the Government's conservative and fiscal monetary policies have had a lot to do with bringing this recession on and with the depth to which the economy has sunk in the past few months.

Setting that fundamental issue aside for now, the Government has not told us how it plans to spend the $5 billion it is asking permission to borrow. On top of that, it has the gall to ask this House for authority to borrow another $14 billion for the next fiscal year, before it brings down a budget. Why, when this borrowing authority Bill was introduced, the Government has not even tabled the Estimates for 1983-84!

Bill C-143 is the third borrowing authority Bill brought before this House in the last eight months. In June 1982 the Government asked for $6.6 billion, in July for $7 billion and in November for another $4 billion. Now we are being asked to give the nod for yet another $19 billion.

What the ballooning deficit shows is that the Government cannot possibly claim to be in control of the economy. The deficit for the 1982-83 fiscal year has increased by 16 per cent in the last four months alone. It must be a bit of irony for the Government. While it has pursued with single-minded purpose the reduction of the federal deficit, it has really created the economic conditions that are forcing the deficit to keep on rising.

In the last three budgets, this Government has set its sights on cutting Government spending and reducing the deficit. The November, 1981 budget tried to step up the pace of deficit reduction, striving to bring it down from $13 billion to $10 billion, but that is not what happened. By the time the June, 1982 budget was unveiled, the Government was forecasting a deficit of $19.6 billion. Now we are talking about a deficit of $27 billion. That is a 170 per cent increase over the size of the deficit planned slightly more than a year ago.

How can that be? The Minister of Finance told us last week that this deficit increase is due in large part to the recession. Is it possible that the Government did not know that the Canadian economy was deteriorating, that a recession was upon us? How could it have missed the signals? We in this Party have warned the Government time and time again that with its tight fiscal monetary policies, it would bring on the recession Canada is now enduring. By permitting the Bank of Canada to drive up interest rates the Government has played no small part in throwing almost two million people out of work, in driving 11,000 businesses into bankruptcy, and in grinding the economy down until it is running at less than 70 per cent

capacity. By leading the attack with its six and five program on the incomes of pensioners and mothers, on Armed Forces personnel, public servants, and now on the private sector workers, the Government is undermining domestic consumption in Canada and putting off economic recovery. By knuckling under to right-wing attacks on controls on foreign investment, and by putting all its eggs in the megaproject basket, which promised at best to make Canada even more reliant on resource exports in the international market, this Government has weakened the ability of any Canadian Government to direct the economy towards recovery. The Minister of Finance is right when he tells us that the Government's increasing deficit is due in no small part to this recession which is causing tax revenues to fall and welfare and unemployment insurance payments to increase. But what does he plan to do to rectify that? He will not tell us.

• (1650)

Dazzled by the simplistic logic of Conservative economics, the Government has forgotten everything it should have learned from the economic disaster of the 1930s. The six and five program has now replaced monetarism as the main plank of the Government's economic program. The six and five program is the activist element of last June's budget. It is supposed to show that the Government is dealing decisively with the nation's economic crisis by attacking the wages and salaries of working Canadians.

At the same time as the Government has struck this activist pose with six and five, it refuses to abandon its tight money policy or to use its deficit wisely to stimulate the economy. Under this Government, the deficit is the result of our sliding economic fortunes, not a tool to stimulate the economy and fuel the engines of recovery. Just as in the 1930s, Canadians are being told that wages must come down if more jobs are going to be created. Then, as now, the Government is unable to understand that the nature and size of its deficit is an instrument of economic policy, that by gearing the Government's economic activity to bringing the deficit down, especially in hard times, the end result will very likely be much larger, though unplanned, deficit increases.

If the Government had decided to stimulate the economy, Mr. Speaker, instead of squeezing the life out of it, if unemployment had been brought down to 7.5 per cent instead of being permitted to rise to 13.5 per cent, we would have a surplus in excess of $1 billion now, rather than the $27 billion deficit, or is it $29 billion, who knows, it grows daily. A Government's deficit should be an investment in economic growth. A planned deficit which increases spending and production in the whole of the economy is an investment which limits unemployment and ultimately, as economic recovery takes hold, the Government's own debt.

The Conservative Party, of course, will wail that it is irresponsible to even think of increasing the deficit. Well, as was asked earlier by my friend, the Hon. Member for Vancouver-Kingsway (Mr. Waddell), what about Joe Clark's stimulative deficit of 1979? The Conservative Members will argue that increasing Government borrowing crowds out private investment by bidding up interest rates in financial markets. I am afraid that argument does not hold much water today. The private sector is already debt-ridden. It sees few prospects for profitable investment, and it now finds itself dealing in unstable financial markets. The private sector is not exactly screaming for more financing to invest in more jobs.

In conclusion, Mr. Speaker, I believe the Government has been forced to borrow more money because it has to react to the recession which its own wrongheaded economic policies have brought upon the Canadian people. We in this Party do not favor an increase in the deficit for its own sake. What needs to happen is for this Government to show some real economic leadership and start to use its deficit in investment in economic recovery, an economic recovery which will put two million Canadians back to work, will bring the Government more tax revenue, and will reduce welfare and unemployment insurance costs. If the Government had used its deficit in that way in the past, we would not be dealing with this large deficit today, and we would not be dealing with a $19 billion borrowing authority.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I feel it would be a dereliction of duty were I to refrain from taking part in this discussion in which we are engaging today. Bill C-143 is a Bill to authorize the Government to proceed to borrow another $19 billion for the financing of Government expenditures, $5 billion for the balance of this year and another $14 billion for the year 1983-84. Before us as well is an amendment by the New Democratic Party that Bill C-143 be not now read the second time, but that the order be discharged, the Bill withdrawn, and the subject matter thereof, particularly the clause pertaining to borrowing for the fiscal year ending March 31, 1984, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

As I said, Mr. Speaker, I would be remiss in my duty were I to remain silent when the Government proposes to raid the pockets and purses of the taxpayers of this country to the tune of an additional $19 billion. Reference has already been made to the record of borrowing Bills which have been before this House since the session opened just after the last election. And as we add it all up, we find it is a horrendous amount which the Government has been forced to borrow. When we realize that the expenditures are continuing to grow at a phenomenal rate, we must wonder where the end will be. I believe, Mr. Speaker, that confidence is essential if the taxpayers of the nation can be expected to fork up such horrendous amounts. As we look at the economic conditions in the country today, I do not believe that the Government has any right whatsoever to expect the people of this country voluntarily and willingly to give further of their diminishing returns in order that this Government can carry on with its vast expenditures which have been condemned by the Comptroller General, stating that the Government's expenditures are out of control.

The Government's economic mismanagement is driving an ever-increasing number of farms and businesses into bankruptcies. In 1982 a record 10,765 businesses were forced to close

their doors. Business bankruptcies in 1982 were 33 per cent higher than in 1981, 63 per cent higher than in 1980 and 91 per cent higher than in 1979. According to the September 1982 issue of *Euromoney*, the over-all performance of the Canadian economy since 1974 ranks us fortieth in the world, downturned from thirty-fifth place last year. In that time period Canada ranked fifty-seventh in terms of economic growth, twenty-fourth in terms of inflation, thirty-third in terms of currency strength, twenty-ninth in terms of export growth, and twenty-fifth in terms of growth in balance-of-payments. According to the organization for Economic Co-operation and Development, Canada's economic decline in 1982 was the worst of any of the 24 members of the OECD.

I would suggest, Mr. Speaker, in light of these figures, that the Government has no right to come before this House and ask us to agree to the borrowing of another $19 billion in order to finance these fantastic expenditures. The Canadian misery rate, the sum of the inflation and unemployment rates, is the second highest of the major industrialized nations. I want to say, Mr. Speaker, that the statements which have been made today that we are on the road to recovery are very difficult to believe, because I feel the figures indicate quite clearly that we are still down with the lowest record and the most difficult situation of practically any of the industrialized nations of the world. I will continue my comments at a future date, Mr. Speaker.

Mr. Deputy Speaker: Order, please. It being five o'clock p.m., this House stands adjourned until Monday next at 11 a.m., pursuant to Standing Order 2.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 28, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed from Friday, February 25, 1983, consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly (p. 22957).

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, on Friday I placed on the record a few of the facts which call into question the Government's right to expect the taxpayers of Canada to grant borrowing authority in the amount of another $19 billion. I should like to add several more items to the sorry list that underscores the reasons the Government does not deserve the confidence of Canadians at this time and why, as spokespersons for these Canadians, we voice their frustrations and resentments.

In 1968, Canada's standard of living was the third highest in the western world, second only to Sweden and the United States. By 1980 we had fallen to eleventh place. Over the past few years our industrial productivity has been rising at the slowest rate of any major industrial nation. Borrowing costs in Canada are higher than those in most other industrialized nations. Our unemployment rate is the second highest of any industrialized nation, and the inflation rate is the third highest in the same category of nations.

Spending in 1982-83 alone increased by 20 per cent on a national accounts basis or by 19.6 per cent on a public accounts basis. Spending on the national accounts basis is now equal to 26 per cent of the Gross National Product. The net debt last year was $94 billion, and this year it is expected to be $122 billion. The Auditor General indicated that in his estimation the expenditures are understated by about $14.5 billion.

This Bill calls for an additional $19 billion of borrowing authority—$5 billion for the remainder of 1982-83 and $14 billion for the year 1983-84. Of course, we all expect that there will be additional borrowings. The amendment says that the $14 billion be not granted at this time but that the Bill be referred to the Standing Committee on Finance, Trade and Economic Affairs. Surely this is a reasonable request and I think the Government should agree to it.

This Party has proposed an all-Party committee to study the Estimates and advise on reductions, but of course one could hardly expect the Government to accede to this request because it has already outlined its programs and very seldom do the discussions on Estimates have anything to do with changes that may be made. I think, however, there are two factors that should be carefully considered. First is the impact of this borrowing on our taxpayers. I am sure we would all agree that we have about reached the point where any further borrowings, any further deficit or any increase in taxation will have a most detrimental effect on our whole economy. Many Canadians are staggering under the load of taxation already and this will add further to that burden. Second is the immorality of mortgaging the future of our children, our children's children and generations yet unborn. I suggest that the Government has not established any credible reason why it should be asking the taxpayers for authority to borrow this amount now.

• (1110)

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome the opportunity to speak on Bill C-143, which seeks $5 billion in supplementary borrowing authority for the current fiscal year ending March 31, 1983 and $14 billion in interim borrowing authority for the 1983-1984 fiscal year.

This is the largest borrowing bill in Canadian history ever to be introduced in the House of Commons. It was introduced without a formal forecast. What we had given to us by the Minister of Finance (Mr. Lalonde) were a few figures thrown out to justify his increased requirements, which in effect is treating Parliament in a shameful and degrading manner.

On February 17, 1983 the Minister stated that the projected budgetary deficit for the current fiscal year will rise to $27.2 billion, up from $23.6 billion since the October statement. However, since no figures were given to back up these numbers two questions arise. What will interest costs be and how much revenue will be collected from personal income taxes? Nobody seems to know, not even the Minister of Finance. He has refused to provide us with a forecast outlining the Government's financial requirements for fiscal 1983. All he seems to be saying is "Trust us. We need $14 billion for the beginning of next year just to get started. Do not ask us how much more we will need before next year ends."

How can there be any trust when one looks at the track record of this Government? For example, just two days after the Estimates were tabled, at least two Government spending

estimates were dashed by reality. Public Service growth, predicted in Tuesday's tabled Estimates at 1 per cent in the next fiscal year, will probably triple. The communications Telidon project, which was supposed to be phased out next year with funding of about $1.2 million, will now be extended for two more years at a cost of $23 million.

There is more. This same Finance Minister who seeks our blind trust announced on Wednesday, February 23 that this year's record federal deficit of $27.2 billion will rise to approximately $29 billion next year if the Government sticks to current plans. What plans? We on this side would be glad to see something realistic. The Minister said that the deficit will go even higher if budget measures expected in the next few months contain provisions to stimulate the economy.

The Minister is actually saying that the Estimates for 1983-1984 are not to be trusted, that they are not really estimates. In fact, they are not even good guesstimates. They are totally unrealistic and give no guidance whatsoever to Parliament and to the Canadian people.

I submit that our poor economic performance will continue to have a negative impact on the finances of the Government as the costs of social assistance rise and revenues stagnate or fall. Any recovery that does occur is likely to be very weak and, as such, will have only a very moderate impact on our economy.

In situations such as this, we are often asked on this side of the House what we would do, what we have to offer to improve our economy, and what we would do to bring about more employment opportunities. I have a suggestion that would be beneficial not only to Atlantic Canada but helpful to the entire nation.

On December 10, 1982 I asked the Minister of Transport (Mr. Pepin) whether he would consider electrification of the Maritimes railway system in order to halt the dangerous erosion of our present service. He immediately replied that, in his opinion, this was not a very worth-while project. In his words, the investment would be too great for the benefit to be harvested at this particular moment. In plain language, what he was trying to say and did not was that either the cost-to-benefit ratio is not adequate or the return on investment is not sufficient.

• (1115)

These are classic investment terms that can be manipulated to suit one's own purposes. It all depends on the ground rules, such as projected traffic increases and inclusion or not of spin-off benefits. I wonder if the Minister would tell the House what the return on investment is for the recently announced capital outlay for western railway improvements, for example, arising out of the Crowsnest Pass deal?

Why should all the railway improvements be made in the West and to a lesser degree here in central Canada? We are all Canadians. We will all be paying for western upgrading. Why should there not be a better apportionment of railway capital expenditures between the West and Atlantic Canada? The Minister of Transport and his bureaucrats are saying that the traffic, or its projected growth, does not warrant the expenditure. This, of course, gets us into the old cliché of the chicken and the egg argument. New traffic growth cannot be built and attract new shipping unless there is something to encourage it like a fast freight system from Halifax to Montreal and through to Chicago.

I ask the Government in all seriousness: Why should all these essential capital projections which are in the national interest be subjected to a banker's cold, hard, calculating return on investment analysis? If this is the yardstick that is to be followed, we shall have abolish the CBC, the National Art Gallery, the National Arts Centre, the National Film Board and the National Research Council, to name but a few.

We do not have a viable rail transportation system in Atlantic Canada. This was a Confederation commitment. I say to the House that we need one now. It is my understanding that Canadian Pacific is ready to go with its rail electrification plan, starting with the Rogers Pass Tunnel. The follow-up sector will be Thunder Bay west. Canadian National's plans are to electrify the golden corridor, which is Quebec to Windsor, and this would include VIA's light, rapid and comfortable passenger service.

If this happens we are all dead in Atlantic Canada. We would be left holding the transportation bag. We will be stuck with the crumbling railway system, and one only needs to think of the recent derailments in Atlantic Canada if there is doubt about that. We will be using diesels on an antiquated roadbed. The diesels will wear out or become obsolete or too costly to repair. The only alternative left will be to abandon the rail system and depend on truck transportation.

Such an eventuality poses some interesting questions. What happens to our two great ice-free, all-season ports of Halifax and Saint John, New Brunswick? Will the federal Government totally subsidize the increased shipping costs of all commodities to and from the Maritimes? For example, what will replace the locomotive repair and maintenance facility in Moncton? Assuming that we in Nova Scotia developed a petrochemical industry with our Sable Island gas feedstock, how will we transport the by-products of such an industry? We need a safe and efficient rail system to transport benzine, styrene, polyethylene, ammonia, urea and methanol if we are to take full advantage of our offshore possibilities.

If we do not have the proper infrastructure in place we will have to defer to Quebec once the Arctic pilot project comes onstream. I fear that Quebec, and Montreal in particular, is against any of these developments. We will be lucky if the PQ and M pipe line ever gets beyond Quebec City. It is not in Quebec's own best interest. This is all part of the transportation grand scheme to restrict Atlantic Canada. At the heart of it all is the railway and the ports of Halifax and Saint John. We must make a move now to electrify CN in the Atlantic. It will be too late once electrification starts in the West or along the golden corridor. CN should be immediately required to upgrade its rail system in Atlantic Canada, and electrification should start in the East where traffic is lighter so as not to interfere with the heavy grain traffic in the west. The ports of

Halifax and Saint John should be recognized by the Wheat Board as western grain export ports and be given substantial increases in grain export shipments.

CN should be starting now to build a spur line to handle the shipment of by-products from the Sable Island natural gas and petrochemical industries. More than any other part of Canada, Atlantic Canada needs the job opportunities that could result from a rail electrification program in Nova Scotia and New Brunswick. The economic betterment of our area should not be disappearing into the western sunset. We need and in fact demand a fair share of the opportunities that are provided in new advancements and technology such as railway electrification. Atlantic Canada must not be forgotten. Let us make an investment now in Atlantic Canada's economic future. To wait until there is an upturn in the economy would be the worst kind of business planning.

• (1120)

In closing, I say let us get on with the job. Let us put our unemployed to work on a make-work program which will really be helpful and bring long-term benefits to our nation. If we follow this course, we have nothing to lose and all across Canada have everything to gain.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, it is very notable that during the last number of days, and indeed one might even say weeks and months, the Government has failed to provide clear answers to any questions which have been raised in the House. As if that were not bad enough, most of the time the Government provides no answers at all.

Mr. Blenkarn: Or false answers.

Miss MacDonald: That is one of the very real problems evident in the operation of our parliamentary system. We either hear Government Ministers making obtuse remarks which do not come to the heart of the issue, or Ministers refuse to provide specific information. As well, we hear Ministers drawing red herrings across every issue raised, trying to diffuse the issues and duck what is being presented to them. We saw that in spades here in the last couple of weeks.

The present piece of legislation, Bill C-143, the Supplementary Borrowing Authority, is in exactly the same category. The Government refuses to provide the answers for the most fundamental of parliamentary procedures, the most basic issue with which we are ever asked to deal, concerning what the Government will do with the money which it is requesting authority from Parliament to borrow.

Just a few months ago the former Minister of Finance made it very clear that he would not ask for any further borrowing authority from the House until a budget had been provided to the House, until the means of raising and spending moneys had been spelled out to us in detail. That is what he said just a few months ago. Once again, the Liberal Government has gone back on its word. Not that that should be surprising; it happens all the time. However, here we have it in spades. We have it in extravagance. The Government, void of any honour, any integrity, any courage, has passed up another opportunity to introduce a budget which would at least try to address the financial mess in which Canada finds itself today, in which the economy has been plunged.

Therefore, we are faced with Bill C-143, a borrowing authority Bill which asks the House for authority to give the Government a staggering $19 billion in additional money to spend. However, there is no budget as was promised. Yes, the Estimates were tabled the other day, but they did not give us a detailed account for the $5 billion requested specifically for this fiscal year nor for the $14 billion which will be requested in the 1983-84 fiscal year. There are not even any forecasts as to the need for such increased expenditures.

It is almost impossible to believe, but nevertheless it happens that each time the Minister of Finance (Mr. Lalonde) has risen in the House to speak of the fiscal situation in this country, he has told us that the deficit is larger than it was the last time he spoke, and the financial requirements of the Government continue to grow. Now, that amount projected takes us to the edge of a precipice. There is absolutely no control, no management, no restriction coming from the Government benches.

• (1125)

Only as recently as last October the Minister of Finance announced, as the House will remember, and indeed announced with the reaction horror and staggering surprise from the country at large, that the federal deficit had risen to $23.6 billion. Last week he came back to tell us that the deficit was now $27.2 billion for the fiscal year ending in March, 1983. In less than four months the deficit had risen $3.6 billion, almost $4 billion; or, put another way, $1 billion for every month since October that the Minister of Finance has delayed bringing in a budget. His waffling and procrastination have resulted, in both financial and human terms, in unparalleled costs, reflected in one-and-one-half million Canadians out of work. The Gross National Product has fallen by 5 per cent during this past year. Bankruptcies among small businesses, among farmers and personal bankruptcies, are up 33 per cent in this past year. High interest rates have economically crippled businesses and individual Canadians. The waffling and procrastination which are hallmarks of this Liberal Government are no prescription for businesses and industries that are crying out to the Government to provide a climate of confidence and stability in the country.

What is needed by the business community is positive, factual information that would lessen the burden of their struggles. With some, those struggles are to expand their businesses. With others, it is merely to survive. Instead, the economic instability and the uncertainty remain; in fact, they grow worse. It confronts us with that uncertainty, that instability, right here today.

Bill C-143 is the largest borrowing Bill, the largest request for money ever to come before the Parliament of Canada. The Government wants authority to borrow $19 billion but it will

not tell us what it wants it for. The Estimates for the next fiscal year were tabled last week and they show the largest expenditure ever to be undertaken by a federal Government, an expenditure of $88.9 billion; but that will probably increase when all the Supplementary Estimates are in to $100 billion.

Just think of those figures. We are talking about a borrowing authority of $19 billion and projected expenditures that could go as high as $100 billion. In all of this, the Government refuses to explain to the people of Canada, through their elected representatives, how they are going to raise and spend those moneys. At the beginning of parliamentary history, the nobles held King John accountable to tell them how he was going to spend the moneys of the realm. If he had not done so they would probably have said "Off with his head," and perhaps that is the only way we can bring this Government to be accountable for the moneys that they control now and about which they refuse to explain to the Canadian people, defying parliamentary tradition and denying Parliament the most basic information for which Parliament exists. What that is doing is downgrading, humiliating and demeaning this institution.

It also creates another very worrisome situation, one which I am sure all Hon. Members are running into. The business community hears the news that the Government is after another $19 billion is spending authority and that its estimated expenditures for the year ahead will probably amount to $100 billion; and the signals that go out are inflationary signals. The business community is asking where the Government is going to go for this borrowing and whether it will create a logjam in the capital market.

• (1130)

The concern they express to me and I am sure to most Members on this side, whether they do to Liberal Members or not, is that they are afraid that the battle for scarce capital is going to be reactivated, that that battle will once again be fought unfairly, with priority being given to the public sector requirement while the private sector is left to scramble for what is left.

What that means is that that scarcity of capital will have the inevitable result of pushing rates higher. That is the fear of the business community, whether small business or large business. That is what is being experienced in every part of the country. The instability and uncertainty that has been generated by this borrowing authority is that once again on the horizon we see high interest rates looming because of the way the Government is trying to enact fiscal policies in this country, trying to transact them in a way that is deceptive to this House and to the business community at large.

Mr. Rod Murphy (Churchill): Mr. Speaker, Bill C-143 which is before us at this time is the fourth borrowing authority that this Government has introduced in the last eight months. On June 8, 1982 Bill C-111 granted the Government $6.6 billion. In June, 1982 Bill C-125 gave the Government an additional $7 billion; and in November, 1982 Bill C-128 gave it an extra $4 billion. The legislation before us today will grant the Government another $19 billion. For what? Of that amount, $14 billion is completely unaccounted for; $14 billion for a budget which we have not yet seen in this House of Commons.

Like previous speakers on this legislation, I deplore the fact that we are being asked to authorize great sums of money without any direction from the Minister of Finance (Mr. Lalonde) or the Cabinet as a whole as to where the money is going. The main reason for having a Parliament throughout the history of England and of this country is that the taxpayers, the citizens of the country, have a right to say what taxes are levied, what expenditures it is allowed to make. For us to pass this Bill without that rationalization and without any explanation by the Government would be defeating the very purpose for which a Parliament is set up.

We have had three budgets in the last 14 months. The November, 1981 budget, although labelled as a soak-the-rich budget, did anything but that. It was only a mechanism for shuffling the loopholes; close one loophole and open others.

The taxes of those earning the most in Canada were actually reduced as a result of the measures in the November, 1981 budget, and significantly so. Those in the top tax brackets of this country were told that their federal taxes would be reduced from 43 to 34 per cent. The decrease in their federal tax affects what happens provincially and this becomes important in terms of what they actually pay. Therefore, they pay significantly less to the coffers both of the federal and provincial Governments.

In June, 1982 the then Minister of Finance introduced a second budget. That budget can basically be called the six and five budget. The main purpose of that budget was to impose six and five increases on salaries of federal workers, old age pensions, Family Allowances and the pensions of retired public servants. As is so often the case, the Government failed to follow through on its six and five legislation when it came to its friends. This Government has one set of priorities, rules and laws for the average Canadian, but the political appointees, their friends, will get more than six and five per cent increases.

I wish to quote from an article in the Saturday, February 26, *Globe and Mail* entitled "Some federal agencies manipulate 6 and 5":

> Members of the board of the National Energy Board will make an average of $72,668 in the year ended March 31, 1984, up 10.8 per cent from the fiscal 1983 level. In fiscal 1983, they received an average 18.6 per cent raise, bumping up their income over two years by about $17,400.

That is not six and five. We have six and five for janitors in the Government service and for old age pensions, but not for Liberal appointees to the National Energy Board. Referring to the Atomic Energy Control Board the article states:

> Part of this budget increase will go to fund a 10.7 per cent rise in average fiscal 1984 management salaries, to $59,340. In the current year, salaries rose 13.8 per cent.

It states that the Northern Pipeline Agency will give its managers an 11.6 per cent raise, to $71,915. The article also refers to other Government agencies.

My point is that we authorized Government funds based on a budget in June, 1982 which said that six and five would be the law of the land. That law is not for all Canadians. Some Canadians who are being paid by the Liberal Government are receiving increases much in excess of the six and five program, and for that this Government must be accountable.

The third budget, presented by the Minister of Finance in October, 1982, can basically be called the NEED budget. The only significant program in that budget was the establishment of the NEED program, presumably for those who have exhausted their UIC benefits. Those people were to be provided with employment. By the Government's own figures, 3,000 to 5,000 jobs were created. That is so insignificant in the face of our present unemployment that it is a laugh. The budget has created almost no jobs. The only jobs created are for the ads and brochures put out across this country by the Government. The jobs for those who lost their UIC benefits or have never received them because they have not had a job are not there. This program is not creating jobs at a very fast pace for these Canadians.

• (1140)

And so, Mr. Speaker, we come to the next budget, the budget which we have been told will be introduced in April of this year. We are told that that particular budget will deal with the problem of job creation. These are the hints, the leaks and the indications which we are given. But where is that money going? To what use would that money be put and who would receive that money? I endorse the motion of the Hon. Member for Comox-Powell River (Mr. Skelly) who said that this Bill should not be passed, that the subject matter of this Bill should be sent to committee for study. Surely to God, Mr. Speaker, we should not pass a Bill which gives the Government $19 billion more without any indication that the Government knows where the money is going. This Government has no economic plan and no knowledge of where it is going.

In conclusion, Mr. Speaker, this Liberal Government is like the chicken which had its head chopped off and still jumps around the coop. This Government is dead but has not the decency to die.

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, I echo the thoughts of other Hon. Members who have participated in this debate on Bill C-143, a massive Government borrowing Bill which asks the Parliament of Canada, without any plan, design or financial statement, let alone budget, to give to it $19 billion. This Bill, presented without any plan as to what is going to happen to that money, is in my humble opinion a direct insult to this institution and an affront to the Canadian people, an affront to the Canadian taxpayer who will eventually have to pay back this money through whatever taxes the present Minister of Finance (Mr. Lalonde) imposes whenever he brings in another budget. You do not borrow $19 billion without interest. There is no more free lunch. Canadian taxpayers of the future are going to have to pay this money back. It is completely unacceptable to give the blank cheque which is asked for here by the present Government.

Other Hon. Members, Mr. Speaker, have tried to analyse the implications of both the Estimates and spending plans as well as the $19 billion asked for in this Bill. I share the view of most Hon. Members that, frankly, most Canadians, even Hon. Members of this Parliament, just cannot comprehend what $1 billion is. Many years ago C. D. Howe said "What's a million?" Now the question is, "What's a billion?"

I read with interest an article in *Saturday Night* of February, 1983, where Dian Cohen was quoted as she tried to reduce "billions" to a comprehensible figure. She said, and I quote:

"The big race has begun. The object of the exercise is for the government of Canada ... to spend its way through $76-billion before midnight March 31, 1983. That means spending $200-million a day every day."

That is a tremendous amount of money in terms of the mismanagement of this Government in the last period of 15 years, really since the present Prime Minister (Mr. Trudeau) has been in charge. Government spending has been out of control. Spending has gone from $1,837 to $8,000 plus per taxpayer in that 15-year period. Per capita spending has gone from $595 per Canadian to $3,281 per Canadians; interest on the debt to the taxpayer from $215 to $1,600 plus in 1982-83; per capita, from $70 to $682. And it goes on and on.

In a most interesting column, Mr. Don McGillivray in *The Gazette* on February 22, 1983 tried to define "What's a billion?" He prefaced his remarks by saying that if you had to spend $100 an hour, and you spent that sum for a 16-hour day, taking, I believe, Sundays off, you were into the situation that even at that pace, with two weeks' annual vacation, you would be spending only $480,000 a year. On that basis, how long would it take to spend a billion? The answer is, and I quote from the article:

The answer is that it would take about 2,083 years to spend $1 billion. In other words, you would have had to start before the birth of Christ, when the Roman Empire was just beginning under Augustus.

You would have spent about half your billion dollars by the time William the Conqueror invaded England in 1066. When Christopher Columbus discovered America in 1492 you would be about three-quarters done. By the time the United States declared independence from Britain in 1776, you would have only about one sixth of the billion left to spend.

Canada's Confederation in 1867 would find you with less than 10 per cent of the money still on hand.

That is just for one billion, Mr. Speaker. He has some other interesting cogitations as to spending an $80 billion or $90 billion budget which, in effect, is close to our estimated budget, but I have no time in this ten-minute abbreviated form of debate to delve into that. We are talking in Bill C-143 of $19 billion. As the Hon. Member for Kingston and the Islands (Miss MacDonald), among others, has said, this is the largest borrowing Bill ever asked by any Government and is just another reflection of the Government's arrogance toward the Canadian people. If it takes that length of time to spend $1 billion, a little over 2,000 years, you are almost back in the days of the caveman, 38,000 years ago, with the $19 billion.

I have tried quickly to give some human dimension to the spending of this Government. All too quickly, with this ten-minute rule, I have tried to put this Government's massive spending into some comprehensible perspective, even though

this borrowing Bill for $19 billion is completely without precedent for unknown expenditures in programs still not defined. Sadly, however, there is more than economic bankruptcy in the Government's spending plans, and if this were private industry we would be bankrupt. We never could get the loan from a bank unless we could project what the revenues were and what we were going to do with the money. There is not only economic bankruptcy here, there is a moral bankruptcy in the conduct of this Government. I say sadly, Mr. Speaker, that when a man of principle perverts principle to protect his person, he flies in the face of biblical admonition and is as blind as the emperor who had no clothes. The mightier the man, the more profound the insult. When men of personal honour are blind to public wrong, that does not remove the mote of morality which must govern public affairs. It just again shows that our temporal leaders have feet of clay and do harm to the system if they stay. Who cares if the Minister can balance the books if he cannot be believed? Public trust and the parliamentary system are more important than any one person, and it is indeed sad to see the perverted defence of one diminish the other. A resignation does not confirm the self-inflicted insinuation of personal wrongdoing, but it does admit a public duty higher than self. Why else do we have guidelines?

Ego and purity of spirit can be no substitute for a sense of public responsibility in our form of democratic Government. Lord Carrington did not fire a shot, Sharon did not personally open the gates of the refugees, but both had a public duty to be responsible for their ministerial acts or omissions. And it should be so here. There is no smear about a conflict of interest, no innuendo about wrong, but a very definite statement that through ignorance, inadvertence, or by design, the Government's own conflict of interest guidelines were broken.

If the guidelines have any meaning at all, and the Government has any credibility, something has to give. By the very nature of conflict of interest guidelines and maintaining public trust in Government, there is not only damage done, but there is an insult to that public trust if nothing happens. If a Government is going to ignore its own guidelines and thus has no credibility with its own defined standard of morality, how can the public believe it on more mundane matters of Government like tax policy, budgets and job creation? That is why the Gillespie matter is so acute. It strikes at the very foundation of Government and no number of billions, borrowed or otherwise, will change that fact.

To restore confidence to the parliamentary system, which is far more important than transitory parliamentary kudos in debate, the Minister has to resign, thereby admitting the public wrong and removing the present private doubt about the Minister's integrity and character. Ironically, and for some sadly, it has been the Government's reaction to the issue which has created doubts in the minds of many where before no doubt existed. The Opposition did not create the "Mickey" connection and only the Government can correct it. A public move may restore personal respect but no move at all creates a cancer of disbelief which will continue to sicken the system and stigmatize the Minister. If the Government fails to move, even more Canadians will believe that the only pervading guideline of this Government is not what you can do for your country but what your country can do for you.

• (1150)

That sad standard, Mr. Speaker, makes the Minister's resignation imperative and makes the issue even more important than the billions asked for in a blank cheque through Bill C-143.

Mr. David Kilgour (Edmonton-Strathcona): Mr. Speaker, I rise to speak in favour of the amendment to Bill C-143, the borrowing Bill in the amount of $19 billion.

Ten minutes is a short time to speak. To start, I should like to give a different perspective on how much $19 billion really is to most Canadians. I have worked it out this way, Mr. Speaker, and this may make things a little more clear. If you, sir, gave your wife $1 million and told her to spend $1,000 every day and come back when it was all gone, she would return in approximately three years.

Mr. Blackburn: She would never come back!

Mr. Kilgour: If you gave her $1 billion and told her to spend $1,000 a day she would return a good deal older and broke in about 2,740 years. So by my arithmetic, spending $19 billion at $1,000 a day would take her 52,060 years.

An Hon. Member: You don't know my wife!

Mr. Kilgour: That represents a lot of shopping and a lot of years to finance part of one year's federal deficit. In that sense, the $163 billion now in total federal Government debts is an invisible mortgage on our future, on our children and, as someone said, on our grandchildren.

At the moment it is especially important because it vastly reduces the Government's ability to deal with the acute problem of unemployment. As the economist Richard Lipsey pointed out, "you can expect a deficit in a recession and to balance a budget every year is a recipe for disaster." He went on to point out, however, that it is not the existence of the deficit but the fear that the Government has lost control of spending that is the issue. He added that the goal should be to balance the budget over the course of the business cycle, not to balance it every year.

I see that there are seven Liberals present, Mr. Speaker, so through you may I speak to the approximately two million unemployed Canadians about why we have gone so wrong and how we can get things back on track.

The City of Edmonton is supposed to be a mecca of good employment prospects, but I learned last week that 52,000 people are drawing Unemployment Insurance benefits while there are only 1,000 jobs available at the four Manpower offices. I do not know what it is like in Toronto, Montreal, Halifax or Ottawa. I can only shudder when I think of that. Most people think that Edmonton is doing well economically.

Why is it that Canada is doing so much worse than other countries? When I last checked the unemployment rate in West Germany it was 8 per cent, in Japan it was 2 per cent and in Switzerland it was .4 per cent. According to *Euromoney*, last year we were in 55th place out of 81 countries in terms of economic performance and 24th out of 24 OECD countries.

One of the reasons for this, Mr. Speaker, is that the Government has soured the entrepreneurial atmosphere in the country. More investment money flowed out of Canada in 1981 than ever before in our history. Some $10.3 billion of direct investment left Canada, about half of it due to Canadians taking their money out of the country and the other half due to foreigners taking their money out. Those billions of dollars represent how many lost jobs?

As the billions fled the country, the Bank of Canada resolved to try to keep interest rates above those in the United States on the theory that this would attract foreign money to this country. They tried to keep the dollar at about 80 cents U.S. How many bankruptcies were caused by sky-high interest rates in this country in the last 18 months? How many houses and apartment buildings were not built because of the interest rate policy? In my view, Mr. Speaker, the interest rates we have experienced have killed thousands and thousands of jobs and businesses in the country.

Tax levels are now a major drag on our economic growth. In British Columbia the average family earned $29,201 in 1982 and paid 41 per cent of $12,114 in taxes, made up of $4,055 for income tax, $1,755 for social security, pension, medical and hospital taxes, $1,683 for sales taxes and $1,218 for property taxes and so on. The average Canadian now spends more on taxes than on food, clothing and shelter combined. The 1981 budget did not help the situation by increasing taxes by about $1.6 billion. That is not the way to lift the economy out of the pits.

The national energy policy, which was primarily designed to serve political and not economic objectives, helped push Canada into a recession. Megaprojects such as the Alsands and countless smaller projects died. The program brought in new taxes. As an example, the petrochemical industry in Alberta had ten or eleven natural gas based projects planned, but now all have been postponed, retarded or cancelled because of the new natural gas taxes imposed in the National Energy Program. Today one of the existing plants is building an expansion facility in New Zealand while Alberta is practically bursting with natural gas.

The Government is perceived by many foreigners to be hostile to overseas investment because of FIRA. Just the other day I was on a plane with a person active in the office equipment business. He told me that he wanted to start doing business in Canada and would create 125 new jobs. It cost him $15,000 in legal fees and took three months to get through FIRA. It took only two weeks, however, to get started in West Germany and about the same in Australia and the United Kingdom. He persevered, but how many investors have not persevered to create new jobs because of the obstacles put up by FIRA?

One of the recent budgets reduced the first-year capital cost allowance at a time when all companies are short of cash flow, especially small businesses. Who knows how many small businesses did not expand or laid people off. It is like garroting a golden goose, small business being the goose that creates most of our new jobs.

The Government has soured our relationships with our closest trading partner through the NEP and FIRA. Last year 50 bills before the U.S. Congress directly or indirectly involved trade retaliation against this country. The problem is how to get out of this situation. It is obvious that the Government has cut the economy with a thousand cuts and is not going to get us out of it.

In closing, I should like to refer to Professor Lipsey again, Mr. Speaker. Last summer he said that Canada should rejoin the international business community, restore confidence both domestically and internationally, and that economic nationalism is something that we cannot afford. I heartily agree with him, Mr. Speaker.

• (1200)

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, let me enter this debate by asking you a hypothetical question. Let us suppose that I could be instantaneously transported from my place here in the House of Commons to Ryckman's Corners at No. 53 Highway on the Mountain, or along Wilson Street in Ancaster, or to market Square in Dundas, or to the Village Fish'N'Chips Coffee Shop in Waterdown, or to the Carlysle General Store, or to the Freelton Post Office, or to the main streets and intersections of Binbrook or Sheffield or Rockton or Mount Hope, or any one of the 50 communities I represent in Hamilton-Wentworth. Let us suppose I could speak right now to anyone in my riding, or I could talk to my parents out in Vancouver, and say: "I am at this very moment representing you in the House of Commons on a Bill which authorizes the Government of Canada to borrow 19 billion more dollars to meet its spending requirements".

I do not have to imagine what responses my constituents would give to that statement. At the very least they would be exceedingly unparliamentary. Let us suppose that their answers would run along the lines of: "What? In Heaven's name, why do they need another $19 billion? Has this Government not spent enough of our money? Why do they need another $19 billion for this"—expletive deleted—"Government? Don't let them get away with it!"

I am speaking today to denounce in the strongest possible terms the granting of an unprecedented amount of money to pay unspecified bills for programs which are not yet clearly identified. The $19 billion which the Government seeks to borrow is an astonishing admission that this Liberal administration is bankrupt. It is bankrupt in terms of revenue. It is bankrupt in terms of ideas and policies. It is bankrupt in terms of moral authority to impose this kind of burden on the Canadian taxpayer.

This Government can only borrow and borrow and borrow, to spend and spend and spend even more. Ottawa's big spenders have determined that it will take $89 billion—that is "b" as in "boondoggle"— to run this country.

Mr. Blenkarn: That is just a preliminary estimate.

Mr. Scott (Hamilton-Wentworth): As my colleague points out, that is just a preliminary estimate. Have you any idea, Mr. Speaker, what $89 billion means in terms that we laymen can understand? Breaking it down into $1 bills, let me cite a fascinating analysis which appeared in the Toronto *Star* by Jim Emmerson on how far $89 billion really can go. Given that folks have troubles with Air Canada's seat sales these days, why not own your own Boeing 747 jumbo jet? Boeing in Seattle says that it will fit you out with a sporty model that Air Canada flies for around $94 billion. That means Canada's $89 billion budget could buy an armada of 950 Boeing jumbo jets, sporty configuration.

An Hon. Member: That is not enough for the Cabinet.

Mr. Scott (Hamilton-Wentworth): No, they do not have that many Cabinet Ministers yet. One of my colleagues says that that is not enough for the Cabinet. They only have 40 or 50 Ministers over there, so they would only need 40 or 50 Boeing jumbo jets. If you are a white-knuckle flyer, how about ground transportation by Rolls-Royce? How about a cozy little Rolls-Royce Corniche at a measly $230,000 a copy? The $89 billion spending plan of the Minister of Finance (Mr. Lalonde) would get you roughly 356,000 Rolls-Royces. The list goes on. Mr. Speaker, you can make up your own examples of how far an $89 billion spending budget might go.

Borrow, spend; borrow, spend; borrow, spend: that is the B-S principle, and we Canadians have had enough B-S from this Government without having to approve this Bill.

Some Hon. Members: Hear, hear!

Mr. Scott (Hamilton-Wentworth): The Prime Minister (Mr. Trudeau), the Right Hon. Member for Mount Royal, has a lot in common with Christopher Columbus. When Columbus left, he did not know where he was going. On his way he faced mutiny in the ranks. When he got to his destination, he thought that he was somewhere else. When he returned, he did not know where he had been. The entire voyage was financed through borrowed money. The similarity ends there, for that voyage was a commercial success. The Canadian ship of state is a vessel which resembles the *Titanic* far more closely than it resembles the *Santa Maria*.

This $19 billion represents a 9.6 per cent increase for Government spending, proving that the Government cannot obey its own six and five guidelines. This Government of six and five is coming before us with a borrowing request for $19 billion—$5 billion this year, $2 billion to carry over to next year, plus another $14 billion,—that is $16 billion for next year. This is absolutely the largest borrowing request in the history of this Parliament. The Government will probably require another $19 billion after the $16 billion is used up to carry it through the balance of the year. It has asked for a total of $26 billion to date, which clearly shows that this is a Government out of control.

If we are talking about the morality of obeying its own six and five guidelines, I think the Hon. Member for Vegreville (Mr. Mazankowski) said it for me and for the rest of Canadians when he said, as reported on page 22963 of *Hansard:*

> There is certainly no leadership over there and certainly no morality, judging by the performance of the front bench opposite today and on previous occasions.

He was referring to the last week or ten days of distinct immorality which has been going on in the Liberal Government. He continued:

> People expect moral and honest leadership from a Government, not the kind of sleazy leadership we are getting from that Minister—

He meant the President of the Treasury Board (Mr. Gray).

> —and other Ministers. They ask the old age pensioners and families with small children to exercise restraint while they spend money as if it were going out of style.

There is another aspect of this continuing problem of morality with which Parliament is seized these days that I would like to address briefly. At present there are no up-to-date forecasts to show that the Government needs $5 billion for this year in new borrowing authority. This is in spite of the promises made last October by the present Minister of Finance that there would be a new budget before more authority was sought. He said:

> In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-84 and future fiscal years, and then seek additional borrowing authority as required.

That speaks for itself. I realize that my ten minutes are coming to a close; I will wrap it up in 30 seconds. I simply want to say that anyone on a fixed income, anyone who is unemployed, or anyone who runs a family budget, will understand why my colleagues and I on this side of the House in the Progressive Conservative Party will oppose with all our might this outrageous borrowing Bill for an extra $19 billion boondoggle.

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, we are continuing today consideration of the amendment to the borrowing authority Bill proposed by the Hon. Member for Comox-Powell River (Mr. Skelly), which essentially was designed to refer the question of an extended borrowing authority to committee. We think that this is a very rational approach and consistent with parliamentary practice, since it is not very often that the House gets asked for the right to borrow some $19 billion without the presentation of any estimates, a budget or a statement concerning for what the extended borrowing authority will be used.

• (1210)

When I was doing my constituency tour, as I do several times during the year in order to visit the 90-some communities in my riding, the topic last October before this session resumed was that of the deficit. I tried to deal with Government expenditures and our unemployment problem. Through discussion we concluded that the extra expenditures the

Government would have to put out by way of Unemployment Insurance and social security measures in picking up living expenses of those people whose Unemployment Insurance benefits had run out, would likely result in a deficit of around $28 billion to $30 billion at the end of the fiscal year on March 31.

In the Finance Minister's statement made two weeks after Parliament resumed, he estimated the deficit would be somewhat less than $28 billion. But with the Estimates we now have we find the deficit will be in that ball park.

The principle generally conceded to be in effect when it comes to managing money in the parliamentary system has always been that, first, the Government will lay down a Speech from the Throne, followed by a budget containing the economic forecast for the country as well as the expenditures and methods by which the Government will raise the required funds, either through taxation or other means. Then as the parliamentary session proceeds we get to the estimates of each department. Committees examine them. However, that procedure is being by-passed with the kind of borrowing authority that is being asked for today. Something like $5 billion is being asked for today to complete this fiscal year. But a new precedent is being set by the Government in asking for an additional $14 billion for the fiscal year to start April 1. This is almost as much as the accumulated borrowing authority requested for last year in the first six months. We were asked in June, 1982 for $6.6 billion, in July, 1982 for $7 billion, and in November, 1982 for an additional $4 billion for a total of $17.6 billion. Today we are being asked for an additional $5 billion to finish out the year.

What the Government appears to be doing is arranging to borrow for one whole year's expenditures prior to the beginning of a year. We are not guaranteed $17 billion will carry the Government through the year. This is simply an interim payment, so to speak. The Government may, in fact, be back before Parliament three or four times for additional borrowing as it did during this fiscal year.

It is right for this Parliament to stand on its ancient traditions so as to find out on what these moneys will be expended. We are right to hold up passage of this Bill until it is referred to a committee, as is the intent of this amendment with which we are dealing at the moment. Questions can be asked in committee and hopefully explanations will be given. Without that kind of question and answer session we get into a great many expenditures that are unplanned, are not monitored by the Parliament of the country, and do not have the sanction of this Parliament.

I have one example I wish to outline. It is a very small amount of money in comparison to $17 billion, $28 billion or even the cumulative budget of somewhere between $150 billion to $160 billion. Nevertheless, this example of mine outlines a principle which is being ignored. The matter came up in the House last week. I questioned the Minister of Agriculture (Mr. Whelan) about the advertising he was doing in Quebec concerning the Crow proposal. I attempted to point out that the expenditures of those full-page ads had not received any authority from this House. The suggestion that advertising would be done to explain the Goverment's position on the Crow rate has never been presented in any of the Estimates. It was not mentioned in the budget nor directly in the Speech from the Throne. What is the Minister doing spending money on advertising the Crow rate proposal? Through his own admission, we found that he was prepared to spend $350,000. As reported in *Hansard* for February 22, 1983, he said:

> —and we are estimating that the total ad program will probably cost around $350,000.

When I asked him where he was getting the money, he replied:

> Madam Speaker, the funds we are using are funds from my Department and several other departments that are available for communications.

The Minister's reasoning for this advertising was that some of the provinces, specifically the Province of Quebec, were doing so.

I decided to check to see whether the parliamentary process in the Provinces had completely fallen down also. I phoned the Ministry of Agriculture for the Province of Quebec and I found out that indeed the Province of Quebec had allocated some funds to explain the Gilson proposal. Both the Department of Agriculture and the Department of Transport in the Province in Quebec had each allocated $5,000 for advertising. Some of those funds had been made available to a coalition set up by the various farm groups that will be affected by the Crow proposal. They had used some of that money for advertising. As far as they knew the total advertising expenditure was $6,103. It was to advertise meetings on the subject.

Mr. Miller: A pittance compared to the federal Government's amount.

Mr. Althouse: The federal Government needs $350,000 to counteract provincial advertising. The Minister of Agriculture told me that movies, slide shows and all kinds of media hype were being produced by the Provinces. I checked that out as well and found that the Province of Quebec has a slide tape show to explain the Gilson proposal, copies of which are distributed to agricultural experts in various regions of the Province. The Province spent $1,000 on those. These slide tape shows are now being updated, and the Province may spend as much as an additional $5,000 from the authorization fund of the Department of Transport. Thirteen copies are to be produced. If any Hon. Member is interested, a copy will be available at the Buckingham office, which is the closest one to Ottawa.

Parliamentary principles were adhered to in the Province of Quebec. The expenditure was put forward in that Province's Estimates and the funds were expended under the Estimates as passed.

However, in contrast to that, $350,000 is being expended by the federal Government to explain a policy which has never been formally introduced in this House nor has it ever been presented in the form of a Bill. It is a policy which has no authority to have money expended on it to explain it to the people of Canada. There is the difference. My example is only a small one but in the ten minutes allocated to me today I

wanted to explain that point to the House and to the people of Canada.

• (1220)

Mr. Norman Kelly (Scarborough Centre): Mr. Speaker, I had not intended to participate in the debate this morning. However, the remarks made by the last two speakers from the Official Opposition have prompted me to rise and offer my reflections on what they said and what has been said on this subject in the House to date. I do not recall their constituencies but the two Members who participated and motivated me to speak this morning are Mr. Nowlan from Annapolis Valley—

Mr. Deputy Speaker: Order. It is not the usual practice in the House to refer to Hon. Members by their surnames.

Mr. Kelly: I realize that, Mr. Speaker. I am mentioning their surnames so that I may get the correct constituency from you and use it in my remarks. The second Member who spoke and attracted my attention this morning is the Hon. Member for Hamilton-Wentworth (Mr. Scott).

I believe that the Hon. Member for Annapolis Valley-Hants (Mr. Nowlan) is approaching this debate from the proper perspective when he says that we should look at it in its human dimension. I think he is quite right. While we are concerned with money in this debate, we are in the final analysis really talking about people, and I was delighted to hear him approach this debate from that perspective.

Following those remarks, the Hon. Member for Hamilton-Wentworth rose to make a speech. In his remarks he suggested that, if one were to visit his riding or any riding in Canada to talk to the average Canadians in restaurants, senior citizen homes or anywhere else and ask them, on the basis of this human perspective, how they felt about the Government spending $19 billion, their reaction would be one of almost total outrage. I would suggest that the first speaker had the right attitude but that the Hon. Member for Hamilton-Wentworth asked the wrong question based on that attitude.

I believe that if we want to get a human perspective on this issue, people should not be asked whether they would like to spend that amount of money. I think the answer to that question would obviously be no, people would not like to have to spend $19 billion, $19,000 or $1,900. Nobody likes to have to spend money. I suggest that the question the Hon. Member for Hamilton-Wentworth should have asked in this hypothetical situation is "do you like to receive services." He could have asked the senior citizen if he wants his pension and to live comfortably in the senior citizen building. He could have asked the person who is sick if he wants to receive medicare. He could have asked those who are unemployed if they want to receive Unemployment Insurance benefits or welfare. He could have asked the students if they want to continue to enjoy the university and college courses they are taking now and the ones they will take in the future. He should have asked the businessmen if they want to continue to have their business grants and tax write-offs. Those on the right wing of the spectrum could have been asked if they want the defence forces built up and those on the left wing could have been asked if they want their social services maintained and enriched.

I submit that those questions reflect the human perspective of the issue. Those are the questions that the Member for Hamilton-Wentworth should have been asking the average Canadian in restaurants, senior citizen homes and factories. If they were asked about receiving $19 billion in terms of those questions, instead of asking them if they want to spend the money, I think their response would have been yes, they want those services.

The Official Opposition does not want us to spend $19 billion; obviously, those Members want us to spend less. However, I believe that none of them has suggested how much less they would spend. If they are interested in making a noticeable dent in this borrowing Bill, they would want to spend $2 billion to $5 billion less. If they find out borrowing Bill morally, intellectually and economically offensive and believe less should be spent, where would they cut costs? If they wanted to save up to $5 billion, where would they cut spending?

Some Members opposite, such as the Member for Kingston and the Islands (Miss MacDonald), enjoy rising to criticize Government spending. When they are asked where they would make these spending cuts, they invariably say we should cut advertising expenditures because that is a waste of money. I tend to agree that advertising may be a waste of money, but its reduction does not constitute a very significant cut in the budget. If they are really concerned about cutting money, it is necessary to cut billions of dollars from the budget. When they move beyond the small amounts in Government advertising and other areas, where will the large expenditures be reduced?

We suggested that these reductions could be made by changing the character of the post office, which costs taxpayers $500 million a year. We thought we could save the taxpayers that money but the Opposition's response was no. We said that we could save money by reducing the increase in civil servants' salaries. The Opposition opposed that. We tried to save hundreds of millions of dollars by restructuring and realigning the railway system, but the Opposition vehemently opposed that.

I would listen more attentively to their arguments in this debate if they would tell me with some insight and honesty—the same honesty they asked of us—where they would make their spending cuts. I am afraid to wait for those answers for it would be like waiting for Godot, because they would never come. That is the unfortunate character of this debate. The Opposition can criticize us while posing no alternatives. They have nothing substantial or of real value to suggest.

I agree with Members opposite that there should be morality in the debates of the House. There should be honesty in arguments presented to the House that are designed to influence public opinion. I do not believe that that morality and honesty is present in the arguments made by the Opposition, certainly not from what I have heard today. If the Opposition is honest and moral in its belief that we should not spend $19

billion on the people of this country, I would ask them where they would make cuts. Let them be honest and moral with the people and tell us where they stand, if they know.

Mr. Bill Domm (Peterborough): Mr. Speaker, in a few moments I will deal with a couple of areas where we might seriously consider making spending cuts.

First, I would like to say that we are dealing with Bill C-143, which is asking permission of the House to borrow $5 billion in addition to the $14 billion of which we have been notified. The Minister has no right to expect Members of the House to support legislation which asks for $5 billion and $14 billion until such time as the Government has given us a complete financial statement. Actually, this Bill grants a total of $19 billion in borrowing authority which has previously accumulated from Bill C-111, C-125 and C-128.

This is the largest borrowing Bill in Canadian history. The Government has passed Bills limiting Family Allowances, pensions and Old Age Security and today is attempting to pass legislation which would allow it to borrow $5 billion. The Government has restricted the least obvious sectors of the economy while allowing the major culprits to go literally untouched through advertising budgets and the like, through Crown corporations, directly or indirectly, and through direct patronage. Those are the areas where the Government would do well to make some serious cuts.

• (1230)

I should like to state a few facts dealing with the runaway deficit, unacceptable Government waste, and its dangerous implications concerning Canadian taxpayers. I would like to review the lack of Government priorities in the Nova Scotia Coalgate affair. On September 26 of 1975, Alastair Gillespie was appointed Minister of Energy, Mines and Resources. While Minister, Gillespie learned about the success of coal liquefaction. He learned about these projects in South Africa and, as he told Canadian Press, "I knew about this, of course, because of my previous responsibilities as Energy Minister, and when I was down there"—referring to a visit in 1979—"I spoke to them. I flew over the plants and I became intrigued". On March 30, 1977 the Canada-Nova Scotia Oil Substitution and Conservation Agreement was authorized by Order in Council 1977-7/913.

On June 4, 1979 Gillespie resigned as Minister of Energy, Mines and Resources and later in the same year he again visited South Africa to study the coal liquefaction project so as to examine, now that he had entered the private sector, how he might use his power and influence in the Government of Canada to turn a small amount of money into a literal fortune.

On October 29, 1980 a memorandum of understanding was signed between Alastair Gillespie and Associates and five corporate partners, including two Crown corporations, Petro-Canada Explorations Incorporated, which would report to the Minister of Energy, Mines and Resources, and the Cape Breton Development Corporation, which would report to the Minister of Regional Industrial Expansion.

Continuing on, the corporate partners each committed $300,000; Gillespie, the developer, committed only $25,000. The memo also provided:

> The developer will, commencing on October 29, 1980, be remunerated by an annual retainer, initially fixed at $30,000 and on a per diem basis, initially fixed at $600, for Gillespie's time plus out-of-pocket expenses.

The memo stipulated that if Gillespie chose to sell his interest, he was to be paid $25,000 by the corporate partners for his investment of $25,000; and if the corporate partners chose to buy Gillespie out, he was to be paid up to $750,000. This is where the Government could save some money, through better control of Crown corporations as they disburse taxpayers' dollars.

Then on December 16, 1980 Alastair Gillespie and Associates was incorporated in the Province of Ontario, and on April 4, 1981, in Port Hawkesbury, Nova Scotia, the Deputy Prime Minister (Mr. MacEachen), who is from Nova Scotia, announced the formation of a consortium and "a study project that will investigate the feasibility of producing liquid fuels from Nova Scotia coal". The press release identified Alastair Gillespie as the head of the consortium's executive board. Then to put the icing on the cake, on April 8, 1981, in a news story following the April 4 announcement, the Port Hawkesbury *Scotia Sun* quoted the Deputy Prime Minister as saying:

> Things always come out right in the end. Gillespie is now one of the beneficiaries of his own foresighted policies.

The story has a happy ending for Mr. Gillespie. He could make as much as $750,000 from his $25,000 investment if the project goes ahead and the partners buy his share.

I should like to once again quote the Deputy Prime Minister. He said:

> Things always come out right in the end.

However, the Deputy Prime Minister seems to be ignoring a number of facts. First, Alastair Gillespie as Minister of Energy, Mines and Resources originally sponsored the initiative to investigate the prospect of coal liquefaction. He researched the project in South Africa as Minister of Energy, Mines and Resources and returned shortly after his retirement.

Second, the former Minister of Energy, Mines and Resources, who is now the Minister of Finance (Mr. Lalonde), approved funding of the feasibility study into Gillespie's plan to turn Cape Breton coal into liquid fuels for transportation.

Third, Mr. Cohen, the Deputy Minister to the Minister of Finance, also took part in the discussions before June of 1981.

The fourth point is again in relation to the Deputy Prime Minister himself, who was involved with the project six months before then. He announced the plans with Nova Scotia Premier John Buchanan and Gillespie in April of 1981.

These actions were obviously breaches of conduct and any such deal providing a former Minister with benefits of up to $750,000 would certainly create the appearance of wrongdoing. This House and the Canadian people demand some honest answers from the Government, and if they are not forthcoming the Ministers involved must resign.

By way of conclusion I should like to add that this latest example of Government favouritism comes on the wake of yet another former Minister currently reaping the rewards from his past association with the Government. Donald Macdonald will be receiving $800 a day to research and analyze the problems in our economic structure.

Mr. Chénier: What does this have to do with the Bill?

Miss MacDonald: We are talking about borrowing.

Mr. Domm: After what we have seen in this House in the last three weeks, we do not have to look far to realize who must accept the ultimate responsibility for economic ineptitude. It is not the fault of the pensioners, the elderly or the unemployed; today's economic difficulties are the result of Liberal mismanagement. This conclusion may be reached without paying $800 a day.

Obviously, while the Minister of Finance and the Deputy Prime Minister are resigning, we might ask the current Government to do the people of Canada a favour and oblige the majority by also resigning in order that we might restore confidence to our system of Government here in Canada.

Some Hon. Members: Hear, hear!

Mr. Ron Stewart (Simcoe South): Mr. Speaker, the Bill before us today, the Government is asking Parliament for the authority to borrow up to $19 billion, the largest amount ever requested in Canadian history. The Government says, "No questions asked, just give us the money".

In the year 1968 B.P., which translates as, "Before Pierre", it cost the Government $500 per Canadian to run the country; but it now costs $3,750, and each Canadian's share of that debt is $8,000. Perhaps I could point that out to the Hon. Member for Scarborough Centre (Mr. Kelly). That is a legacy of debt which will be perpetrated even unto our grandchildren.

However, the Government must surely realize by now that almost everyone in Canada is asking a lot of questions. Of course, the most important is the question, "Why?" Is this borrowing in any way stimulative to our stagnant economy? Of course, the answer is an emphatic "no". Why has the Government put this nation some $27 billion into debt? Does the Government need an extra $19 billion? Again, the answer is, "no". Why, when we were promised by the Minister of Finance (Mr. Lalonde) in October that he would look into all the financial repercussions and give us a full accounting, was that accounting not forthcoming? Why did the Minister promise, with his coalgate smile, "We will give you the answers"? Everyone now knows about Coalgate and Canadians are not smiling.

The Government's arrogant reply to all of our questions has been, "It is none of your business". However, it is our business. Where did the $27 billion go? Donald McGillivray of the Southam Press has pointed out that it would take a dedicated consumer more than 2,000 years to get rid of that sum, spending at the rate of $100 an hour, 16 hours a day and six days a week. Even my wife could not keep up to that record. It is a legacy of debt to our children. However, the converse is also true, and that is that if one owes $1 billion, it would take just as long to repay it on the same schedule. That is the legacy that the Government has left to our children, yet the Government says that it is none of our business, just like Bill C-139 was none of our business.

The Government says, "Let us hurriedly pass the Bill". It wants to vote tomorrow. Let us consider Bill C-139 which Hon. Members had the pleasure, or not, to hear me address, depending on whether or not the manner in which I was speaking a week or so ago was appreciated. Government staff required 389 days to write the document, which embraces changes in the income tax law introduced in the budget and financial statements issued in November and December of 1981 and June and October of 1982. It goes back as far as 15 months. No wonder we have to borrow $19 billion, we have no idea where we are going, no planning. It represents the work of two Finance Ministers. One has been kicked back to try to do a job in foreign affairs, having been relegated downwards after making such a mess of our financial affairs. His successor, the new Minister of Finance (Mr. Lalonde), sat for seven days on that front bench and allowed the Prime Minister (Mr. Trudeau) to stand up and admit to this House that it had been misled, before himself coming out of the woodwork. And this is the man we are to entrust with $19 billion? This is the man Canadians are supposed to trust to come up with an honest budget? Ludicrous, Mr. Speaker, totally ludicrous!

• (1240)

It is not our business, the Government says, to question this $19 billion. Well, it is my business, it is the business of my colleagues and it is the business of all Canadians. Business is the key word here. Because of the utterly disastrous economic policies of this Government, hundreds of Canadian firms, large and small, have either gone out of business or are on the verge of bankruptcy. This situation is in itself a national tragedy and has spawned yet another, the unemployment of a staggering proportion of our people. If we allow this Government the funds to continue its economic mismanagement, if we approve the borrowing—and we would have to be crazy to do so—of an additional $19 billion with no questions asked because it is none of our business, the results will be no business, no employment, no future. We on this side say no deal, Mr. Speaker; no deal whatsoever to a socialist Prime Minister who has absolutely infiltrated a fine, old, stable, political party and taken it to the brink of bankruptcy and total state control.

An Hon. Member: Morally bankrupt.

Mr. Stewart: Canada is bankrupt. It is bankrupt of morals—thank you—and bankrupt of leadership. In the world of private business, such bankruptcy at all levels would never be condoned and certainly would never be prolonged.

If private business were to be restored to a competitive position in the marketplace, the shareholders would demand an exhaustive and detailed accounting, which we of course are not getting, of all the company's activities to determine what were

the problem areas and where corrections could be made. Unfortunately, this is not within the realm of the thinking of the Liberal Members. If additional funds were required to achieve such restoration, the shareholders would certainly demand a detailed presentation of exactly how the money would be spent and to what end. If the executive officers refused to comply on both counts and did not then have the decency or honour to resign, they would, of course, be fired. But that does not apply to the Members opposite. The Finance Minister said that he was a man of honour, that he has a wife and children and will not resign. If he really is that man of honour and wants to spend more time with his family, be our guest and put the honour back into this House by resigning.

The Auditor General in his recent report to Parliament underscored this rejection when he spoke of Crown-owned corporations, terming them "sub-governments". He said that the accountability of such corporations is a matter of consequence both for Members of Parliament and for taxpayers. His words were, and I quote:

> The citizens of Canada have a right to consider themselves the principal shareholders of these organizations; Parliamentarians speak for them. Crown-owned corporations must be held accountable through Parliament.

Where is this accountability, I ask the Hon. Member for Scarborough Centre (Mr. Kelly), for this sub-government which in the last fiscal year was given $6.5 billion in tax dollars, 9 per cent of the total budget? I ask the Hon. Member for Scarborough Centre to listen and I will give him some ideas where Government spending can be cut. Take a little heed.

Who is accountable for the process whereby Petro-Canada invested $1.7 billion to purchase Petrofina? Why was $50 million spent on photocopying, $25.5 million on the Unity Office and somewhere between $50 million and $100 million on advertising, $26 million on metric, $441 million on the bilingual program, totally non-productive? Where was the accountability for the $540 million VIA Rail cost Canadians last year? Who was held accountable for the fact that CN Marine has gone through $535 million since 1979? Who provided $25 million up front for the purchase of a ferry whose total cost and delivery date is unknown? Does that answer any of his questions?

Will there be any accountability for the operations of the new Canada Investment Corporation which is pork-barreled by some more Liberals? It took no fewer than 17 Orders in Council to oversee and administer this profligate spending of untold billions—mismanagement. That is why $19 billion more is needed.

This distinct avoidance of Government accountability is not confined to Crown corporations alone. Has anyone been fired or has anyone resigned, is there any honour over there, over the incentive payment from DREE of $2.7 million to a company just days before it went bankrupt? Has anyone been fired or has anyone resigned over the loss of $22 million spent on a rural development in Haiti, including a fraudulent payment of more than $100,000? Yet foreign aid, through caustic, cancerous, callous and totally calamitous CIDA, is being raised to over $1 billion, an increase of $150 million. No one has been fired.

Has anyone been fired in connection with the purchase and then sale of Consolidated Computer, Inc.? Of course not. What about letters of comfort to Chrysler, Massey-Ferguson, Maislin, de Havilland, and Canadair with its debt of $1.5 billion? What about former Finance Minister Macdonald, or Judd Buchanan, or permission to build housing in Alberta or CMHC over the six and five guidelines, an untold litany of horror?

I can see that my time is just about up, but what a beautiful subject. Would that I had another 20 minutes. This Government wants the authority to borrow $19 billion. Why? Where is the trust? Where is the accountability? Where is the responsibility? I know that the Government does not have to come to this Parliament for authority to borrow $19 billion. It has the money; it could save $19 billion or ten times that if it would cut out the waste that I have partially described. Those who operate a business, whether in the private or public sectors, must be responsible and accountable. Until this Government acts accordingly I would urge every Member with any gumption not to give permission to borrow that amount. Deny it.

Mr. Derek Blackburn (Brant): Mr. Speaker, I enter this debate on the borrowing Bill not from a totally negative point of view, even though the figure of $19 billion in added borrowing boggles the imagination and the projected current account debt of $30 billion seems to be almost insurmountable. However, most economists agree that if this country ever does get back to the productivity levels of 1975 to 1979, a $30 billion current account debt could be liquidated over a period of about four years. I, in that case, am not so terribly horrified at the size of the debt; what disturbs me are the purposes for which the Government is asking for the money.

As we all know, we are in the depths of a very, very severe recession, and with Government revenues obviously down any Government, whether it is a Conservative Government, an NDP Government or a Liberal Government, is going to have to borrow money if it is to maintain a certain basic minimum standard of living in the country, particularly for those hardest hit by that recession.

As we all know, revenues are way down in the corporate sector, as far as corporate taxation and personal income tax are concerned, and there is a real crisis looming on the horizon concerning revenues from energy, particularly petroleum and its by-products. This, of course, will not only adversely affect Canada, but may very well exacerbate the recession worldwide.

As we all know, for the past two or three years most Governments have geared revenues to increased taxes from petroleum and petroleum by-products. Now we see they are going to have to sharpen their pencils and begin to renegotiate downward those levels of revenue. We are really just talking about the tip of the iceberg when we talk about $19 billion through this

borrowing Bill and a $30 billion current account debt. With respect to the way the Government is spending the money, and this is the crux of my argument, I fear that a large proportion of that money is being thrown away at sunset industries and sunset economies within our larger national community.

• (1250)

The recession is serious, the problem of sufficient revenue is serious, but what is even more serious—and this is something which the Government is not addressing—is the tremendous high-technology change through which the industrialized world has been going for the past 15 years. The recession has brought this high-tech revolution into focus. Let me give a few examples.

If one compares and contrasts the City of Detroit with the City of Houston, Texas, one will get a very clear idea of just where the hell we are going or not going in this part of the world. Detroit has massive unemployment, decay in the inner core, business failures, old industries drying up and going bankrupt, and Government infusing massive amounts of capital to keep sunset industries, such as the auto industry, going.

If you look at Houston, Texas, you find high technology booming. Houston has not experienced the recession. There are different kinds of city planning, a multitude of institutions teaching high technology and the computer, the microchip industry, is part of the planning process.

Japan saw the writing on the wall in 1975. This may come as a surprise to Members on both sides of this House, but in 1975, through long-term economic planning, which this Government and the Conservatives are opposed to, Japan realized that the auto-making industry was a sunset industry, that the steel-processing industry was a sunset industry and shipbuilding was a sunset industry. They have gradually been disengaging themselves from those three second-wave sunset industries. As we know, they are going to the new "Japans". Auto-making is going to Taiwan and South Korea, shipbuilding is going to Spain and steel processing is going to Brazil.

What are we doing? Because of pressure from our constituents, particularly in industrial ridings, we are throwing hundreds of millions, indeed a couple of billion dollars into make-work and stopgap make-work programs. This is motivated basically from a humane attitude on the part of the Government, but it is a total waste of money.

All we are doing through ILAP, for example, is trying to assist workers whose Unemployment Insurance benefits have run out until they can requalify for benefits which would carry them through another 50 or 52 weeks. On one hand the Government is proposing $5.2 billion in assistance for research and development. We should be talking of the total amount, or at least $2 billion, to train and retrain the unemployed and those who will be unemployed as a result of high technology, robotronics, microprocessing, whatever you want to call it, so that they will at least have a chance to find meaningful work when the recession is over.

I am absolutely disgusted at big business and the private sector of this country which refuse to plan ahead. They go from one quarter to the second quarter to the third quarter and then contrast performance with the first, second and third quarters of the previous year. They are myopic. They do not plan ahead in co-operation with Government or vice versa, as they do in Japan and Sweden, as they are now beginning to do in France and have been doing in West Germany.

There are only three countries left in the industrialized world which refuse to plan; the United Kingdom, the United States and Canada. All three are going down the tube. It apparently does not matter what Party is in power. We have the Conservatives raving about Reagonomics and what a great benefit it is, the supply side approach, yet the United States actually is not entering the third-wave sunrise industrialism of the eighties. They will not plan or look ahead. They throw billions of dollars into food stamps and into Unemployment Insurance, as we are, just to maintain sunset industries and sunset jobs.

We need an incomes policy in this country to do away with Unemployment Insurance and welfare and all the bloody red tape that goes with it. We need a decent, basic minimum income for everyone, and then a full-fledged, widespread high-tech training program for those who are capable of taking advantage of it.

If we are going to be stuck with 10 per cent unemployable people in this country, as I fear we are, we have to accept that in a humane and open way and learn to live with it. However, for the other 90 per cent who have a chance of getting employment, we must make every effort to spend money. If we have to borrow it, let us put it up front in a positive, creative way, not throw it into dying industries and jobs. That is really the nub of the problem.

My time is almost up. I impress upon the Government, for heaven's sake think ahead; think in terms of modern high technology. Think in terms of what Alvin Toffler calls "The Third Wave", what John Naisbitt in his book "Megatrends" calls the informational society. Those who have the information are the people who will have the jobs. Those who can run the computers and the robots will also have the jobs. The remainder, I am afraid, will be in dire straits unless the Government and the private sector get together with their act.

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, I rise shortly before the luncheon break to take part in the debate on Bill C-143. Many Canadians do not understand and certainly those on this side have a great deal of difficulty understanding why a Government would have to borrow $19 billion when the end of the fiscal year is fast approaching. It needs an additional $5 billion to get through this year, and $14 billion to carry us through until the summer, maybe July.

My colleagues in this Party have mentioned the total disregard which this Government has had and is continuing to have for accountability to the public of Canada. We have a request for $19 billion without any back-up, numbers, explanation, or plan which tells the people of Canada that we are going to do better. The Government has become so callous, so

unconcerned about what Canadians think about how it controls money which really belongs to individual Canadians, that it does not believe it is necessary to put forward a plan.

This Government is continuing to create Crown corporations. When you see that Crown corporations now employ more people than Government Departments, you begin to wonder about accountability. Crown corporations are now involved in just about every facet of the lives of individual Canadians. In the eyes of Canadians, some Crown corporations perform admirably, others abysmally.

One Crown corporation which is of great interest to the people in my area is the CNR. Everyone considers it to be independent when it comes to financing.

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

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

AIR CANADA

REBATES PROGRAM—AMERICAN CIVIL AERONAUTICS COMMISSION

Mr. Gaston Gourde (Lévis): Madam Speaker, the U.S. Civil Aeronautics Board has put on hold the discount program offered by Air Canada. This decision, which came in reaction to other administrative decisions, is very disappointing. Our neighbours to the South have demonstrated how nonchalant they are about Canadian-American relations, as they did earlier on the acid rain issue. We must protest this decision to demonstrate the importance of our relations to our friends in the South and to show that we want to put an end to outdated paternalistic attitudes. I therefore suggest that first of all, Canadians change their plans for 1983-84 and avoid the Southern United States as a winter holiday destination. Second, Canadians planning to visit the beaches in the Eastern United States next summer could visit Canada instead. Third, all Canadians concerned about or by this decision should demonstrate their disapproval by writing to the United States Embassy, 100 Wellington Street in Ottawa, and finally, people should call the U.S. Embassy today or tomorrow (613) 238-5335 to voice their complaints.

[*English*]

ENVIRONMENTAL AFFAIRS

DANGERS TO CHILDREN OF EXPOSURE TO LEAD POLLUTION

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, Canada's laws with respect to the lead tolerance levels in our environment are detrimental to the mental health and well-being of young children who will be our leaders of tomorrow. The available evidence indicates that even low levels of lead exposure can cause irreversible damage to children, since their under-developed brains are particularly vulnerable to these effects. A wide variety of neurological and psychological abnormalities have been reported in recent studies of children exposed to lead. They have included hyperactivity, disturbance of attentional and language functions, and a significantly decreased I.Q. performance.

Leaded gasoline mostly accounts for lead pollution. More than 90 per cent of air-borne lead comes from that source. Yet the regulations brought in by the Liberal Government allow three times more lead in motor gasoline than is allowable in the U.S. In view of the total inaction, and complacency with the status quo on the part of the Liberal Government, let me ask the Liberal policymakers if they have ever considered, in their short-term policies, the future cost of hospitalization, special education for brain-impaired children, lost productivity of adult wage earners and, more significantly, the loss of human potential. It is imperative, Madam Speaker, that we stop the Government's destructive measures which harm our young people, our greatest asset, before they are turned into our greatest liability.

* * *

VETERANS AFFAIRS

DENIAL OF COMPENSATION TO POLISH PRISONERS OF WAR

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, in 1946 the Government of Canada arranged for the admission of a group of 4,527 Polish war veterans into Canada. These are men who fought side by side with Canadians to keep freedom alive. In 1961 the War Veterans Allowance Act of 1952 was amended and these same Polish veterans were granted the right to be recipients of a War Veterans Allowance.

In 1976 Bill C-92 was introduced, that is, the Compensation for Former Prisoners of War Act, to provide compensation to former prisoners of war and escapees. Despite Paragraph 3, which stated that "A prisoner of another power is entitled, on application to the Commission, to compensation", the Polish veterans who qualified as prisoners of war and escapees were eliminated from the benefit because the Act stipulated that domicile in Canada at the time of enlistment was the determining factor in order to receive benefits under the Act.

Since these Poles form a special group of veterans, diverse from others in that they have only one allegiance, Canada, I respectfully suggest that we amend the relevant sections of the Compensation for Former Prisoners of War Act in order to

allow a small number, less than 170 qualifying members from this group of 4,527 Polish war veterans, to be eligible for compensation as former prisoners of war and escapees.

Some Hon. Members: Hear, hear!

* * *

AIR TRANSPORT

EFFECT OF PROPOSED TAX MEASURE

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I wish to take the few moments allowed to me under Standing Order 21 to bring again to the attention of the Cabinet a very complex and damaging proposal which is contained in the tax measure which is before the House. The details of the amendments in Bill C-139, specifically Clauses 38, 123 and 125, which work in conjunction with the National Energy Board Act and the Petroleum Administration Act will cause serious harm to the Canadian air transport industry. The Government tried before to assess basically the same inequitable levies on this industry in 1981 and found that they were in breach of Canada's bilateral air agreements. At that time it had to retreat and refund the levies already collected.

This new version of that tax will also, in my opinion, breach those same agreements, and putting it in place will subject the Government to the same charges. It seems to me that the various Ministers and their Departments, for indeed there are more than one involved, would be well advised to withdraw these clauses and not hold up the balance of the legislation. This is a move which I have advocated previously, and will again, until I obtain some assurance that action will be taken.

* * *

ABORIGINAL RIGHTS

CALL FOR RECOGNITION BY FEDERAL GOVERNMENT

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, the aboriginal peoples of Canada are very concerned about the outcome of the March First Ministers' conference and the further definition of their rights.

Indian leaders worry that the future of their people lies in the hands of provincial Governments, most of which are either indifferent or hostile to those rights. At the same time the federal Government has maintained a distressing silence on the subject. It has not yet indicated its constitutional position, and Indian leaders are left with the question, "Is the Government for us or against us?" How can Indian people believe that the conference is an open process when the federal Government refuses to state its intentions? The people of Canada will not be served by a constitutional process run like a crooked poker game with a marked deck, hidden aces, pre-arranged signals among some of the players, and the aboriginal peoples as the intended marks.

Let the process be open. The Indians people have laid their cards on the table. Let the federal Government declare its position. To begin with, the federal Government should recognize the fundamental nature of aboriginal rights and should support a clause which would require the aboriginal peoples' consent before any change is made to those rights. It should support the removal of the word "existing", which at present limits and qualifies those rights, and it should commit itself to an ongoing—

Madam Speaker: Order.

* * *

ADMINISTRATION OF JUSTICE

DISMISSAL OF DRUG POSSESSION CHARGE

Mr. Garnet M. Bloomfield (London-Middlesex): Madam Speaker, I have a situation I would like to bring to your attention where I believe a serious misjudgment has been made. Judge Glen Marshman recently dismissed a drug possession charge in the City of London, Ontario, ruling that the police violated the suspect's constitutional rights when they searched him and found 100 grams of marijuana. The narcotics were discovered when the accused was stopped for a traffic violation. The officer concerned should be congratulated for his alertness, his efficiency, and his on-the-job attentiveness. I believe a decision such as this demoralizes our police force and demeans our courts.

* * *

MARINE TRANSPORT

FUEL COMPENSATION RECOVERY CHARGE—DEMAND FOR ELIMINATION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I would like to join with my colleague, the Hon. Member for Prince Edward-Hastings (Mr. Ellis), in protesting a matter which is currently before us. Both the Minister of Transport (Mr. Pepin) and the Minister of Industry, Trade and Commerce (Mr. Lumley) have recently given some constructive attention to the problems and potential of Canada's marine industry. Perhaps now the Minister of Finance (Mr. Lalonde) might be persuaded to do likewise by finally eliminating the palpably counterproductive Transportation Fuel Compensation Recovery Charge.

As its rather cumbersome name implies, this 1980 budgetary measure permitted the Government to collect from Canadian shipowners the difference between the domestic price of oil and the world price. In particular, bunkers purchased west of the Ottawa Valley line are treated not as a factor of production but rather as a petroleum export, while east of the Ottawa valley, domestic carriers must remit the equivalent of the subsidy under the Oil Import Compensation Program.

No other Canadian industry is required to pay such a surcharge on energy used as a factor in the production of goods and services. Moreover, Canadian shipowners and the federal Government itself have incurred significant extra overhead in, respectively paying and administering this charge. The revenue arising from the charge since its introduction, $6.1 million in 1981 and a mere $2.5 million in 1982, can hardly justify these costs or the demonstrable erosion of the domestic carriers' competitive position.

* * *

• (1410)

POLITICAL PARTIES

PROGRESSIVE CONSERVATIVE GOVERNMENT AND PATRONAGE

Mr. Roger Simmons (Burin-St. George's): Madam Speaker, those ever loving Tories have spent the past week or two attacking the Government for patronage. They should know all about patronage. For starters, listen to the immortal words of the Hon. Member for Joliette (Mr. La Salle), the entire Quebec wing of the Tory Party. In 1979 the Montreal *Gazette* reported him as saying that Quebec Conservative lawyers, engineers, consultants, contractors, architects and accountants would even get preferential treatment under the administration of which he was a part.

In the same period when he was Minister of Supply and Services, *The Globe and Mail* quoted him as saying that loyal Party backers in Quebec could look forward to being on the receiving end of Government work and service contracts.

How about the Hon. Member for Yukon (Mr. Nielsen) the old kneecapper, old knielcapsen himself? Toward the end of August *The Globe and Mail* reported that Senator Flynn, in his capacity as Justice Minister, sought the Hon. Member's recommendation on the appointment of a special prosecutor in a legal case. The Hon. Member for Yukon said that he was being consulted in his role as Minister responsible for patronage in the Yukon.

What standards of morality, what ethical guidelines—

Madam Speaker: Order, order.

* * *

METRIC CONVERSION

USE IN SPECIFICATIONS FOR TENDERS

Mr. Girve Fretz (Erie): Madam Speaker, the metric program will go down in history as one of the most expensive, least loved, most confusing and least consistent ever put together. Time and time again I have received letters from constituents pointing out the inconsistencies in the enforcement of metric rules.

S.O. 21

One of my constituents was recently in receipt of an invitation to quote from the Department of Supply and Services. On this document there were several interesting examples of metric confusion.

In the specifications for a boat required by the Department of Supply and Services it was mentioned that the cruising speed for the vessel should be a minimum of 24 miles per hour. In the same paragraph it was stated that the boat would be used within a 48 kilometre range of Parry Sound. Fuel consumption was stated in imperial measurement, as was weight, beam, and size of the cabin. Yet the length of the boat was to be 5.6 metres.

When the Government turns out tenders like this, how can it be that it is considering prosecuting merchants selling floor coverings in imperial units? What gives it the right to prosecute people who sell gasoline by the gallon? Perhaps the Minister should check out the situation in his own backyard before intervening in the affairs of ordinary Canadians who are, after all, only giving their customers a freedom of choice and the freedom to measure.

* * *

EXTERNAL AFFAIRS

EL SALVADOR—PROVISION OF MILITARY AID BY UNITED STATES

Mr. Bob Ogle (Saskatoon East): Madam Speaker, it is almost three years since the Archbishop of San Salvador, His Grace, Oscar Romero, was murdered in a church in that city. Since that time that little country has suffered a great deal more violence from both sides, in a war that continues. In March a group of the subcommittee on Latin America protested against the elections that were taking place at that time. In the month of December several other Members of Parliament and myself visited the present Archbishop who again asked for negotiations to seek dialogue.

Yesterday it was announced that Caspar Weinberger, the Secretary of Defence in the United States, is attempting to find $60 million more to put into the war in El Salvador. I believe that this is a horrendous thing and I would ask the Government of Canada to protest it in every way possible. The U.S. Secretary of Defence has said that if he cannot get it through the ordinary means of Congress he will go to a special fund to provide military assistance to foreign countries. Some of the countries that have received that special assistance are Vietnam, Cambodia, and El Salvador in 1981.

The Holy Father, Pope John Paul II, will visit that country this coming week. I can only hope that the situation will be such that peace can be found, that negotiations will take place, and that war will not continue.

Oral Questions

HOUSING

ACHIEVEMENTS OF CANADIAN HOME OWNERSHIP STIMULATION PLAN

Mr. Norman Kelly (Scarborough Centre): Madam Speaker, the Canadian Home Ownership Stimulation Plan, which was announced in the June, 1982, budget to provide stimulus to the recession-damaged housing industry, is now beginning to wind down. Monday, February 28, is the deadline for some grant applications. This program, which has paid out almost $500,000 in grants of $3,000 each to 166,000 first-time home buyers, has proved extraordinarily useful to Canadians.

Now that Government policies have resulted in reduced inflation and, therefore, have reduced interest rates, this kind of direct simulus can be phased out. In view of the importance of the housing industry to our economy, we should continue to monitor the situation.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—REQUEST THAT TREASURY BOARD MINUTES BE TABLED

Mr. Harvie Andre (Calgary Centre): Madam Speaker, in the absence of the Prime Minister, of the Deputy Prime Minister and of the Minister of Energy, Mines and Resources, I will put my question to the Minister of Finance.

After a weekend of consultation and observation, the Minister of Finance will know that the majority of Canadians believe that he and Mr. Gillespie are in violation of the conflict of interest guidelines and, quite possibly, the Deputy Prime Minister is as well.

Given that there is also evidence pointing to a budget leak in October, 1980, it is crucially important to our system of government that the Government either admit wrong doing through obtaining the resignation of the appropriate Minister or Ministers, or table and make available all relevant records to give confidence that the total picture is known and that a cover-up is not in place.

Will the Minister of Finance commit to the House that he or the appropriate Minister will table the missing information, not so far provided, such as the Treasury Board minutes of the relevant April, 1981, meeting, as well as the September, 1981, meeting, or at least the submission regarding the Scotia Coal Synfuels Project to the Treasury Board?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker—

Madam Speaker: Order, please. I am not sure that that question should be answered by the Minister of Finance. I know there was a reference to a budget leak, but the question did not concern the budget leak.

Ministers are usually the best judges of what is within the realm of their responsibility, however, but I just give this caution.

Hon. Herb Gray (President of Treasury Board): Madam Speaker, last week the Prime Minister made it clear that it is not the practice in our constitutional system for records of Cabinet meetings to be tabled. I think this point should be reiterated.

I reject completely the assertion of the Hon. Member that there is a consensus on the part of the Canadian people that the guidelines were broken. With respect to the evidence before us, I think it makes it clear that there has not been any budget leak.

Mr. Andre: Madam Speaker, this question of keeping Cabinet documents secret protects Ministers and bureaucrats. The parliamentary responsibility of Ministers, and agreement to observe conflict of interest guidelines, protect parliamentary democracy, which is far more important.

REQUEST FOR COMMITTEE INVESTIGATION

Mr. Harvie Andre (Calgary Centre): Madam Speaker, the violation of these minimal conflict of interest guidelines, a possible budget leak—and indeed the circumstantial evidence points to a budget leak—the clear intent to avoid responsibility and to cover up the situation, have severely damaged our parliamentary system. A complete and thorough airing of the situation is absolutely fundamental to commence repairing that damage.

Will the appropriate Minister—and I do not know who that might be—commit here and now to the House that the Government will permit, and indeed encourage, an inquiry by a committee of this House? Refusal of a request to allow a committee of this House, in fact, to encourage a committee of this House to investigate the situation, will simply be confirmation of an interest in trying to cover up this clear breach of ministerial responsibility and these very simple and unonerous conflict of interest guidelines.

Hon. Herb Gray (President of Treasury Board): Madam Speaker, this matter has been the subject of questions and answers in Question Period for close to two weeks. It was the subject of a special day long debate created at the initiative of the Government, a debate which not only allowed speeches to be made on the subject but also questions and answers, as provided under our new rules.

We have had a very full opportunity to go into this matter in a body more important than a committee, and that is the House of Commons itself. This is especially so since the Government tabled a full range of documents pertaining to this matter.

If we do not agree to the Hon. Member's suggestion, it is confirmation of nothing more than that we do not want to

agree with him that the whole House should be tied up, diverting attention from the Tory leadership crisis, rather than dealing with essential issues of economic recovery.

REQUEST THAT PROJECT FILES BE TABLED

Mr. Harvie Andre (Calgary Centre): Madam Speaker, this final supplementary question is directed to the Minister of Finance in his capacity as Minister of Finance. I hope he will answer and not let the "Gray" Minister run interference for him.

• (1420)

The extend and timing of this knowledge and the contents of the 1980 budget are clear indication that there was prior knowledge, or at least very substantial clues, hints or suggestions that in fact the contents of the budget were known by perhaps many people—Mr. Gillespie, Devco and Petro-Canada, two Crown corporations in particular. Would the Minister of Finance, in order to clear up this important situation—and he must recognize the absolute vital necessity that the secrecy of a budget be beyond reproach—commit now to have tabled before the House by the appropriate Minister the complete files from the Cape Beton Development Corporation and Petro-Canada dealing with the Scotia Coal Synfuels Project, that is, the files going back to May 27, 1980 and thereon? Would he commit to the House to making that disclosure, or will he continue to cover up?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I think the tone of questioning of the Hon. Member clearly indicates that his mind is really made up, whatever the facts are. I would like to point out to him that there is not a shred of evidence of a budget leak in this case.

As far as his question is concerned, I would like to tell him that I will refer the matter to the Minister of Energy and ask him to assess whether there are any further files or documents which could be made available. The Minister stood up in the House and said that he was making available every single sheet of paper which could be made available, in the spirit of the Information Act. I will transmit the request of the Hon. Member to the Minister of Energy.

As far as the budget is concerned, and the talk of a budget leak, I remind the Hon. Member what the budget actually stated in October of 1980. The only reference to anything having to do, by far or closely, with this issue read as follows:

> New funds will also be made available to find ways in which the large reserves of Cape Breton coal can be used to enhance energy security in the Maritimes.

Mr. Andre: What about Walsh's memo?

Mr. Lalonde: That is the extent of any reference to coal in the whole budget—big leak! As far as the NEP is concerned, which was another document tabled at the same time as the budget, there is one sentence in the NEP.

This is what it had to say about coal liquefaction:

> "Alternative means to use coal in the production of liquid fuels will also be actively pursued".

How can my friend seriously stand up in the House and make the kind of allegation and the kind of charges that he is making, unless he is indulging in his usual character assassination?

Mr. Andre: The next day the deal was signed.

POSITION OF MINISTER OF FINANCE

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I have a supplementary question for the same Minister. All of us know, of course, that the strength of this parliamentary institution rests upon nothing else than the integrity and honesty of every person who serves in it. There can be no question as to the public perception of the Minister's conduct in the Synfuels affair. People think that he is guilty; guilty or not, the Minister cannot be trusted.

May I ask the Minister a question in connection with his responsibility as Minister of Finance? Does he not feel that his reputation is tarnished and that it will be very difficult for him to come before the House and before the country with a buget designed to do nothing else but restore confidence in the Canadian economy and in Canada, confidence in the Government and in Canadians themselves? Does he not feel that, as a result of this affair, his reputation is so seriously tarnished that he is no longer in a position to do the job which he was appointed to do by the Prime Minister?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would have to say yes, anybody's reputation would be tarnished by the type of disgusting allegations, like the one just made by my hon. friend, and the ones which have been made by some people across the aisle. That indeed creates a problem, but it would be very wrong on my part to accept that kind of allegation and the argument raised by the Hon. Member. I can tell him that, as far as my functions are concerned, I have received many, many messages of support from people at large and from people in the business community in particular, saying, "Don't let those guys get you down because they are wrong".

Some Hon. Members: Hear, hear!

REQUEST THAT MINISTER RESIGN

Mr. F. Oberle (Prince George-Peace River): The Minister in his defence speaks of his personal sacrifices in terms of finances and his family, sacrifices which most of us make when we come to this institution. Does the Minister not now feel that one more sacrifice is required of him by his country, and indeed by his Party—to put the interests of Canada ahead of the interests of Marc Lalonde, that sacrifice being to resign—

Some Hon. Members: Oh, oh!

Mr. Oberle: —and by resigning to repair the damage which has been done to this institution, and as a happy coincidence maybe he could restore his own financial health which he said he sacrificed to his Party?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I do not think this kind of question even deserves an answer.

Some Hon. Members: Hear, hear!

DEPUTY PRIME MINISTER'S AWARENESS OF ALASTAIR GILLESPIE'S INVOLVEMENT

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is directed to the Minister of Finance. On Friday the Minister of Finance said that he would inquire of the Deputy Prime Minister the exact time at which the Deputy Prime Minister first became aware of Mr. Gillespie's involvement in the Cape Breton coal project. Also the Prime Minister, in reply to my question, said that he would table documents on the telephone bills, although he hid behind executive privilege with respect to Cabinet minutes.

Is the Minister of Finance now in a position to tell the House when the Deputy Prime Minister first became aware of Mr. Gillespie's involvement in the Cape Breton Synfuels Project and when the telephone bills will be tabled in the House?

Madam Speaker: I do not believe the Minister of Finance should answer that question.

Hon. Herb Gray (President of Treasury Board): Madam Speaker, I do not have with me the information sought by my hon. friend. With respect to the second part of his question, certainly that will be responded to in the terms the Prime Minister used in his answer last week.

ALLEGATION OF 1980 BUDGET LEAK

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I wish to put my supplementary question to the Minister of Finance with respect to the budget leak in a similar manner as did my Leader on Friday. Can the Minister help the House on this allegation of a budget leak by telling us whether he has inquired of the Deputy Prime Minister with respect to the Deputy Prime Minister's involvement in the Cape Breton coal project, as promised, and would the Minister of Finance not agree that there is in fact a little more than what he said about no shred of evidence, since there is circumstantial evidence with respect to this matter and the Deputy Prime Minister's involvement as a friend of his riding announcing the project, putting it in the budget and so on? Would the Minister of Finance not agree that in fact there is a case of circumstantial evidence at the very minimum, enough that it should go to an independent investigation for inquiry?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, I reject completely the unsubstantiated inferences and innuendoes in my hon. friend's question, but to the extent that it has any substance I will bring that substance to the attention of the Prime Minister.

* * *

FISHERIES

CANADA-FRANCE CODFISH TREATY—OBSERVANCE IN GULF OF ST. LAWRENCE

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Fisheries and Oceans. Under a treaty with France which terminates on May 15, 1986, Canada agreed to let the fleet from continental France catch 21,000 metric tonnes of codfish in the Gulf of St. Lawrence, while at the same time restricting the operations of Newfoundland and Nova Scotian trawlers in this area, a problem which has not been covered or even referred to in any way by the Kirby Report.

Since the French reported landing in 1981 a total of 21,000 metric tonnes of finished product, which would require them to catch something like 50,000 metric tonnes of fish in the round, or 2.5 times their quota, what steps has the Minister taken to inform the French that this type of wanton destruction of our fisheries' resources and breach of faith with regard to the treaty regulations are unacceptable to Canada?

• (1430)

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I will not, of course, confirm the allegations of the Hon. Member. What I can say, though, is that early in the decade we signed an agreement with France that will terminate in 1986. The policy of the Department is to insist that every angle of the agreement be respected. We are negotiating with France at this moment to make sure that the implementation of the agreement is to our satisfaction.

REQUEST THAT COMMISSION INVESTIGATE ALLEGED OVER FISHING BY FRENCH FLEET

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, my supplementary question is also for the Minister of Fisheries and Oceans. Since it is alleged by Canadian fishing interests that the French fishing fleet continued its over fishing as late as 1982 in the Gulf of St. Lawrence, while Canadians are being denied such simple things as fishing licences as a conservation measure is the Government giving any thought to reducing the French fishing quota for 1983 by the amount the French have over fished during the past two years? If not, will the Government establish a commission to consider all disputes concerning the application of this treaty as called for in Article 10 of the agreement, which agreement I have here in my possession?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I would like to say very emphatically to the Hon. Member that, as Minister of Fisheries and Oceans, my

loyalty and duty are to Canadian fishermen, not to foreign fishermen. Two weeks ago, for instance, our own inspectors brought to my attention that a foreign fleet was over-fishing. We immediately ordered that fleet to go to St. John's for inspection. One of the boats left the 200-mile zone and did not go to St. John's Harbour as requested.

The allegations that foreign fleets are over-fishing and are not fishing according to signed agreements are something that we monitor very closely. I will not start commenting publicly on every allegation made because allegations have to be verified and checked before a public statement is made. However, I can assure the Hon. Member that our fishing inspectors go on board vessels to make sure they are fishing in our waters according to the Department's regulations.

EFFECT OF VANCOUVER ISLAND COAL DEVELOPMENT—NECESSITY FOR PUBLIC HEARING

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is for the Minister of Fisheries and Oceans. My first question relates to the Quinsam coal development on Vancouver Island. As the Minister will know, there has been considerable discussion on whether or not there should be a public hearing before that project goes ahead. In the original discussions between the Minister's own officials and the officials of the Province of British Columbia, was there an indication given by Fisheries Department officials that the proposal was satisfactory enough not to require a public hearing?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I stated on the occasion of my first visit to British Columbia several months ago that I think it essential for all major projects that a public hearing be held so that promoters and all groups, like other interested parties, are able to put forward their points of view. In that regard I was very happy that the Minister of the Environment for British Columbia said publicly that he is in agreement with a public hearing, particularly on the Quinsam project, and I fully support his stand.

PEARSE REPORT RECOMMENDATIONS

Hon. John A. Fraser (Vancouver South): Madam Speaker, my second question concerns the Pearse Report. News reports of the Minister's recent visit to British Columbia indicate that a significant number of the Pearse Report recommendations and suggestions will, in fact, be accepted by the Minister and his Department. Could the Minister tell us how soon the exact list of those recommendations will be made available to this House and to the public?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, this is a very reasonable suggestion. I will certainly discuss with the Hon. Member the proper forum through which a full report will be made concerning all the decisions relating to the Pearse Report.

NATIONAL ENERGY PROGRAM

PRICE OF DOMESTIC OIL—GOVERNMENT POSITION

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question today is for the Minister of Finance. It deals with the subject of economic recovery. I would like to point out that the only thing remaining of the national energy policy, which is in wreckage right now, is a promise by the Government to maintain Canadian oil prices lower than the world rate. If that Government promise is lived up to then farmers, fishermen, manufacturers and small businesses will all get a shot in the arm and we will see a more rapid recovery in Canada. Is the Minister prepared to stand up in the House and indicate that he and the Government are prepared to live up to this promise and that it will be a major factor in economic recovery?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would like to send a copy of the National Energy Program to my friend. It might be helfpful. He might read it.

Mr. Waddell: Don't get arrogant, Marc.

Mr. Lalonde: He will find out that the Canadianization program, for instance, under the National Energy Program has been a tremendous success. He will find that Canadian ownership has increased quite significantly in the last two years.

Mr. Broadbent: What about pricing?

Mr. Lalonde: He will find also that the program of conservation has been extremely successful, that people are now conserving energy much more than before, thanks to the National Energy Program—

Some Hon. Members: Oh, oh!

Mr. Lalonde: —and a number of other initiatives under that Program are indeed working very well.

Mr. Broadbent: He is asking about price.

Mr. Lalonde: Sure, he asks about price, but the Hon. Member prefaced his question with a number of wrong assertions. Surely I am entitled to state the facts and correct the record, notwithstanding the interventions of the Leader of the New Democratic Party. If he wants us to answer questions, the Leader of the NDP should please tell his colleagues to ask questions and to stop giving preambles that are completely wrong, otherwise we will be forced to use Question Period to correct preambles before addressing questions.

Some Hon. Members: Hear, hear!

Mr. Lalonde: As far as the question raised by the Hon. Member is concerned, there are agreements in operation with the Government of Alberta, the Government of Saskatchewan, and the Government of British Columbia. Under these agreements Canadians are benefiting from lower oil prices than if we were governed by international prices. That regime has

been in operation and I expect it will continue in operation until the end of the agreement in 1986.

QUERY RESPECTING IMPACT OF OIL PRICE ON ECONOMY

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, for approximately a year I have been trying to deal with the document put forward by the Minister. I certainly think it is relevant at this point in time to explain to the House—

Mr. Ouellet: Question.

Mr. Skelly: —how that national energy policy may provide some economic recovery based on the governments promise. Is the Minister prepared to stand up and make a statement on the subject of how projections of economic recovery will be enhanced by keeping the promise which the Government made to keep the Canadian price of oil below the level of the world price instead of, as I think the answer indicates, breaking it and pushing it up toward world levels?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Canadian oil price is below international prices. I do not know what my hon. friend is referring to—

Mr. Waddell: He said going up toward world price.

Mr. Lalonde: He should look at the facts. The fact is that the oil price in Canada is below the international price. That has been the case since 1980; in fact, well before that, since 1974. This has been the policy of this Government.

* * *

• (1440)

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—TIME LAPSE IN CLARIFYING INFORMATION

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Minister of Finance has just taken the Hon. Member for Comox-Powell River to task for alleged non-representation of facts during his preamble. I want to refer the Minister to February 16 when the "Coalgate" affair was first raised in the House by myself by way of questions to him, two of them with respect to his capacity to continue as a Minister of the Crown. Those questions were referred to the Minister of Energy.

The following day the Prime Minister informed the House, based on information from the Minister of Finance, that the Minister of Finance had examined his diaries, his papers and his files, and knew nothing of the affair until September, 1981. He later changed that in a subsequent letter to the Prime Minister, and the Prime Minister informed us on Wednesday, February 23.

Can the Minister explain to the House why, from February 16 through to February 23, knowing that the House had been fed false information, he sat there day in and day out without clarifying the misleading of the House? Can he explain why he sat there and allowed to House to believe the misinformation?

Madam Speaker: Order, please. I believe that this question does not refer to the Hon. Minister of Finance's responsibility as Minister of Finance. The Hon. Minister is a better judge than I of what falls within his range, but it seems to me that this question concerns a record of the Hon. Minister when he was Minister of Energy, Mines and Resources. Therefore he is not able to answer a question dealing with that period in the House at this time. I would ask another Minister to answer.

Mr. Lalonde: If I may, Madam Speaker, this deals with a letter that I wrote to the Prime Minister. It refers to my behaviour. I think that the Hon. Leader of the Opposition is right to ask the question, and I would beg to have the privilege to answer the question.

Some Hon. Members: Hear, hear!

Madam Speaker: It is difficult for me to judge if the Hon. Minister is answering in his capacity now as Minister of Finance or for something that happened in the course of his mandate as Minister of Energy, Mines and Resources. If it is as Minister of Energy, Mines and Resources, I am sorry—I would like the Hon. Minister to have a chance to correct any record that he would like to correct—but he cannot answer a question regarding something that took place at the time he was Minister of Energy, Mines and Resources.

Mr. Nielsen: The whole House is interested in the response of the Minister. Surely he can be heard.

Madam Speaker: I know that the whole House is interested. But Hon. Members know that the rules we have should be very strictly followed. That is the only way to have this place function properly.

Mr. Lalonde: Madam Speaker, I again beg you to give me permission to answer this question. I am sure the House would give me permission to answer this question because it does relate to my action of last week or ten days ago of writing a letter to the Prime Minister. The Hon. Leader of the Opposition is asking me what happened in the interval between the time that I sent the first letter and the time I sent the second letter. Surely this happened while I was Minister of Finance. Surely I am entitled to provide the answer to the Hon. Member. I would urge you to let me give that answer. I am sure that the Opposition is quite willing to let me give it.

Madam Speaker: I find that very difficult to decide. Of course it is something that happened last week or the week before when the Hon. Miniter was Minister of Finance, but it concerns something that happened when he was Minister of Energy, Mines and Resources. There are other places where the Hon. Minister can put statements on the record. Therefore, he might do that outside the House, or on another occasion.

Mr. Nielsen: Madam Speaker, let me ask this question of the Minister, to see if we cannot get around this impasse. I presume that he answered the Prime Minister's queries on February 16 as Minister of Finance, with respect to the keeping of his records in connection with this affair. He gave information to the Prime Minister which subsequently turned out to be false. That was later corrected by the Prime Minister some seven days later.

My question to the Minister in his capacity as Minister of Finance is why did he sit there day after day, for a week, and not correct that misinformation through the Deputy Prime Minister, or even himself?

Madam Speaker: I am sorry. That is the same question. The fact that it is prefaced by saying "as Minister of Finance" does not change anything as to the reality of the fact. I cannot allow the Hon. Minister to answer that question. I am sorry.

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ENERGY

OIL RIGS DRILLING OFF NEWFOUNDLAND—DANGER OF ICE CONDITIONS

Hon. James A. McGrath (St. John's East): Madam Speaker, I wish to direct a very urgent question to the Minister of Energy, Mines and Resources. This afternoon in the area of the Hibernia oil fields on the Grand Banks they are anticipating 70 knot winds and seas in the range of 45 feet to 50 feet. Those are precisely the seas that prevailed when the *Ocean Ranger* went down. The ice conditions are still unclear because of the closing down of the tracking station at Shoe Cove by this Government a week ago. They are unable to get accurate information as to the movement of ice. We do know that there are substantial icebergs in the area of the rigs.

Can the Minister satisfy the House why he countermanded an order of the Newfoundland Government—two orders issued to Mobil last week—to cease drilling and have the rigs return to port because of weather conditions, unusual ice conditions, and its concern over the adequacy of search and rescue in the area? Why is the Minister playing fast and loose with the lives of offshore workers?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I think the Hon. Member is exaggerating. For years we have had a system whereby there was a meeting of provincial and federal public servants to monitor the situation whenever there was a problem. Last week my senior official was in Newfoundland in the afternoon discussing these problems with the officials of the Newfoundland Government. There was no mention of any problem at that time. A few hours later there was an order issued unilaterally—without even discussing it with our officials—by the Government of Newfoundland, without any consultation with the federal Government. It was evident that this was a great departure from the procedures which were followed in the past.

I have asked my officials to advise me. I have asked the Department of National Defence which is involved in search and rescue, Environment Canada, and any other agency involved, to tell me what the situation was. The report I received last week was that there were no such special conditions last week that necessitated calling them back to shore.

There was a meeting yesterday afternoon in St. John's between the company and people of my Department. The company had also invited provincial civil servants to be there. They refused to come.

As I say, we are very much concerned about the security and safety of the people who work there. We are monitoring the situation at this time. I am afraid that the action by Mr. Marshall last week was just an attempt to score some points, and he did it contrary to the procedure that has been established for a long time. Even yesterday, when in good faith my officials were there and the company people were there, the Government of Newfoundland did not want to have anyone there to ascertain the facts and not try to score political points.

Mr. McGrath: It is the Minister who is trying to score points because, until this matter is finally resolved by the Supreme Court of Canada, he has to be responsible for decisions he has taken. The decision he has taken is to overrule the Newfoundland Government which exercised its authority on the moment—because we cannot tell when the wind is going to come up—to order the rigs back in.

REQUEST THAT RIGS BE ORDERED BACK TO PORT

Hon. James A. McGrath (St. John's East): Madam Speaker, I want to say to the Minister that it is a very hostile environment and lives are at stake there. He can play fast and loose with the facts on "Coalgate" but he is not going to play fast and loose with the lives of Canadians in that hostile environment. In light of the latest forecasts showing 70 knot winds and 50-foot seas, and in light of the inadequate search and rescue support because the aircraft are not there, will he now agree to order Mobil to bring those rigs in right away?

• (1450)

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, this morning I had a chance to review the situation with my Deputy and other officials. There is a group in St. John's which is monitoring the situation. The figures used by the Hon. Member are not the same as those of the various Department officials who have responsibility for that area and who are as preoccupied as anyone in the House concerning the lives of the people who work there.

Safety and security are my main concern. However, this morning the experts informed me that, in their view, the condition is no worse today than it was two weeks or a month ago. It is still winter and conditions are still difficult, but we are operating under the guidelines which have been in place for a long time. The people who have tried to deal with the situation, to ascertain some jurisdiction, were from the Newfoundland Government. For the first time in years, concerning

the question of safety, the Government of Newfoundland has acted unilaterally, without consultation with either the companies involved or the federal Government.

AVAILABILITY OF SEARCH AND RESCUE FACILITIES

Hon. James A. McGrath (St. John's East): Madam Speaker, maybe I could direct a supplementary question to the Minister of National Defence, who shares my concern. One of the reasons given by the Newfoundland Government for ordering the rigs in, apart from the weather conditions, last week and today, was the lack of adequate search and rescue support. Last week it took six hours for aircraft to reach the area from Summerside and points on the mainland. In light of the fact that we now have 70 knot winds today, 50 foot seas, and three rigs out there with Canadians on board, what assurance can the Minister of National Defence give me that he has taken the correct course in ordering those rigs to stay there? By doing so he is jeopardizing the lives of those people, and the Minister has a responsibility in that area.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I do not think there is any question of jeopardizing the lives of anyone in this area off Newfoundland. I believe the search and rescue capabilities in that vicinity to be in the best state of readiness possible. I can assure the Hon. Member that even as late as this morning I was given a map indicating the position of all the ships, all the aircraft, and even all the icebergs—

An Hon. Member: They are not there now.

Mr. Lamontagne: —as well as all the drilling rigs. We are continually monitoring the situation as far as search and rescue and the movement of the icebergs are concerned. At the moment, in St. John's there is one Buffalo fixed wing aircraft and one Labrador helicopter on standby. We have taken all precautions necessary and appropriate and this proves that the security and safety of the people in the region are our main concern.

Some Hon. Members: Hear, hear!

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CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

QUERY RESPECTING POSSIBLE ESTABLISHMENT OF U.S. SURVEILLANCE BASES

Mr. Simon de Jong (Regina East): Madam Speaker, in the absence of the Deputy Prime Minister and Secretary of State for External Affairs I would like to address my question to the Minister of National Defence. This past weekend Mr. George Ignatieff, Canada's former ambassador to the United Nations and our former representative to NATO, stated that our participation in the development of the Cruise missile will make us less secure and more susceptible to an attack. He maintained that the testing and the development of the Cruise missile would result in the United States wanting to set up surveillance systems in Canada to intercept Soviet air-launched Cruise missiles.

Can the Minister tell the Canadian people if there has been any discussion with the American Government to go beyond the commitments under the weapons testing agreement, to include the establishment of American surveillance bases and facilities in Canada?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, at the moment there are no commitments of which I am aware, other than the agreement which the Department of External Affairs has signed with regard to the testing of weapons systems.

An Hon. Member: Who would know if you don't?

Mr. Lamontagne: I have not received a request from the United States Government. I have not even signed the memorandum of understanding that will determine how the testing could be carried out. At the moment I think Hon. Members must wait and see what will happen. However, one thing is certain. The objective of our Government's policy is to prevent war and preserve peace, which is what we believe to be the best policy to follow. All this public discussion of the Cruise missile testing makes up but one element of the global issues of disarmament, of peace against war, and clearly much discussion is necessary before we can say anything more on the matter.

Some Hon. Members: Hear, hear!

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PUBLIC SERVICE

DILEMMA OF PREGNANT WOMAN WORKING ON VIDEO DISPLAY TERMINAL

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the President of the Treasury Board. Last Friday evening the CBC television news covered the situation involving a woman living in Kenora, Ontario, who is seven months pregnant and must work on a video display terminal. She fears for the health of her child, yet because of federal Government rules she has no choice but to return to work on a video display terminal. Can the President of the Treasury Board tell the House what regulations will be put in place and what steps the Government will take to protect the health of this woman and her unborn child?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, I will be very happy to review the case and see if the present rules adequately respond to her needs and those of others in similar situations. We are certainly very concerned about maintaining very high health and safety standards with regard to federal employees.

FISHERIES

REQUEST FOR REFERRAL OF REPORTS TO COMMITTEE

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. The Minister has wisely rejected many of the recommendations in the Pearse Report on the Pacific fishing industry. In view of the Minister's response to overwhelming opposition to the Report and in view of the Report on the East Coast fisheries, the Kirby Report, the Fleet Rationalization Report in British Columbia, and the U.S.-Canada Salmon Agreement, would the Minister—rather than having these documents identified as basically Government documents—be prepared to table those documents in the House of Commons so that the Committee on Fisheries and Forestry, with its new-found powers, would finally have an opportunity to deal with those situations in the fishing industry under the prerogative of Parliament rather than the Liberal Government?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I am very happy to hear the Hon. Member saying that I have made a wise decision. I will certainly discuss his representations with the Government House Leader to see what can possibly be done to satisfy the Hon. Member.

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AGRICULTURE

BEEF STABILIZATION PLAN—MEETING OF PROVINCIAL MINISTERS

Mr. Maurice Foster (Algoma): Madam Speaker, my question is directed to the Minister of Agriculture. The provincial Ministers of Agriculture are planning to meet later this week to consider the need for a national stabilization program for the beef industry and are thus really responding to the challenge of the Minister to the Provinces several years ago. If these provincial Ministers do reach an agreement to work with the federal Government to assist hard-pressed beef producers, is the federal Government planning to move ahead with the stabilization program to assist this vital industry?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member asks a very interesting question at this time, because I was invited about a week ago to meet in Toronto tomorrow with my provincial colleagues. I will not be able to attend the meeting tomorrow. However, it will be the first time in history, if they do come up with an agreement, that they will make equity available for the beef and pork producers of this nation, that is, if they will stop top-loading programs in one Province compared to another.

I proposed a similar plan in 1978, but they would not accept it. I have waited five years. If they reach an agreement of that kind, which is necessary to put producers of these products on an equitable basis across the nation, Your Honour can be sure that we will consider it very closely. We will probably accept it. However, I know that there are other programs which are not tripartite. For instance, in some programs some might pay 50 per cent of the premium on crop insurance, and there are others. If they want to become involved in spending that kind of money, I can find all kinds of programs for them.

* * *

FISHERIES

COMPILATION OF PROSECUTION STATISTICS BY RACE

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans and concerns an answer he gave to the Hon. Member for Cowichan-Malahat-The Islands on February 10 which set out the percentage of Caucasians versus Indians arrested for fishing violations in British Columbia. In his answer the Minister stated that, "Over the last three years in British Columbia, 80 per cent of the charges laid by my officers were against white people".

In response to my Order Paper question No. 2,049 as reported at page 8668 of *Hansard* for March 26, 1981, the Minister stated:

> The Department of Fisheries and Oceans does not keep separate statistics concerning the prosecution of native Indians as this could be interpreted to be discriminatory.

How does the Minister know that 80 per cent of charges laid in B.C. were against white people, if his Department does not keep these statistics?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, when the allegation was recently made by the Indian leadership of the Province of British Columbia that my Department bias against Indians because in one operation more Indians were charged than non-Indian people, I asked my Department to make a thorough analysis with regard to that allegation. The information that I have made public is essentially that the allegation of the Indian leadership is without any basis, any foundation. That was the reaction to the statement that my Department had a bias concerning any group. As for the substance of the question of the Hon. Member, I will certainly check and will report to him in due course to what degree the details of statistics are kept.

• (1500)

Mr. Greenaway: Madam Speaker, obviously the Minister is privy to one set of figures, and Members who ask the questions just do not get those figures.

METHOD USED IN COMPILING STATISTICS

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, in response to the same Order Paper question it was stated that, even if a search of five years of Fisheries' prosecution files could be done, it would take up to eight person-months to complete it at a cost of $15,000 to $25,000 and regional staff stated that they did not have the time to do it, that they would have to contract the job out.

Electoral Boundaries Readjustment Act

Could the Minister explain to the House how he got three years' figures in less than a month, and, assuming that the research was contracted, could he inform the House who received the contract and how much the contractor was paid for the job?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I would be very much surprised if we had to hire any personnel to collect the data because it was given to me by my officials at a special briefing session and there was no suggestion whatsoever that they had to hire any staff to gather that data, but I will check that allegation, too.

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PETITION

MR. MITGES—PAYMENTS TO MACDONALD COMMISSION OFFICERS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the four hundred and second report of the Clerk of Petitions stating that he has examined the petition presented by Hon. Member for Grey-Simcoe (Mr. Mitges) on Friday, February 25, 1983, and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

ELECTORAL BOUNDARIES READJUSTMENT ACT

FILING OF OBJECTION TO REPORT OF COMMISSION FOR NEW BRUNSWICK

Madam Speaker: It is my duty to inform the House that an objection signed by the Hon. Members for Carleton-Charlotte (Mr. McCain), Fundy-Royal (Mr. Corbett), Simcoe North (Mr. Lewis), Burlington (Mr. Kempling), Perth (Mr. Jarvis), Hastings-Frontenac-Lennox and Addington (Mr. Vankoughnet), Halton (Mr. Jelinek), Medicine Hat (Mr. Hargrave) and Swift Current-Maple Creek (Mr. Hamilton) has been filed with me pursuant to Section 20 of the Electoral Boundaries Readjustment Act, Chapter E-2, R.S.C., 1970, to the report of the Electoral Boundaries Commission for the Province of New Brunswick.

If the House agrees, I would suggest we follow past practice and affix a text of the objection as an appendix to this day's *Votes and Proceedings*. Is that agreed?

Some Hon. Members: Agreed.

Madam Speaker: Agreed and so ordered.

PRIVILEGE

MR. LEWIS—SCOTIA COAL SYNFUELS PROJECT—ALLEGED TABLING OF INCORRECT DOCUMENTATION—RULING OF MADAM SPEAKER

Madam Speaker: I am prepared to rule on the question of privilege raised by the Hon. Member for Simcoe North (Mr. Lewis) on February 25, 1983.

The essence of that submission was his allegation that the documents tabled in the House contained errors of fact and that the Minister of Finance (Mr. Lalonde) knew this and allowed the documents to remain uncorrected. The Hon. Member suggested that the Chair should find, on the basis of his submission, that a prima facie case of contempt of Parliament had been established.

A prima facie case, as the Hon. Member himself pointed out, means that sufficient evidence is presented to warrant the matter proceeding to trial or investigation. In order to arrive at this finding the Chair would have to be involved in the determination of what is or is not correct in the documents concerned, and whether or not the Minister of Finance was aware of any errors of fact in the documents.

Clearly, the Chair cannot make such a determination even on a prima facie basis. It is not the function of the Chair, furthermore, to determine whether or not the contents of documents tabled in the House are accurate. Neither is it the function of the Chair to assess the likelihood of an Hon. Member knowing or not knowing whether the facts contained in a document are correct. Reflections may not be cast upon the conduct of Members of Parliament except by way of a substantive motion, of which notice is required, of course.

This is clearly stated on page 428 of the Nineteenth Edition of Erskine May. It is also supported by precedents of this House. I would refer, for example, to the following words contained in a ruling given on June 19, 1959:

> —simple justice requires that no Honourable Member should have to submit to investigation of his conduct by the House or a committee until he has been charged with an offence.

Subsequent rulings in accordance with this principle were given by my immediate predecessor on February 28, 1978, and by myself on May 19, 1982.

I must therefore rule that this matter does not fall within the ambit of privilege and that if the Hon. Member wishes to pursue the matter he must do so by way of a substantive motion in which the accusation against the Minister is clearly stated.

MR. LALONDE—ASSERTION OF MR. NIELSEN DURING QUESTION PERIOD

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, during the course of the Question Period the Leader of the Opposition (Mr. Nielsen) did raise a question which I think deals with my privilege as a Member of Parliament, and I would like to raise this question in a very limited way, considering the way the Leader of the Opposition raised it. His

specific allegation was that I sat here for a week knowing that the information I had provided to the Prime Minister (Mr. Trudeau) was not correct and did nothing about it.

Surely, if I had done anything of the sort I would be at fault and I would recognize that immediately. However, I suggest to the Hon. Member that his assertion is totally without foundation. Obviously we say many things in this House. There are lots of debates and arguments, and in the course of debate we use all kinds of arguments, pro and con, with different points of view. But when I stand up in this House and speak about matters of fact, I consider myself bound not only by my oath of office as a Minister but by my oath of office as a Member of Parliament.

When I wrote to the Prime Minister on February 17, I based that information on a check of my records, on a conversation with my staff and my Deputy Minister, the former Deputy Minister of Energy, and I also requested the Department and the current Minister of Energy to provide me with all the relevant data from the files of the Department of Energy. That information has been provided to the House and it has been tabled in this House as a memorandum to the Minister dated February 16, 1983, from Mr. Tellier, the Deputy Minister of Energy.

Following this I asked the Minister of Energy to make a thorough review of all the files so that all the information would be made available. He did so, and as well the documents that were tabled by the Prime Minister on February 23 included a letter from myself and a letter from Mr. Tellier to the Minister of Energy, in which the Deputy Minister of Energy indicated quite specifically and quite categorically that he had been made aware only the night before—that is, on February 22—of the fact that further documents existed in other files which related to this particular subject, and that he was therefore writing to me, to the Prime Minister and to his Minister to inform us of this development.

Immediately upon receipt of that information I transmitted a new letter to the Prime Minister indicating to him that those new facts had been brought to my attention and that they therefore should be brought to the attention of the House, which was done.

So far from hiding anything from the House, Madam Speaker, within 24 hours, I gathered all the information I could get about this particular file and made it available to the Prime Minister, and that information served as a basis for answers by the Prime Minister. I indicated that to the best of my knowledge on February 17 I was not aware of any other discussion between parties to the Synfuels Coal Project and officials of my Department before September 3, 1981, since this was the only piece of information that was available to me either from the search of my records or the information provided by my former Department.

During the interval no further information was made available to me in spite of the fact that I had requested a thorough review of the files to be made. As soon as further information became available I so informed the Prime Minister, and the House was also informed.

These are the facts, Madam Speaker. I stand by those facts under my oath of office as a Minister and as a Member of Parliament, and I hope that the Leader of the Opposition will accept my explanation in that regard.

Some Hon. Members: Hear, hear!

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, may I have a question?

Madam Speaker: Of course, the Minister knows that he did not really have a question of privilege and that surely he was using up the time to answer a question which he could not have otherwise answered during the course of the Question Period.

• (1510)

It is very difficult for the Chair not to allow a Member to reply to something, but I am afraid I have to remind the Minister, as I would any other Member, that I was right in not allowing him then to answer that question. I quote Beauchesne, Citation 359(6):

> A question must be within the administrative competence of the Government. The Minister to whom the question is directed is responsible to the House for his present Ministry and not for any decisions taken in a previous portfolio.

It is quite clear and I hope Members will remind themselves of this quotation, which only leads to orderly debate in the House.

Mr. Nielsen: Madam Speaker, I rise on the same question. I would have hoped the Chair would cite Citation 359 of Beauchesne at the outset of the Minister's remarks. Having cited it when he has completed his remarks, I hope it is not now going to preclude me from presenting observations with respect to those remarks.

Madam Speaker: I was quite conscious that there was some amount of leniency being exercised at this particular time. Because of that I will allow the Hon. Member approximately the same time to reply.

Some Hon. Members: No!

Madam Speaker: Absolutely. That is a necessity because the rule has to be applied equally to everyone. I will allow the Hon. Member to reply, but not for any longer than the Minister took. I was quite conscious that this would start a debate. However, the Minister pleaded with the House and the House seemed to have no objection, even on the other side. They were insisting that he should answer that question, so I let it go. However, it must be limited. The Hon. Member of the Opposition.

Mr. Collenette: On a point of order—

Mr. Nielsen: We are on a question of privilege.

Mr. Collenette: Madam Speaker, I rise on a point of order. I do not dispute your ruling of a moment ago, but I do take great umbrage at your allowing the Leader of the Opposition

(Mr. Nielsen) to continue on this question of privilege for the simple reason that we are engaging in debate. In Question Period, Madam Speaker, you allowed the Leader of the Opposition to ask his two questions in toto and then, properly, you refused the Minister of Finance (Mr. Lalonde) his reply. You were correct within your interpretation of the rules. However, I submit that you allowed the Leader of the Opposition to ask his question in full. There has now been redress by way of a question of privilege by the Minister of Finance. That should end the matter. To allow the Leader of the Opposition to continue this scrurrilous debate outside of Question Period is reprehensible.

Mr. Lewis: Did you hear what he said, Madam Speaker?

Madam Speaker: The point of the Hon. Member is certainly well taken, but he is talking of two different circumstances. What I did during the Question Period was totally within the rules, of course. I think the Hon. Member for recognizing that. I did say that I exercised a bit of leniency in the raising of this question of privilege. My decision is that I will allow the Leader of the Opposition to reply briefly.

[*Translation*]

Mr. Pinard: Madam Speaker, to clarify the situation, I would like to ask whether the House is to conclude that you did not make a ruling on the question of privilege raised by the Minister of Finance (Mr. Lalonde), in that you allowed proceedings to continue, or whether you did not make a ruling on the question of privilege raised by the Minister of Finance by saying that there was no privilege; furthermore, I should like to know under what Standing Order the Chair may make a ruling on a question of privilege and then allow someone to speak to a ruling it has already made.

Madam Speaker: I was commenting on the question raised by the Hon. Minister of Finance. It was not a formal ruling. I was pointing out to the Hon. Minister a citation in Beauchesne. I did not have the impression I was making a formal ruling. I would now like to give the Hon. Leader of the Opposition (Mr. Nielsen) a chance to make a few comments, as I have often done when questions of privilege have been raised. I repeat, I had not yet made a ruling and was only pointing out a citation in Beauchesne to the Hon. Minister of Finance.

[*English*]

Mr. Nielsen: Madam Speaker, it is my submission that when questions are asked during Question Period that have the effect of reflecting on the conduct of a Member or a Minister, they are deserving of a response in the House and Members or Ministers should be allowed to respond, particularly when it affects their personal conduct.

What we have is a question being raised in the House of Commons on Wednesday, February 16 where the Minister was twice given the opportunity to rise and state his position with respect to his capacity to continue as a Minister by reason of allegations made at that time of a breach of the guidelines. On February 17, the day on which there is usually a morning meeting of Cabinet, Thursday morning—

Mr. Lalonde: Wednesday afternoon.

Mr. Nielsen: Fair enough. After Question Period. Nonetheless, there was that intervening Cabinet meeting. The Prime Minister (Mr. Trudeau) rose in the House on Thursday, February 17, and, as he himself stated, misled the House with respect to the response of the Minister. That is what he said. That in itself is highly questionable with respect to the conduct of the Minister in providing the Prime Minister with information, and he innocently misled the House on the basis of information supplied by the Minister.

Friday the 18th, the weekend of the 19th and 20th, Monday the 21st, Tuesday the 22nd all passed. On the Wednesday, by letter the Minister informs the Prime Minister that his letter of February 17 was wrong and there indeed was prior knowledge.

He sits four seats away from the Deputy Prime Minister (Mr. MacEachen). The Prime Minister was away in the Caribbean. He sits a hand's length away from his telephone on which he could have called the Deputy Prime Minister. He had a Cabinet meeting at which the Deputy Prime Minister was likely present. He goes back and forth in the lobby. Undoubtedly there was all sorts of opportunity to tell the Deputy Prime Minister that he had misled the Prime Minister on the 17th.

Some Hon. Members: No.

Mr. Nielsen: He says no, but he had all this time, and he is asking us to believe that his departmental officials in six days, going through these files, could not until the end of those six days have come up with the information. I suggest to the Minister that that is not worthy of belief.

I point out to the Minister that a public statement was made by P. J. Read, the official responsible for the oil conservation fund. In between the 17th and the 23rd Mr. Read made the public statement that the Minister knew of the circumstances of this arrangement. How can he then explain that he sat in his seat for that entire week and did not call upon the Deputy Prime Minister, in the absence of the Prime Minister, to terminate the situation where the Prime Minister had allowed the House to conduct its business for a whole week on the basis of false information supplied to him by the Minister of Finance?

Mr. Chrétien: I rise on a question of Privilege.

Madam Speaker: Order, please. I am ruling that there is no question of privilege. We have been engaged in debate. I have given equal opportunity to both sides.

Mr. Chrétien: Not to me.

Madam Speaker: I must remind Hon. Members that if the Minister of Finance was not able to answer that question,

another Minister might have answered for him. That opportunity may be taken by any Member on this side, whoever is able to answer when a Minister may not be questioned on matters pertaining to his previous administrative responsibility. For fear this will turn into another major debate, I must end it. I am sorry, I apologize, but I must end the discussion here.

• (1520)

[*Translation*]

Mr. Chrétien: Madam Speaker, I wish to raise a question of privilege—

Madam Speaker: Order, please. I realize that the Hon. Minister of Energy, Mines and Resources (Mr. Chrétien) wishes to raise a question of privilege, but the Hon. Member for Vancouver-Kingsway (Mr. Waddell) notified me well before the Hon. Minister of Energy, Mines and Resources that he intended to raise one. Therefore, the Minister may raise his question later on, but I must first recognize the Hon. Member for Vancouver-Kingsway.

[*English*]

Mr. Waddell: If the Government thinks it has put this to bed, why is it so touchy over there?

MR. WADDELL—PROCEDURE DURING QUESTION PERIOD

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I want to raise a question of privilege with respect to my right to ask a question. I believe the specific issue is a difficult one. Where a question is put but it is borderline as to whether the Minister has responsibility and therefore should be allowed to answer, and when he is allowed to answer, the question then is: Can I follow up his answer?

I draw your attention to *Hansard* at page 23214, Friday, February 25, when the Hon. Member—

Madam Speaker: Order, order. That is not a question of privilege. The question was intercepted by me during the course of the Question Period. My decision stands. The Hon. Member was addressing a question to a Minister who was not able to answer because the question dealt with responsibilities which he had formerly. There is no question of privilege there. I am very sorry. The Hon. Member for Vancouver-Kingsway does have a hard time understanding when I determine that is not a question of privilege. He never accepts it the first time; I do not know why.

[*Translation*]

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I am raising a question of privilege because my Department was mentioned during question period, and in my opinion, the question put by the Leader of the Opposition (Mr. Nielsen) should have been put to the Minister of Energy, Mines and Resources and not to the Minister of Finance (Mr. Lalonde). In fact, I was a little late in getting to the House because of a meeting with the Right Hon. Prime Minister (Mr. Trudeau) and the Premier of Alberta. Nevertheless, since the question involves my Department, I think it is my duty to rise at this point and to report the facts to the House as they are, because the allegations made by the Leader of the Opposition—

Madam Speaker: Order, please. I will not fault the Minister on the fact that he was not in the House. I agree that the Minister has a duty to answer questions concerning his Department, but if he was not in the House when the question was put, I can hardly allow him to rise now after the oral question period has ended. He can and should answer the questions on another occasion.

Mr. Chrétien: Madam Speaker, when the question was raised, the Hon. Member did not even want to ask his question—

Madam Speaker: Order, please. Even if the question is directed to another Minister, if the person asking the question does not direct it to the incumbent of the appropriate department, the Minister concerned may answer for another Minister. It is up to the Ministers to decide whether the question does or does not involve their department.

Mr. Chrétien: I am raising a question of privilege. I think that if they want to know the truth . . . They do not want to know the truth—

Madam Speaker: Order, please. The Hon. Minister sets great store by the Rules, but he should also be mindful of the rule that when the Speaker rises and asks for order, all Members must act accordingly. Otherwise, there can be no order in the proceedings of the House, and it is certainly in the interest of all Members that order and decorum be maintained.

* * *

[*English*]

POINT OF ORDER

MR. DEANS—REQUEST FOR INTERPRETATION OF CITATION 359(6) OF BEAUCHESNE

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I wonder if you would be kind enough to take under advisement and inform the House at some subsequent time the answer to a question I have with regard to the interpretation of the rules. You quoted Beauchesne, Citation 359(6), today which provides, and I quote:

> The Minister to whom the question is directed is responsible to the House for his present Ministry and not for any decisions taken in a previous portfolio.

On Friday last, the Leader of the New Democratic Party (Mr. Broadbent) asked a question of the Deputy Prime Minister (Mr. MacEachen) which related directly to a period of time when, in addition to being the Deputy Prime Minister,

he was also the Minister of Finance. I submit to you that a question was asked today of the Minister of Finance (Mr. Lalonde) which relates directly to the Deputy Prime Minister in his responsibility as the Minister of Finance. Therefore, a question put to the Minister of Finance today about a decision, or knowledge of a decision which should have been available to his predecessor, is an appropriate question.

I am not questioning the ruling, but I believe there was a misunderstanding of the question. I would just like to know whether it would be appropriate under Citation 359(6) of Beauchesne to ask the present Minister of Finance to tell the House when, after having perused the records of the Ministry, the previous Minister of Finance was aware of an action being contemplated or taken by the Government.

Madam Speaker: The Hon. Member is asking me to interpret the rules in the face of a question which has not been put in a precise manner. I cannot do that. If the Hon. Member has a question, he may ask it. At the time it is asked I will try to do my best to judge whether it is appropriate to address it to one Minister or the other. I just remind the Hon. Member for Hamilton Mountain (Mr. Deans) that the Minister to whom he is referring cumulates two functions, and I am not quite sure whether on Friday he was answering in his capacity as Deputy Prime Minister. Certainly it was not as the ex-Minister of Finance; I would not have allowed that. I do not think I have, but I will look at *Hansard*. However, I cannot give an interpretation in advance of the question. If the Hon. Member has questions he may ask them, and when they are asked I will try to determine whether it should be asked or not of the proper Minister.

Mr. Deans: Madam Speaker, would you be kind enough to look at the question put on Friday by the Leader of the New Democratic Party, which appears on page 23214 of *Hansard*? Would you then also look at the question put today by the Hon. Member for Vancouver-Kingsway (Mr. Waddell)? Would you then review both of those in light of Citation 359(6), and perhaps we could then discuss the matter further?

Madam Speaker: Yes, I will do that.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

Mr. Pinard: Madam Speaker, I wish to inform the House that tomorrow, we shall consider Bill C-139 instead of Bill C-143. This I discussed this morning with the Parliamentary House Leader for the Progressive Conservative Party, while I mentioned the fact last week to the Parliamentary House Leader for the New Democratic Party, so that I think we all expect to finish the second reading stage, even if there is no formal agreement on this Bill.

[*English*]

Mr. Lewis: Madam Speaker, that will be fine with this Party. We have wondered for some time why the Government has not brought on Bill C-139 for debate.

Mr. Deans: Madam Speaker, we were prepared to vote against that measure some time ago.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. OGLE—SELF-DETERMINATION OF NICARAGUANS

Mr. Bob Ogle (Saskatoon East): Madam Speaker, to the honourable House of Commons I have a petition from citizens of the City of Saskatoon. It relates to the situation surrounding Nicaragua. The petition reads:

Wherefore the undersigned, your Petitioners, humbly pray and call upon Parliament to call on the United States Government to desist from any actions which violate the principles of self-determination of peoples and the non-intervention of states, as defined by the United Nations;

And further to call on the Canadian Government to pursue seriously a policy which promotes peace and non-intervention in Nicaragua, a policy which condemns American intervention in Nicaragua, and which is committed not to force, but to negotiation.

* * *

• (1530)

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,625.

[*Text*]

TESTING OF DRUG "ANTI-NEOPLASTON"

Question No. 4,625—**Mr. Hawkes:**

1. Did the Department of National Health and Welfare do any testing of the drug "anti-neoplaston" and (a) if so (i) on what date (ii) what did the tests show (b) if not (i) are there any plans to test the drug (ii) on what date will any tests be undertaken and what is the anticipated completion date of these tests?

2. Is the Department aware of any tests in Canada or the United States that have been done on the drug and, if so, who did the tests and what did the tests show?

3. Did Dr. Stanislaw Burzynski or any official from his Texas clinic contact the Department and, if so (a) what form did the contact take (b) what was the Minister's response?

4. Did Dr. Burzynski or clinic officials make known the ingredients of anti-neoplaston and, if so (a) to whom (b) what are the ingredients?

5. Have departmental officials initiated any contact with the clinic and, if so (a) on what date (b) what form did the contact take?

6. Did any departmental officials visit or are they planning to visit the Texas clinic and, if so (a) what is/was the name and job designation of each official (b) on what date did he/she go or will he/she be going?

7. Have any Canadian cancer victims contacted the Department about the drug and, if so (a) what form did the contact take (b) how many of these persons were treated or are being treated with anti-neoplaston (c) for what reason did they contact the Department (d) what was the Minister's response to these persons?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. No. (a) (i) and (ii) Not applicable. (b) (i) The Department of National Health and Welfare has no plans to test anti-neoplaston. (ii) Not applicable.

2. The Princess Margaret Hospital in Toronto did tests on the drug anti-neoplaston. The results showed no anti-tumor activity. The Department is not aware of any tests done in the United States.

3. (a) and (b) The Health Protection Branch of the Department was contacted by letter on April 22, 1982, and two medical officers met with Dr. Burzynski in Ottawa on May 13, 1982. The Food and Drug Regulations were explained and guidelines for the preparation of a Preclinical New Drug Submission for anti-neoplaston were discussed.

4. (a) Dr. Burzynski in his Preclinical New Drug Submission did make known the principles of extraction procedures of the anti-neoplastons to medical officers of the Department of National Health and Welfare. (b) The ingredients are several different series of polypeptides.

5. (a), (b) and 6. Mr. S. Ghani (Pharmaceutical Evaluation Division, Bureau of Human Prescription Drugs, Department of National Health and Welfare, visited the Burzynski Research Institute in Houston, Texas on July 29 and 30, 1982.

7. Yes. (a) Telephone calls and letters. (b) The number is not known. (c) To determine the safety and availability of anti-neoplaston in Canada. (d) The response was the same as that for any question concerning the testing of new drugs in Canada; that is, the Minister states that the manufacturer must provide adequate data on the safety of the new drug, and data to demonstrate efficacy for the indicated use. For cancer drugs this includes evidence of an anti-cancer effect in animal cancer, before human studies are commenced. In addition, complete manufacturing data, including quality control, sterility testing, etc. must be submitted.

* * *

[*English*]

STARRED QUESTION

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call starred question No. 4,714.

[*Translation*]

Madam Speaker: The question mentioned by the Parliamentary Secretary has been answered.

[*Text*]

*MISSISSAUGA RAILWAY ACCIDENT INQUIRY

Question No. 4,714—**Mr. Fisher:**

1. (a) On what date was the judicial inquiry into the 1979 CP Mississauga derailment appointed (b) on what date did it end (c) how many days did it function in total?

2. Who was appointed to act as (a) Commission Counsel (b) Assistant Commission Counsel?

3. Did the (a) Commission Counsel (b) Assistant Commission Counsel represent a law firm at the time of his/her appointment and, if so, which one?

4. What amount was the (a) Commission Counsel (b) Assistant Commission Counsel paid (i) per diem (ii) in total?

5. Were additional funds paid to the law firms above and beyond the fees negotiated for their personal services and, if so (a) what amount (b) were the sums paid as additional fees for services or as payments for receipted expenses?

[*English*]

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Madam Speaker, 1. (a) The Mississauga Railway Accident Inquiry was set in motion on the 4th of December 1979 by Order in Council.

(b) Judge Grange's report was tabled in the House of Commons and released publicly on January 19, 1981.

(c) The Inquiry occupied in evidence and argument a total of 127 days. The original terms of the Order in Council required a report to be submitted by June 4, 1980; the date was subsequently extended to December 4, 1980 and a report was ready by that date.

2. (a) Robert P. Armstrong, Q.C., (b) Willson A. McTavish, Q.C.

3. (a) Yes: Tory, Tory, Deslauriers & Binnington
Royal Park Plaza
P.O. Box 20
Toronto, Ontario
M5J 2K1

(b) Yes: Keyser, Mason, Coleman, McTavish & Lewis
Suite 701
201 City Centre Drive
Mississauga, Ontario
L5B 2T4

4. (a) (i) $100.00 per hour (limited to 60 hours per week). Fees were not on a per diem basis.

(ii) Payments were made to Tory, Tory, Deslaurier & Binnington and not directly to R.P. Armstrong. Fees billed by the firm specifically for Mr. Armstrong's services totalled $167,074.97.

(b) (i) $95.00 per hour (limited to 60 hours per week). Fees were not on a per diem basis.

(ii) Payments were made to Keyser, Mason, Coleman, McTavish and Lewis. Fees billed by the firm specifically for Mr. McTavish's services totalled $205,257.00

Order Paper Questions

5. (a)	Tory, Tory, Deslauriers & Binnington	Keyser, Mason, Coleman, McTavish & Lewis
Additional receipted expenses were paid as follows:		
Fees paid to various legal assistants	$ 6,745.66	$13,836.79
Travel, telephones, office supplies, courier services, searches, library services, photocopying	7,618.26	4,364.27
(b) Total other payments	$14,363.92	$18,201.06

Mr. Lewis: Madam Speaker, I rise on a point of order. That was a terrific dissertation that we just heard. I wonder if the Parliamentary Secretary could tell us the date of that question.

Mr. Flis: Madam Speaker, this question was tabled on February 21, 1983.

Mr. Lewis: I find that amusing, Madam Speaker, and I am sure we all do on this side of the House. There are some 4,700 questions, some going back to March, 1980, but the Government popped this question in last week and got an answer back quickly. It shows that the Government is not interested in answering questions unless it can put a political connotation on them. We have seen a disgraceful example of how questions should be answered in the House. I am ashamed of the Government.

Mr. Smith: Madam Speaker, I am delighted that we were able to give such a prompt answer to that important question. It should be pointed out that during this session the Government has answered 3,953 questions on the Order Paper, that is, 83.7 per cent. For the Hon. Member for Simcoe North (Mr. Lewis) to say that we are not interested in answering questions on the Order Paper is obviously rubbish. We answer them promptly.

Mr. Flis: Madam Speaker, I am pleased that the Hon. Member raised this point. With his long experience I think he should know that there are certain questions the answer to which is at our fingertips and we try to supply that answer immediately. There are other questions that involve more than one Department, that involve a lot of research and expense to the Government. They take longer.

I know that I speak on behalf of the Department of Transport in saying that when we have the information we are willing to give the response as quickly as possible.

Mr. Lewis: Madam Speaker, I should like to ask the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) if the Government has ever answered a question that quickly before, and if the Government feels it should play politics with something as important to the people as the Mississauga disaster.

Mr. Smith: Madam Speaker, obviously we answer questions as soon as we get the information. I hardly think that an answer that is succinct and to the point and which sets out the facts can be regarded as playing politics, particularly when the Hon. Member who asked the question is from Mississauga and when the incident occurred in his riding.

Mr. McKnight: Madam Speaker, I should like to tell the Parliamentary Secretary to the President of the Privy Council that I have had on the Order Paper a question regarding the distribution of calendars by VIA Rail. It is a very simple question. It was placed on the Order Paper well before the question that he just answered for his colleague on the Government side. It was placed on the Order Paper on January 19. I asked for the cost of the calendar, how many copies were printed and who authorized the calendars.

I do not think that is a very difficult question to answer. I am sorry that I do not sit on the Government benches so that I could have my questions answered rapidly. I am sorry that I am not the Hon. Member for Mississauga North (Mr. Fisher) who called for the inquiry—who demanded the inquiry.

Mr. Smith: Madam Speaker, obviously I will be delighted to look into that matter on behalf of the Hon. Member. I will do my best to ensure that he gets a speedy reply. We always want to co-operate with Members.

Mr. Taylor: Madam Speaker, I hope that the Parliamentary Secretary to the President of the Privy Council is not going to give me the same answer—that he is delighted to look into this. My question was asked on April 2, 1981. The lists were all prepared at that time. I asked for the names of the people who had been invited to President Reagan's dinner. I happened to see some defeated Liberal candidates there. Is the fact that patronage was shown to defeated Liberal candidates the reason that this question is still not answered, or has it just become habit that the Liberals take every Liberal to the through and nobody else has a chance to get at it?

I should like an answer to that question. The lists were prepared two years ago. Why is the answer being help up? That is what I would like to know.

● (1540)

Mr. Smith: Madam Speaker, I am shocked at the Hon. Member who has cast aspersions on the respectable Canadian citizens who were invited to that dinner. I will be delighted to look into the matter on his behalf. He says that he does not want to hear that; I do not think he would want to hear that I would not be delighted to do so. I assure him that I would be delighted to look into it on his behalf.

Mr. Taylor: Madam Speaker, the defeated NDP candidates and the defeated Tory candidates are also respectable citizens. They should get the same consideration as the defeated Liberal candidates, so do not give me that baloney.

Madam Speaker: Order, please. The Hon. Member for Bow River (Mr. Taylor) may make queries about his questions, but not debate the matter.

Mr. Deans: Madam Speaker, I would not want that comment to pass. The defeated NDP candidates do not want a place at the trough beside the Liberals and the Tories.

Mr. Blenkarn: Madam Speaker, question No. 1,653 in the name of the Hon. Member for High Park concerns the way the Government has been handling refugees from the Ukraine, the Soviet Union, Poland, Lithuania, Czechoslovakia, Hungary and East Germany. I am surprised that that question has not been answered, and that the Hon. Member has not made sure that the Government gave the kind of answer it should, particularly when he himself is so interested in people who are badly treated in Communist countries.

Mr. Flis: First, Madam Speaker, I think the Hon. Member should get his facts straight. There is no such Member in this House as the Hon. Member for High Park.

Mr. Blenkarn: He does not represent High Park; he only represents Parkdale.

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly (p. 22957).

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, just prior to the luncheon adjournment I was discussing this Bill along the lines of the lack of accountability in Government in terms of its methods of spending. I had mentioned one corporation about which the people in my area of Saskatchewan—and as a matter of fact all people in western Canada—are very concerned, that is, Canadian National Railways.

I wish to put on the record that in addition to the funds CNR is presently seeking, in 1977 it was given a recapitalization and a debt forgiveness of $808 million. Members of the House and the people of Canada were told at that time that it would allow CN to carry on in a very orderly manner, the same as any other corporation, and not to continue to come to the Government for assistance.

While we are speaking of expenditures of money, I was interested in the reply given today to a question asked by the Hon. Member for Mississauga North (Mr. Fisher) in which a considerable sum of money was mentioned. I am sure that if we check *Hansard*, we would see that the Hon. Member for Mississauga North requested that judicial inquiry. My understanding as an ordinary member of the Canadian society is that a judicial inquiry in the courts of Canada should be more difficult than one where a member of the bar travels around the country, visits and makes up his own ideas three years after the fact, as Mr. Macdonald will do to report on the economy as it is today, three years after the fact. There is not much consistency in the answer given about the expenditure of Government funds. I am not familiar with all the gentlemen and law firms named in the answer regarding the Mississauga rail disaster inquiry, but I do not think I heard one ex-Cabinet Minister's name mentioned. This is the difference between the Government allowing $850 per day to an ex-Liberal Cabinet Minister such as Mr. Macdonald, and a reputable law firm acting in a court of law of Canada. I just draw that to the attention of the House.

As we look at our deficit and the request of the Government for an additional $19 billion in borrowing authority, there is no reason that Canadians should have much faith in anything the Government puts out, especially regarding projections as to cash flow and cash requirements. I should like to turn to November 1981 when the then Minister of Finance said that the budget deficit would be $10.5 billion for 1982-83. Just seven months after that, in June 1982, the same Minister had to go back on his previous forecast. At that time he said the deficit would be $19.6 billion, and then just four months thereafter, in October 1982, the same Minister of Finance showed Canadians just how out of whack his forecast was. At that time he told us that the budget deficit would be $23.6 billion. Then, four months thereafter, in February 1983, the present Minister of Finance (Mr. Lalonde) indicated that the current forecast of debt would be $27 billion. We started out at $10.5 billion in 1982-83; then we went to $19.6 billion; then to $23.6 billion; now we come to $27 billion.

An Hon. Member: That is more than six and five.

Mr. McKnight: As one of my colleagues says, that is considerably more than "six and five". If we are really to believe that the increase the Government is forecasting for expenditures in the coming year is only 9 per cent, we must start with the premise that its numbers are correct this time. But if we go with the premise that the first numbers we were given for 1982-83 were correct, we see an increase of 17 per cent in Government spending this year. The people of Canada cannot understand why the Government would come to the House of Commons and ask for approval of basically a loan or a garnishee on the people of Canada for an additional $19

billion when it has not even put forward a spending plan. I could not go to my banker and say, "Hi, Gary, how about $100,000?" He would say, "What do you want it for?" If I said, "I will spend it this year or maybe even in two months", he would not give me a loan. I do not think the people of Canada should give it to the Government without its putting forward a spending plan.

On February 14, 1983, the present Minister of Finance said:

> I never said in my October 27 statement, or since, that there would be a budget before asking for additional financial funds.

The statement he made on February 14 was in complete contradiction to what he said on October 27, which reads:

> In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out Estimates for 1983-84 and future fiscal years, and then seek additional borrowing authority as required.

The former Minister of Finance repeated the same promise before the Standing Committee on Finance, Trade and Economic Affairs. In May 1982 he said:

> I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation and the implications of that situation on the Government's fiscal situation. I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update of both the economic situation and the fiscal situation, and I certainly will be doing that before I would come back to the House for additional borrowing authority.

I see, Mr. Speaker, that you are asking me to come to a close. I do not think the people of Canada would respect us if we allowed the Government to borrow an additional $19 billion.

Mr. Peter Lang (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, before addressing the main topic of this debate, my colleague, the Hon. Member for Mississauga North (Mr. Fisher), asked me to indicate to the House that the Grange Commission was constituted of qualified Canadians who did an excellent job in their investigation of the happenings at Mississauga. Even though they were Progressive Conservatives, they did an excellent job.

I would like to address the remarks of Hon. Members opposite, particularly those in the Loyal Opposition who tried to make the point that—

• (1550)

Mr. Blenkarn: Mr. Speaker, I rise on a point of order. I hope I am not correct, but I thought I heard the Hon. Member suggest that the Grange Commission was made up of Progressive Conservatives. The Chairman was Mr. Justice Grange of the Supreme Court of Ontario. To suggest that the Commission was made up of people who were in a political Party, I believe would impugn a judge of the Supreme Court of Ontario. I think that I should not have heard those words from the Hon. Leader.

Mr. Deputy Speaker: Order, please. The Hon. Member has made his point and I am sure the Parliamentary Secretary has listened attentively.

Mr. Lang: Mr. Speaker, I was referring to the very qualified staff. However, I want to come to the main topic, that of the borrowing authority and the assertion by the Conservative Party that this Government somehow has not in any way indicated what the spending is for or the economic plan for it. Obviously, the Hon. Member was not paying attention to the Main Estimates tabled in the House this past week. But the Opposition is saying continually, in rhetorical speeches that the Government is refusing to show restraint in its spending. Yet when you take a look at the breakdown of Government expenditures and the Government's restraint program you will find in every area the Opposition is opposed to restraint while at the same time its Members call out for a reduction in the deficit.

I want to go through this area in detail giving the facts. Basically, Government expenditures can be broken down into four major areas. The first is transfer payments. The second is public debt. The third is payments to Crown Corporations, and the fourth is the operating and capital expenditures of the Government. I will take each of these areas separately and indicate specifically what is involved. I will start with transfer payments.

In this area we have payments to people, including Old Age Security, the Guaranteed Income Supplement, the Spouses Allowance and Unemployment Insurance. I have not heard Members of the Conservative Party indicate that we should make cuts in these payments. In fact, during the debates on Bills C-131, C-132 and C-133, I heard them say exactly the opposite, that we should not even put a limit of six and five on the increases in areas such as the OAS. The second area of transfer payments is in the area of payments to Provinces. This includes payments to maintain the medicare system, the post-secondary education system, the hospital insurance plan and the Canada Assistance Plan. Again, in this area of transfer payments to the Provinces the Conservative Opposition has stated time and again that there should be no cuts. The third area under the general area of transfer payments is subsidies to transfers. The Main Estimate here is the Petroleum Incentive Plan which applies $1.1 billion to the increase of exploration for oil and gas and to make sure that we are self-sufficient in oil and gas. The fourth area includes another category of miscellaneous other transfer payments. This includes small business investment grants. We have heard the Opposition calling for more money and more aid to small business. This area includes the Enterprise Development Program and the DIP Program to increase productivity. We have heard calls from the Opposition to increase productivity measures, which include funds put forward toward job creation. We have heard time and time again from the Opposition that funds should be provided for job creation. I have just outlined the basic structure of transfer payments in the expenditures. These have accounted for 63.7 per cent of the increase in Government spending. In all these areas the Opposition has told us not to make cuts. At the same time the Opposition has told us to cut the deficit.

The second major area of expenditure is expenditures on the public debt. Not even the Opposition has been so preposterous as to say that we should not honour our obligations in paying interest on public debt. That is not possible for a fiscally responsible Government to do.

The third area is that of payments to Crown Corporations, which account for about 6.9 per cent of the increase in government spending. The majority of this spending was used in increased financing for the CMHC programs to increase new and existing housing projects, to create jobs and to give a stimulus to the housing industry.

Another major portion of it was put forward as part of the Canadianization program. I am not sure where the Opposition stands on this. It depends upon which Conservative is speaking. Some are in favour of Canadianization and others are not.

Another major area is transfer payments to VIA Rail. We have heard time and again the Opposition opposing the reorganization of VIA Rail routes in order to save money.

Mr. Blenkarn: They reduced it by 20 per cent and increased it by 48 per cent.

Mr. Lang: Again, in this area of Crown Corporations, the Opposition has expressed a desire for the Government not to decrease expenditures. The only time the Opposition talks about restraint is when it is general, when it is easy, and you do not have to touch any program, such as assistance to business, assistance in creating jobs, health or any other program. The Opposition will not get down to specifics.

The fourth major area—and I am going to go through this rapidly because I have only ten minutes—is government operating and capital expenditures. This area is broken down into defence and non-defence related expenditures, which account for 15.2 per cent of the increase in government spending. The Conservatives have made it clear that they think more should be spent on defence. The Opposition is not asking for the Government to make cuts in defence, which account for almost half of the increase in this envelope of government operating and capital expenditures.

In the other area of non-defence related expenditures, the vast majority of expenditures are in the form of wages and salaries for public servants. The Opposition, in many speeches on Bill C-124 and on the six and five measures that followed, indicated that it does not feel salaries and wages for public servants should be held to six and five increases. Clearly, the Opposition is not asking for significant cuts in expenditures in this fourth area of government expenditure.

Very briefly, I have gone over the four major areas of government expenditures. Transfers account for 63.7 per cent of the increase; the public debt accounts for 14.2 per cent of the increase, payments to Crown Corporations account for 6.9 per cent of the increase, and the operating and capital expenditures account for 15.2 per cent of the increase.

I have to ask Hon. Members opposite, as many Canadians are asking when they say they want to hold the deficit in time of recession and when they say they want to hold down government expenditures, will Hon. Members opposite at the same time be honest with the Canadian people and tell them that this means reduced health care, reduced education, reduced payments to support the unemployed, reduced Old Age Security and reduced defence?

Mr. Blenkarn: Reduce the swill in the trough.

Mr. Lang: It will mean reductions in the major social programs that have maintained not only the quality of life in Canada but the consumer demand that we have at the present time which has prevented us from slipping even deeper into the recession out of which we are now coming.

I see you are asking me to wind up my remarks, Mr. Speaker, and I will. I have a final plea to the Opposition. When they say, "Hold or cut the deficit, reduce government expenditures", why do they not put some substance behind their remarks instead of only rhetoric?

• (1600)

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, the last Liberal Member to speak in this debate asked some questions. He asked questions about reducing Government expenditure. If the Government would instead create a climate in our economy that would encourage the growth of enterprise, that growth would result in the creation of real jobs that would take people off of unemployment and put them to work. It is that simple.

Mr. Lang: Stop giving us those cliches. Give us some proposals.

Mr. Wenman: It is good that we have a question period after the speech. I can hardly wait to hear the questions.

Mr. Lang: There are no questions.

Mr. Wenman: That is right. We are cut from 20 minutes down to 10 minutes. As usual, Members of Parliament are being cut back in speaking on important issues like the economy. I am not surprised.

Mr. Lang: Your own committee agreed.

Mr. Wenman: This Government's concept of restoring the economy is to create new wealth by borrowing and increasing taxes on the very productive machine that we should be encouraging to create jobs. Its policy is to borrow and borrow billions upon billions of dollars year after year. This is not a new policy or experience; it is a policy we have seen through Bills such as this which have come before the House time and time again without our first seeing a budget or any fiscal planning. The Government simply borrows more and more money.

My constituents do not understand this concept. When they go to the bank to borrow thousands of dollars, they cannot just go back to borrow more money. At one point, the bank manager tells them they cannot borrow any more. At that point, creative employment is turned into bankruptcy, receivership

and unemployment. The people in my constituency and others do not understand the injustice when they see the Government continue to borrow.

I wish that the Minister of Finance (Mr. Lalonde) or the Prime Minister (Mr. Trudeau) could come to my constituency and spend a week in my constituency office. I wish they could listen to the story of the owner of a moving company in my constituency who has been in business for 25 years, successfully employing 35 people. He would double the number of employees during the summer by hiring students. He never asked for any handouts from any Government to get started. He did not ask for a million dollars to float his business. He floated his business on its assets, on his courage and hard work.

What has happened to that business? He borrowed some extra money at 10 per cent or 12 per cent in order to expand his business. A year later, that 12 per cent was 22 per cent or 24 per cent. The 10 per cent profit margin disappeared. With that 10 per cent loss in the profit margin, there came another 2 per cent debt load every month. As the company's deficits began to pile up, its cash flow began to dry up. But could he simply go to the bank and ask for more money? Not at all. The business fell into receivership and then into bankruptcy.

Two years ago, our local papers carried headlines which said that the local businesses were rolling along. The policies of this Government began to take effect. Suddenly, the banks began to tighten money that was available to small business. This gentleman was unable to get short term financing to meet his cash flow problems. He hung on by, first, signing over his assets from other property. Finally, he signed over his home and his car, until the bank walked in one day, took all of it, and closed the door to 35 employees. It is only 35 employees, not 1.6 million unemployed, but those 35 people were unemployed because of the inability of this one person to continute. This situation happens repeatedly.

The banks used to lend money on the basis of assets and inventory. Cash flow was only one factor. But it is now the only factor. The policy now is to get rid of inventory at 10 cents on the dollar. There is no more cash flow for employees even to put the inventory to work. This happens over and over again.

The spirit of that entrepreneur is destroyed. That job producer will no longer create jobs. The Government, instead of continually borrowing and bailing out the big companies, should consider these small businesses with their assets and inventories and, realizing that the market has turned around and interests rates have dropped, help them to continue during the next six months. However, the Government is letting the banks and other financial institutions close these small businesses down. These businesses have been allowed to hang on until the economy recovers, but now that there is a recovery, the banks are going to take their assets, wipe them out and sell them off at 10 cents on the dollar so that someone else can give it a try. The businessman to whom I have been referring did not have a Minister in the Government or a Minister of Finance to call to say "Look, my friend, I need an extra million dollars." He could not call the former Minister of Finance to say that he needed an $850 a day salary to tell him what is wrong with the economy.

It makes me heartsick to see not only businessmen but others who have been successful and owned a home and car fall all the way down to having to rely on unemployment insurance and then on welfare just to survive financially. They have no way back up because they have been bled dry.

I am holding a letter which I am sure is typical of the letters that every Member in the House of Commons is receiving. Surely there must be some feeling and a response to pleas such as are made in this letter. This constituent says:

> Jobs are needed badly. I have not worked since 1980. I have no UIC benefits. I have paid in for 35 years and did not draw. I do not receive welfare. I do not receive sick benefits. I have been an honest, hardworking man and have not caused Canada any problems. There seems to be no way for me to provide for my home. Recommendations of past employers can be obtained if necessary. My honesty can be checked.

I wonder who will check the honesty of the Government, the Government that keeps pretending that it can borrow billions upon billions of dollars and throw them away out of the other door. Instead, it should be supporting the productive engine, that is, our small business community in Canada.

The Government is asking for borrowing authority because it has spent over $1 billion more than it had projected just a few months ago.

Mr. Blenkarn: It is $3.5 billion.

Mr. Wenman: It depends on which prejection you consider. It could be the projection from last week, last month or the one next month. In addition, the Government wants to borrow an additional $5 billion for this year and $14 billion for next year. What is this money for? We do not even have a budget to know what the Government plans to spend it on. This borrowing Bill for $19 billion is the largest amount asked for in Canadian history.

I will conclude by saying that this country is hurting. The businessmen in the country are hurting. I hope the Government will find it in its heart to use some of the money that it gets from this Bill to help those businesses which have existed for the last 25 years over the next six months. If they can be helped over the next six months they will make it. The Government should not keep destroying the small business generator that creates the real jobs in this country. They can survive if the Government creates the proper economy and climate.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Central Nova (Mr. MacKay)—The Administration—Role of Alastair Gillespie, b) Use of funds allocated to Nova Scotia; the Hon. Member for Cariboo-Chilcotin (Mr. Greenaway)—Customs and Excise—Importation of pornographic video cassettes, b) Application of tax write-offs—request that legislation be amended; the Hon. Member for Kamloops-Shuswap (Mr. Riis)—Banks and Banking—Rescheduling of loans to small businesses and farmers.

• (1610)

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly (p. 22957).

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I suppose it must be regarded as an honour to speak in the debate on the largest borrowing Bill in Canadian history, Bill C-143. In fact, this Bill embodies a number of firsts. First, as I have just noted, it is the largest borrowing Bill which the House has ever been condemned to face. Second, it is the first time that the House has ever been asked to provide a blank cheque for no less than 15.75 per cent of the year's projected budget, before the fiscal year has even begun. Furthermore, it is being asked to do so in the form of borrowing authority which is certainly, considering the present situation, an outright admission of overlapping fiscal failure. Third, this is the first time in parliamentary history that a borrowing Bill has been for an amount greater than the total Government spending only a dozen years or so ago.

It must surely be a first for any Government maintaining the pretense of following a parliamentary system to submit a Bill such as this without tendering its resignation at the same time. This must be so, at least in what we would like to consider as the politically advanced world.

Just what do these figures mean? Your Honour may remember that when the present Government was in Opposition, in 1979, it raised a good deal of concern because, in its eyes, the then Government was slow in bringing down a budget. However, for the first time in nearly a generation, there was a Government in power which recognized that it held power in trust, rather than by right. The then Minister took the requisite amount of time and in due course brought down the first honest budget which had been seen in the lifetime of some of the young 18 year olds who voted for the first time in the ensuing national election. The rest is history.

When viewed in retrospect, the promises of cheap gas, lower interest rates, less inflation, reduced Government and myriad other promises reveal the moral calibre of the Party and the Government opposite which swept back into power. Nine months later it brought down its budget, which has not yet been passed. It has been modified in many forms and must soon be authorized by the House despite the fact that, in one guise or another, it has ruled the economic lives of Canadians since November 12, 1981. That budget called for a deficit of $10.5 billion and financial requirements of $6.6 billion. Step by step, month by month, mini budget by mini budget, these figures mounted until the deficit stood at $27.2 billion and financial requirements at $26.1 billion.

What then is the value of the figures which have been presented to us? We all know that this will not be the last time the bankrupt Treasury will, like Oliver of Charles Dickens' fame, be back for more. The figures have been drafted to reflect an ideal situation, if everything goes right. It is like a fairy story. If all the projections work out exactly as the Government has said they would, this is the amount of money which will be needed. However, the Government's figures never work out, so it must keep returning for more because its figures lie. There is an old saying that figures lie and liars figure.

Let us consider what effect there has been on the financial and economic life of the country. Today the deficit is equal to 34 per cent of all Government expenditures. In my opinion, that means that the Government must borrow half as much money as it brings in by taxation. Can anyone even conceive of a business operating in that manner? Can anyone imagine a family, a household, operating in that manner? However, this is not a business and not a family. This is a once prosperous nation whose Government has forgotten that it is not to rule by right but, rather, is to govern in trust. This is a bankrupt Government, and as the events of last week have shown, it is a bankrupt Government in more ways than one.

In the calendar year 1982, federal Government borrowing accounted for 51 per cent of the net new security issues placed in Canada. That is incredible. I cannot understand why the press has not spread this news across the front pages of the land, unless there is a feeling that even more news of the financial, moral and other types of bankruptcy shown by the Party in power would be too demoralizing for the public to take.

I will tell Your Honour some of the differences these fiscal and monetary non-policies of the Party in power make. First, there is the ever-mounting burden of interest which must be

paid just to carry the debt. That interest amounts to some $1,700 per taxpayer, at the present time; that is, before the passage of this Bill seeking authority to borrow further. The gross accumulated debt amounts to $5,500 per capita. That interest, just for the record, amounted to 4.8 per cent of the country's Gross National Product in the year now drawing to a close. That compares to 2 per cent when the Government first came to power 15 years ago.

Just as important is the loss of fiscal manoeuvring room. In 1968 and 1969, one tax dollar in nine was needed to service the federal debt. Today it takes one dollar in three. That means there is simply no room to undertake expensive fiscal measures to encourage recovery.

I believe the celebrated John Turner said something during his spell as Minister of Finance about spending our way out of recession. That is just the sort of thinking that has brought us into the present situation and depression. When the Government has spent its way out of a recession and then spent its way through a period of recovery, and all the time borrowed to do it—because, after all, the voters would not like to be taxed, would they?—then there simply is no more room to move around when it is necessary to do so. That amounts to nothing more than simple thinking, always looking for the easy way out, not caring for the country in its charge, looking no farther than the next election. Every person who has held a finance portfolio in a Liberal Government over the past decade and a half stands condemned of that fact. So do the willing sheep who, as they did last week, will stand on demand and bleat their approval for anything done by a member of the Government so long as he is a Liberal.

The third effect is that those in the private sector, the people and organizations actually creating real and permanent jobs in our society, are squeezed out of the money markets. Last year, 51 per cent of the net public borrowings in Canada were undertaken by the federal Government. That does not leave very much for the people who are to create jobs, lower inflation, pay salaries and bring prosperity back to our society. Of course, by cornering half of the available loan money, the Government has effectively bid up the price of money, the interest rate, out of all conscience, both for itself and for borrowers from the productive private sector.

Fourth, and perhaps most important, is the matter of confidence. Neither the decision maker in the private sector nor even the private citizen, whose only experience with finance may involve the family budget, can have any level of confidence in a Government which, for two decades, has shown less competence in trying to run the country than does any housewife in trying to run her household successfully. There is a rule in poker that one should never throw good money after bad. But what choice have we? This is like buying buckets for a sinking boat. There is little alternative.

I see that Your Honour is starting to signal that my allotted time has expired. Again, let me emphasize the fact that we on this side of the House feel that the Government should be more accountable to the House before demanding outright the astronomical sum of $19 billion.

• (1620)

Mr. Lorne McCuish (Prince George-Bulkley Valley): Madam Speaker, during this debate on Bill C-143 relating to the Government's supplementary borrowing authority we will hear a lot of figures being bandied about, and I certainly intend to do a little bandying myself to emphasize the seriousness of our country's most serious financial situation.

Many Canadians may find themselves having trouble understanding exactly where Canada stands financially. Even officials in the Department of Finance, including the Minister himself, are having problems.

However, one does not have to be a high-powered statistician or an economist to know that Canada is seriously in debt. Mr. Speaker, the simple fact of the matter is that the federal Government has not balanced its cheque-book since the 1969-70 fiscal year, one year after the Prime Minister (Mr. Trudeau) took office.

It is interesting to note that if this Liberal Government had been responsible and worked within a balanced budget each year, Canada's national debt now would be something under $3 billion. As it is, we have a staggering debt that even our grandchildren will never be able to pay off.

It would be interesting to have a peek at the personal chequing account of the Minister of Finance (Mr. Lalonde). I wonder whether his own system of dealing with his personal finances is anything like the system that he uses in his role of Finance Minister in looking after the affairs of the nation. Somehow, I very much doubt it. However, it is a fact that the Minister of Finance is charged with the duty and the responsibility of managing Canada's financial affairs in a sane and reasonable manner. I regret to say, Mr. Speaker, that this is not being done.

As a consequence, we find that people have lost faith. They know that the Government has absolutely no interest in working within a balanced budget and, as a result, it goes to the money markets, it reduces the availability of money, it shoots the interest rate up, and that makes it harder for the independent businessman, the farmer or the householder to obtain money at a reasonable rate. More important, through certain external forces, the interest rate in Canada has been thrust down to a point where it is now almost manageable, and at this particular time in the life of a Canadian it is imperative that he have confidence. How is he going to have confidence when the Government presents a $5 billion supplementary borrowing authority Bill and, right on the heels of that, without explaining its way out of it, without telling Canadians what it is going to use the money for, it is asking for a further $14 billion to $15 billion?

There is a building contractor in my riding of Prince George-Bulkley Valley who considered himself fortunate when he was awarded a contract for $2.4 million to build a school, through the Department of Indian Affairs. He considered himself fortunate. He is now really wondering whether he has his sanity. The contract, of course, was with the Department of

Public Works, and on his third draw he submitted documentation to prove his eligibility for a progress draw of $290,000. He was told by the officials of the Department of Public Works, with whom he had contracted, that they had miscalculated the worth of this particular firm, the ability of the firm to perform, and they felt that he could only put $90,000 worth of goods and services into that building, and they had budgeted for that. So all he was going to get was $90,000. Where was the other $200,000 to come from? There was a solution to that. What he was told to do was to lay his men off and they would go on UIC, or they could have some grandiose project where they could go out and rake leaves in the forest until some time after April 1 when there was a new budget and new buckets of money and he could be paid the balance. Over and above that, the Department officials said that they would pay him the interest on that $200,000 because they were incapable of paying the full amount at that time.

When situations like that are allowed to occur, how on earth can any Government balance its budget? How on earth can any Canadian expect to have any confidence in what its Government is doing? Situations like that are occurring every day. To save a few bucks, why do we not turn the heat down in this place? Everybody is cooking. I think it is mostly from the alternate sources of energy from the front benches opposite, but the fact remains that wherever we look, we see waste.

A few years ago the then Auditor General, J. J. Macdonell, provided concrete evidence to support his claim that Government spending and fiscal accountability were out of control. Over the years, the Liberal Government has been speeding down the road toward ever-increasing Government spending and waste. It did not, however, realize how fast it was going, and ever since it hit that deadly curve, "the recession curve", it has been spinning out of control.

As the Official Opposition, we do not take objection to the fact that the Government needs money. Of course it does. What we do take exception to is the fact that the Government cannot tell us exactly how much it needs and what it needs the money for. That, Mr. Speaker, is the reason we stand here in such frustration and try to impress on the Members opposite that they have a responsibility to their own constituents and they have a responsibility to Canada. Those good men and women across there have the same responsibility to the people in Prince George as I, the elected Member, does. They do not accept that responsibility. Regardless of how rotten this Bill is, every one of those sheep over there, when the vote on this dreadful Bill is taken, will stand up and be counted as supporting it. I think that is a rotten shame.

Mr. Fisher: Baa!

Mr. McCuish: The last time I saw a mouth like that it had a hook in it.

The point I am trying to make, Mr. Speaker, is that this Government is asking Parliament for money which it cannot prove to us that it needs. Despite its public relations program of restraint called six and five, what is in fact the case is that this Government may talk about restraint but it shows as much restraint as a bunch of sailors on shore leave.

Mr. Laverne Lewycky (Dauphin): Mr. Speaker, I am happy to be able to speak this afternoon on the amendment to Bill C-143, the amendment that has been moved by my colleague, basically proposing that this Bill be amended so that the borrowing authority be not now read a second time but that the order be discharged, the Bill withdrawn and the subject matter thereof, particularly the subject matter of the clause pertaining to the borrowing authority for the fiscal year ending March 31, 1984, be referred to the Standing Committe on Finance, Trade and Economic Affairs.

I think an awful lot has already been said, even today, with regard to what we are being asked to do as Members of Parliament here, in writing out a $19 billion cheque for the Government to do with the money as they please.

I know that there have been statements made in this House, such as on Friday when the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Berger) said that all I would have to do would be to look in the Blue Book, look into the Estimates, and I would have answers to my questions there. Similarly, this afternoon the Hon. Member for Kitchener (Mr. Lang) seemed to imply the same thing, that it was very clear in terms of where the money would be spent. I have not had an opportunity to look at all the Estimates. The little bit I have had a chance to look at troubles me. I certainly do have my concerns and worries as to where this Government intends to spend its money, in what manner it will be spending it, and what approaches it will be undertaking.

• (1630)

One of the areas highlighted in the Speech from the Throne and in other speeches over the past three years of this session has been the area of multiculturalism and the whole Government thrust in that area. In accepting the invitation of the Parliamentary Secretary to look into the Estimates, I note that for 1981-82 the projected Estimate for multiculturalism was $14 million. I notice in the Estimates for 1983-84 that the amount is $13,720,000. I have difficulty comprehending why there is this kind of a reduction in a program such as multiculturalism. I am sure if I looked through the Blue Book I could find similar sorts of cutbacks or rollbacks, yet the Government has a greatly increased deficit.

The answers being provided are not adequate. This is all the more reason for a budget to explain exactly what type of philosophy the Government is now following, what its plans and goals are and what its programs will be. It is very important that we have some direction.

There have been several mini budgets but only one major budget recently. This indicates that the Government is a house divided. Enough proverbs have been cited to show that a house divided cannot stand. We have good illustrations of this. In the Income Tax Act legislation, we were asked to pass a hodgepodge of band-aid solutions. This is done from one year to the next on policies and programs the Government intends to

follow. We have this kind of turmoil. That is why we have these unreasonable demands on Members of Parliament, asking us to pass Bills such as this $19 billion blank cheque.

I want to be constructive. I will give a case history in Canada that should be followed. The recent example I would point to is my Province of Manitoba. We have a Government that has been moving ahead, giving explanations, consulting people, telling them what it intends to do. If it requires money, it tells the people what is going to be done with it. There have been decreased federal transfer payments to Manitoba which, of course, has hit the Manitoba economy very heavily. Consequently, there is more of a deficit than was anticipated.

I wish to draw to the attention of Hon. Members some of the philosophy being used in Manitoba that could be incorporated into coping with the needs of the whole country. I have great admiration for the fact that creativity and innovation have been evident in the Province of Manitoba regarding the number one problem, namely, unemployment. I am amazed that the Province, which is often considered to be a have-not Province, places such emphasis on job-creation and meeting the basic needs. It does not just have make-work projects, but works with the municipalities and non-profit organizations in an attempt to deal with the unemployment problem, making sure that the job-creation measures deal with the existing needs.

In addition to recognizing the high rate of unemployment and shrinking revenues, which is common for Provinces such as Manitoba, it has had a re-priorization of some of its expenditures. In citing this case history, as an example, I am impressed with the fact that the Government of Manitoba has shown compassion and care.

If there was evidence of caring on the part of the federal Liberal Government, I could maybe try to understand why it is asking for $19 billion. Several weeks ago the Government asked us to place the pensioners of Canada under the six and five regime at a time when the cost of living and inflation has been much higher. We have not seen the care and compassion we would expect the Government to exercise for the needy people of this country.

The six and five legislation also applied to the Family Allowance. Here again we have not seen any compassion or caring such as is evident in my Province of Manitoba. I would urge the federal Government to think about this more seriously.

Perhaps one of the greatest examples I can cite regarding the Manitoba Government is that it has demonstrated co-operation and consultation. One area where it has demonstrated this most clearly has been in its consultation and co-operation with the unions. One of the major unions in Manitoba is the Manitoba Government Employees' Association. Through consultation and co-operation, the Government has reopened the contract which had been agreed on by both parties. We do not have the type of legislation that we have seen in Quebec. There has been a voluntary reopening of the contract, a voluntary cutback in the increase for the next period of time. This money is being channelled into a job-creation fund.

These people are participating. Other unions, associations and groups will be invited to participate in this. They are already participating in terms of discussion with the Government as to urgent priorities and needs and ways in which, together with the Province of Manitoba, they can deal with the problem of unemployment. These unions will be looking at ways in which this job-creation fund will be allocated.

Looking at this whole consultation process, I am amazed when we see that the new summer youth program will not have the local advisory board reactivated. The Minister of Employment and Immigration (Mr. Axworthy) has decided to not cultivate this co-operation. These are things that are necessary.

I see you rising, Mr. Speaker, to indicate that my time has finished. I urge the Government to look at these approaches of being creative, innovative, caring and co-operative. I leave that with the House to consider.

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I am pleased to take part in this debate on Bill C-143, the supplementary borrowing authority Bill. As previous speakers have already stated, this Bill, if passed, will provide authority for the Government to borrow up to an additional $5 billion in new money for this current 1982-83 fiscal year and up to $14 billion in new money for fiscal year 1983-84. Without question, the total borrowing authority of $19 billion granted in this Bill is the largest borrowing Bill in our country's 116-year history.

To add fuel to the fire, this is the second time this year that this Government has sought to increase authority by more than the requirements that had been projected in its most recent financial forecast. The deficit today is 28 per cent of all expenditures. In other words, for every $4 the Government spends, it must borrow $1.

The Government keeps telling us that the federal debt is $134 billion. However, when one adds the total debt of the Crown corporations of $55 billion and the $49 billion in pension funds that the Government has appropriated, the real debt is closer to $240 billion. The June and October budgets of 1982 failed to provide economic and fiscal projections for the current fiscal year. Common sense should tell us that this is dangerous because it creates uncertainty and leads to unwarranted and destructive speculation in the financial markets as to the state of the federal Government's finances. No banker, Mr. Speaker, would grant a line of credit to a financially crippled business which refused to provide cash flow projections. Indeed, a private enterprise with revenue which only equalled 70 per cent of expenditures and a gross debt which was more than triple the value of its assets, would be forced into bankruptcy.

• (1640)

There is no question that the poor economic performance will continue to have a negative impact on the finances of the Government as the cost of social assistance rises and revenues stagnate or fall. Any recovery which may occur is likely to be a weak recovery and, as such, will only have a moderate impact

on the current fiscal dilemma. Even if we have a moderate recovery, it may not be enough to bring the federal books into balance. Unless measures are taken to control wasteful spending and to create economic growth, it can be expected that the present situation will not readily improve.

I realize that the Government is committed to carry out its obligations in financing our important social programs such as Old Age Security, spouses' allowances, medicare, and many other worth-while programs. These are obligations and duties which must not be reneged upon, but there are many, many other areas of spending which should be seriously looked at and should either be curtailed or eliminated entirely. One only has to go to the Auditor General's annual Report to see for himself areas of unproductive spending, areas of mismanagement and areas of unaccountability and cost over-runs which, when totalled up, amount to millions and billions of taxpayers' dollars wasted and gone down the drain.

I am not here to castigate and chastise individuals or Department officials, Mr. Speaker. I believe most of them are dedicated people who are trying their best to do the best job possible. However, because the money they handle, which it is their responsibility to spend wisely, is not really their own, I do not believe there is the same judicial care exercised in spending the taxpayers' money as when they are spending their own.

I have in my possession, Mr. Speaker, a document which spells out this problem in detail, but because of the brief time at my disposal in this debate it will not be possible for me to read this document into the record because of its length. However, I can draw the attention of the Chair and of Hon. Members to a couple of examples. The first example has to do with over-runs, over spending the budget. Environment Canada experienced cost over-runs on 153 out of a total 223 projects to the amount of $283 million. This is a glaring example of poor budget planning which would have resulted in wholesale firings if it had happened in private industry. But we all know that public servants rarely get fired. If something goes wrong, the punishment is usually a promotion to get him or her out of the Department. At the other extreme, Mr. Speaker, on July 1, 1982, two days after announcing the need for more restraint, the Government paid $430,000 to provide 16 cities with fireworks. Really, Mr. Speaker, where is the common sense? Common sense should tell us that we are heading for rocky shoals if this trend in spending continues. But it is a case of this Government's continuing to flounder around, pulling the wrong levers and greasing the wrong skids.

The Government must readjust its priorities to get our economy rolling again. Money must be spent wisely to get our economy back on track. We must regain our strong economic base. Our industry must modernize in order to grow and expand. The Government should be encouraging such undertakings, not penalizing them with disincentives, by drowning inventiveness with myriads of discouraging regulations which private enterprise is forced to contend with. There must be dovetailing, equitableness and partnership between business and Government. That harmony will result in better economic results. on the other hand, working at loggerheads with each other results only in chaos and bankruptcy.

Over the years, Mr. Speaker, we have heard common arguments used by the Liberals to defend the Government's record on spending, debt and the deficit. One argument is, "Deficit spending is good for economic growth". Common sense should tell them that deficits do not necessarily occur as a consequence of measures to promote economic growth. The truth is that most of the existing deficit is the result of the failure to achieve economic growth. For example, in November, 1981, economic growth was projected by the then Minister of Finance to be 2.2 per cent. The projected deficit was $10.5 billion. In June, 1982 the Government predicted a negative growth of 2 per cent, and the projected deficit was forecast to be $19.6 billion. For fiscal year 1982-83 the Government is forecasting a decline of 4.4 per cent, and the expected deficit is $23.6 billion. It can be readily seen, Mr. Speaker, that as the deficit has grown from year to year, Canadians have become more and more aware of the damage which continuous deficits inflict upon the economy. We must be aware as well, Mr. Speaker, that our excessive borrowing is one of the reasons for the weak dollar and for the recent very high interest rates which have been necessary to support the dollar.

Another fallacy which we hear from the Government is, "There is a deficit because of the positive initiatives the Liberals have taken over the years to assist Canadians." The truth is, Mr. Speaker, the many examples of unnecessary spending by the Liberals have presented an unnecessary drain on the Treasury. That red herring, Mirabel Airport, has cost the taxpayers of Canada some $700 million. As I mentioned earlier, the Government has consistently failed to exercise adequate cost control on projects and on programs. It was discovered in October, 1979, that cost over-runs on ongoing projects initiated by the Liberals totalled $1.1 billion. In 1978 the Unemployment Insurance Commission paid $290 million to people not legally entitled to receive benefits.

Another fallacy projected by this Government is, "There is nothing wrong with having a large national debt. We only owe the money to ourselves, and there are assets to offset the debt." The major problem with the Government's debt is that it must be serviced. One tax dollar in four is used to pay interest on the debt. Interest on the public debt will cost the taxpayers of Canada $16.7 billion in the fiscal year 1982-83. That is $700 per capita or $1,800 per taxpayer. The assets of the Government are dwarfed by its debt. In March, 1982, the Government had $40 billion in assets compared to a total official gross national debt of $134 billion.

Another fallacy enunciated by this Government is, "There is nothing wrong with a short-term deficit." The federal Government has not balanced its books since 1970 and will not do so in the next five years. The Liberals have maintained since 1970 that the deficit is only a short-term problem. There is nothing short-term about 17 years. Since this Government took office in February, 1980, Government spending has increased by 66

per cent, compared to an increase in the Consumer Price Index of 38 per cent and compared to a nominal GNP growth of 30 per cent.

In my remarks today, Mr. Speaker, I have cited many reasons and examples for the pitiful state in which Canadians find themselves today. Unemployment has never been worse. Our economy is in despair. Our productivity is at an all-time low. This Government, the present manager of the affairs of our country, is bankrupt of new ideas and new initiatives for the recovery and betterment of Canada. I honestly believe that the time has arrived for a new sign to appear on Parliament Hill, a sign which will bring relief and rekindle hope and confidence in all Canadians. This sign will read, "Under new management".

* * *

ELECTORAL BOUNDARIES READJUSTMENT ACT

FILING OF OBJECTION TO REPORT OF COMMISSION FOR NEW BRUNSWICK

Mr. Deputy Speaker: It is my duty to inform the House that an objection signed by the Hon. Members for Northumberland-Miramichi (Mr. Dionne), Saint John (Mr. Landers), Madawaska-Victoria (Mr. Corbin), Gloucester (Mr. Breau), York-Sunbury (Mr. Howie), Carleton-Charlotte (Mr. McCain), Moncton (Mr. McCauley), Willowdale (Mr. Peterson), Dollard (Mr. Desmarais) and Ottawa Centre (Mr. Evans), has been filed with me pursuant to Section 20 of the Electoral Boundaries Readjustment Act, Chapter E-2, R.S.C., 1970, to the report of the Electoral Boundaries Commission for the Province of New Brunswick.

• (1650)

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly (p. 22957).

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise to speak on the amendment to Bill C-143 whereby it is proposed that the Bill be referred to the Standing Committee on Finance, Trade and Economic Affairs. Certainly this Committee's input would be an appropriate crutch for a crippled Minister of Finance (Mr. Lalonde) whose own position vis-à-vis this type of legislation has been seriously weakened during the past few days.

Members of Parliament cannot have things both ways, Mr. Speaker, assailing the Government for borrowing too much and, at the same time, urging greater levels of expenditures. What we can do, however, is to point out some of the more gross and wasteful priorities that the Government has used, and urge it to get more value for money in future. This would certainly meet the approval of the Auditor General. It should also accomplish a more useful purpose in its expenditures in future and look into the wasteful activities of Crown corporations, such as CN Marine and CN Railways, which do not even co-operate with the Auditor General's attempt to bring a little cost effectiveness to their management.

There is a perception in the country that the major economic initiatives, even if they are of doubtful value, are used in such away that they are characterized by the benefits they bring to prominent Liberals. This, to many Canadians, is adding insult to injury. A former Member of this place and a distinguished columnist, Doug Fisher, recently underlined this in a very pointed way.

Furthermore, when one reads on the frong page of our national newspaper that Liberals such as Gordon Gibson and Liberal Party President, Iona Campagnolo, are now concerned about the corruption in their own Party, It comes as welcome news to those of us who have been saying this for years. The old adage, "physician heal thyself", must be taken into account by the liberal Party if it has any real motivation to restore some trust during the time that it will, of necessity, have to spend in Opposition because of its miserable performance since taking office in 1980.

While Canadians have shown a tendency to be charitable in the past and to ignore patronage, what they cannot ignore is the terrible cost in financing Government borrowing, as has just been pointed out by the Hon. Member for Grey-Simcoe (Mr. Mitges). In the coming year, $18.6 billion will be spent on interest on our debt. The most insidious parts of these costs are those that are paid to foreign lenders. The Hon. Member for Grey-Simcoe made the argument that is sometimes used by economists to justify not being too concerned about the national debt as part of it is owed by Canadians to Canadians. But very few economists use this same argument to try to justify the drag or the inhibiting effect upon an economy, caused by paying money to foreign money lenders. This, of course, is the position in which our country has found itself more and more.

Our revenues are also in jeopardy. When the Minister of Finance as Minister of Energy, Mines and Resources brought in the National Energy Program for a five-year period from 1981 to 1986, there was a confident expectation that all levels of Government would receive about $214 billion in revenues. Unfortunately, because of recent developments in the OPEC

countries and in the international oil market, it is becoming clear that the most optimistic figure we now can hope for in terms of revenue would be $133 billion. That leaves us a $81 billion shortfall from the first optimistic projection that the Minister made in the House and which was going to form the basis for a lot of programs the Government had hoped to fund.

Our major chartered banks are part of this major problem. They allocate a lot of funds, including petrodollars, on the basis of very poor feasibility studies, to many Third World countries which are now unable to repay. This has caused a lot of instability on world financial markets, including our own. In many cases, the banks made no attempt to make sure that the moneys were going to be used productively or to benefit in any major fashion the people of the countries which borrowed them. They only wanted the convenience of lending large chunks of money in the sure and certain belief that no country would ever go bankrupt. Now they are depending on governments—read "taxpayers"—to rescue them.

This is not just true internationally, but it is true in this country. One of our major banks, the Canadian Imperial Bank of Commerce, I suppose pursuant to Government policy and the theory that a nod is as good as a wink to a blind horse, allocated to Canadair, to Massey-Ferguson and to Dome, tremendous chunks of money. Now, on the East Coast, bailing out the crippled fishing industry, it looks as if one of the main beneficiaries will be the Bank of Nova Scotia. We must take a very hard look at banks, Mr. Speaker.

On February 9, the *Wall Street Journal* reported that a United States Congressman, Mr. Jerry Lewis, when he was looking at the real costs of world debt in the context of the United States purview, said:

> A strong case can be made that whatever the banks' past sins of neglect, greed or recklessness, an overriding public interest requires that they be prevented from going broke. But why does this mean that the banks' managers should be able to impose the burden of resolution of the debt problem on the public?

They benefit from any gains they make on international or domestic transactions, but when they run into trouble, in order to save the jobs, in affected industries the first prerequisite is to pay them. I would say that we ought to take a good at a modification of this attitude. The banks ought to be told by governments, which have only been too happy to use their resources in the past to accomplish political objectives, that if loans are made and the recipients go bankrupt and as a result thousands of workers need jobs, the first priority would be to put the workers back to work without necessarily repaying the banks. In other words, tell the banks that they are on their own for a change.

The Minister of Finance asks us to trust him with $19 billion in the form of a blank cheque. In a few weeks, he will ask the House to approve his long-awaited budget which, needless to say, will have yet another gargantuan deficit. Speaking for myself, Mr. Speaker, I cannot find any reason why I should feel confident that the Minister is going to spend those billions of taxpayers' money wisely. Given my origins, going back through Nova Scotia to the highlands of Scotland, I happen to believe in the old saying that if you look after the pennies, the dollars will take care of themselves.

The Minister, it would appear, although taking good care of his political friends, is taking care very loosely of the taxpayers' pennies entrusted to him. For example, he likes to fly to Europe by the Concorde aircraft at about $3,000 U.S. per trip, as he did on June 14, 1982, from Kennedy Airport to Heathrow, then on to Zurich, Geneva and Paris. His press secretary has flown to Europe first class at a cost of more than $3,000 for the return luxury trip, not to mention his bureaucratic advisers. It would be beneath their dignity to use the cramped quarters of the economy compartments of Air Canada's planes.

A man is known not just by the big things that he does, but by the small things. This king of largesse at the expense of the taxpayers of this country does not engender any great feelings of admiration in my breast for a frugality that could be transmitted into the kind of concern for taxpayers' money that I think most Canadians would like to see in this time of austerity.

I should like to come back to a column of the veteran columnist Doug Fisher, but I see, Mr. Speaker, that you are indicating that my time has elapsed, so I will continue at a later time.

Mr. J. R. Ellis (Prince Edward-Hastings): Mr. Speaker, I want to spend a few moments discussing the borrowing Bill and the amendment. I have a small problem with the arithmetic, however. The Bill deals with $14 billion and $5 billion. With my elementary arithmetic, that adds up to $19 billion. Beyond that I have some real difficulty.

I would commend to those Members of the House who have not read it, a column by Don McGillivray last week in which he dealt with $1 billion in realistic terms. He pointed out that to spend $1 billion at $100 an hour, 15 hours a day, six days a week and 50 weeks a year, would take well over 2,000 years. That is very difficult for me to comprehend and I am not apt to have a chance to try it.

• (1700)

I thought I would break down some of the numbers the Minister was putting before us into realistic figures and relate them to the dollars which would apply to my constituency of about 75,000 people. I took the spending of the Government and broke it down in that manner. I found that those numbers are almost too difficult to handle since in the small riding of Prince Edward-Hastings in Eastern Ontario we would be looking at a spending in this fiscal year of something like $250 million and at a proposed deficit of some $80 million. I guess what bothers me most, beyond the tremendous impact of those dollars, is the attitude of the Government. Frankly, it is very obvious to my constituents and me that the Government does not care. In any case, it is not interested in the people of this area.

Why should the people of Prince Edward-Hastings want me to support this Bill? For example, why would the people who

work at Stephens-Adamson in Belleville want me to support this Bill when the federal Government had a contract of some $20 million which could have gone to them? They were the lowest bidder and the only company in the world capable of building the equipment. I am sure Mr. Speaker remembers the contract because we spent a lot of time on it in the House. It was for the major coal project in British Columbia. The Government, in its wisdom, gave the contract to the Japanese. Why would these people want me to vote for this piece of legislation?

Why would farmers in the largely rural area of Prince Edward-Hastings want me to support this Bill? Over the past two to three years there has been a major winterkill of fruit trees. For example, one farmer lost 8,000 cherry trees at one crack, and the Minister of Agriculture (Mr. Whelan) has done absolutely nothing to help him get back on his feet. Producers of tomatoes, a major cash crop in the area, are being beset by Government-subsidized tomatoes imported from Italy. They are coming in at $2 to $2.50 per case under the cost of producing them in Canada, and the Government does nothing about it. Many farmers in the area are having difficulty meeting their payments. The Farm Credit Corporation tells us that they are underfunded and that it is not able to help. Why would the farmers in my area want me to vote for this particular piece of legislation?

Why would young people who have to work during the summer to obtain enough money for their education want me to vote for this Bill? The Canada Employment and Immigration Commission has put into place what it calls Regulation 16, which means that every small piece of work young people are able to obtain has to be accounted for, that they have to have Social Insurance Numbers, and that deductions have to be made. In past years young people who worked for less than $250 for less than 25 days did not have those deductions. Now employers, such as the people who grow strawberries and other soft fruits, will find that they have to double and triple their paperwork in order to have young people helping them with their crops this summer. Why would young people want me to support this Bill?

Why would the shoe factories and the needle trades in the area which have received absolutely no support or protection from the Government want me to support this particular Bill? Why would children, the aged or retired public servants, all of whom are forced to abide by the 6 per cent and 5 per cent regime, want me to support this Bill? We know that the federal Government has something like a 9 per cent to 13 per cent increase in its expenditures. Why would any of these people want to support this particular Bill?

At this point I want to make a suggestion, one of which Mr. Speaker will be particularly aware. The Hon. Member for Mississauga South (Mr. Blenkarn) made a comment just the other day that in the budget the House of Commons is holding its increase in expenditures down to 5 per cent. The point he made was well-taken. If we really took a hard run at it, we could keep our increases to less than 5 per cent, yet we find that the federal Government in total is not capable of keeping its expenditures below 9 per cent to 12 per cent.

Mr. Blenkarn: And even 17 per cent.

Mr. Ellis: Indeed, even 17 per cent, as the Hon. Member for Mississauga South just said. Why would the students at Loyalist College in the Belleville area support this Bill? These students are attending the only course in North America—not just in Hastings County, not just in Ontario, not just in Canada, but in North America—where they can learn to handle the new Government technology on Telidon. We saw in the newspapers the other day that the federal Government will now spend $24 million in advertising the new Telidon technology, yet when those yound people graduate from that course, well-trained in this technology, there is not a job to be found. Out of the first course about half of the students found employment; out of the second, none; and the third course is now going in and there are no jobs to handle this technology.

Why would marina operators advocate my support of this Bill? In my area there is a tremendous tourist industry, yet there is a marina operator on the north shore of Prince Edward County who asked for a small business investment grant, a program of this Government, but was told he could not have it because he, very wisely as a businessman, wanted to buy only good used equipment. No, he could not have it for that; he would have to buy new equipment. Why would he want me to support this Bill? Another businessman who was interested in a small craft harbours grant to open the entrance to his harbour was told in 1980 that he would have it in 1982. In 1982 he was told that he may have it in 1985-86. Why would tourist operators or marina operators in my constituency want me to support this Bill?

Why would the truckers in this area want me to support this Bill? After all, Maislin Transport received a shot in the arm of some $34 million a short while ago. None of the trucking companies in my constituency, no matter how hardpressed they are for work or how many employees they have laid off, are receiving any support from the federal Government.

I could go on and on and on, but my time is running out. I just named a few people in my area who might benefit by the largesse of the federal Government, which will spend on behalf of those people $250 million in ordinary spending and some $80 million in deficit spending. It seems to me that there is little or no justification for this when the people of Prince Edward-Hastings cannot benefit from it. I will tell the House who benefits from it. It is the friends of the federal Government. If this Party digs in its heels and asks for some real accounting on this Bill, it will be true justice.

Mr. Bob Ogle (Saskatoon East): Mr. Speaker, I join my colleagues in the House of Commons today to speak to the amendment to Bill C-143, a Bill to borrow $19 billion. In particular I am speaking to the amendment which requests that the Bill go to committee so that the Members of the House, the people of Canada and I will know what is going on

at this historic moment. As many speakers have pointed out today, not since Confederation has the Government of Canada sought to borrow so much money at one time.

Some of my colleagues on this side of the House who have spoken today attempted, and reasonably so, to show to the people of Canada and to Members of Parliament what $19 billion means. The Hon. Member for Prince Edward-Hastings (Mr. Ellis) just attempted to do that. In all honesty I must say that I just do not understand the magnitude of $19 billion. We have come to a time in our history in which our debt has grown to such a degree that at present we cannot possibly imagine what is happening. This to me has become totally unreasonable. In taking the unreasonable amount of $19 billion the Government does not show what it is going to do with that money, which makes the situation completely unreasonable.

• (1710)

I come to the basic problem. It is happening to us here in the House of Commons and it is affecting the people of Canada. People have lost credibility in the process of Parliament. This past week, while I was knocking on doors in my own constituency, a remark was made very frequently to me. I am sure if other Hon. Members were doing the same thing, they would hear the same remark. I was asked, "What are your gooks doing in the House of Commons?" That is a very serious question. The very phrasing of it means that people have lost credibility about what is going on here. It is important that this borrowing Bill go to committee and be made public so that people will know what the $19 billion is all about.

Some reasonableness must be attached to this. If there is no reasonableness, and with the power of television looking in on us, it is no wonder people ask, "What are you gooks doing?" We moved this amendment because I think it is a reasonable and an honest thing for Canadians and for people in this House to know more about what is happening. Canada is falling into what is known as the debt trap in the international world. This trap is one which countries fall into and from which they can no longer get out. Then they collapse.

Mr. Thacker: It is socialism. That is what it is.

Mr. Ogle: The situation happens very rapidly. There are countries which had strong economies five and six years ago—or at least were giving the appearance of being strong—but as a result of international events that have taken place during that time they have collapsed or are collapsing. Basically, the situation is called a debt trap. Countries falling into this debt trap have debts that get higher and higher. Finally, the debt controls their life, their economy and their history.

I repeat again that this House has to become credible. This Government has to be responsible. This House must show that what is taking place here is not taking this country into the debt trap.

Mr. Thacker: We are already in it.

Mr. Ogle: In the last several months in Canada events have taken place which point to the lack of credibility about which I am speaking. The Social Action Committee of the Canadian Catholic Bishops issued a statement at the beginning of January which, as far as I know, probably had as much effect in the media and in discussions in Canada about our economy than any other statement ever issued by the Catholic or any other church group in Canada. The statement issued by the Bishops discussed the same theme that I am discussing now. It is the ethical reflection on what is taking place, what is taking place morally when the country is moving in such a direction. That is a valid question for church officials to ask. I believe it is a valid question that church people should ask the legislators of the country. When the Bishops produced their statement and made it public, they started with two principles. As far as I know these two principles have not been accepted by many Members of the House as yet. First, the church, in directing how morality should be applied in an economy, should make sure that the particular group looking after the people should give a preferential option to the poor. Labour, labourers and workers should be above profit and capital. Those are two profound statements and two principles that will affect judgments surrounding anything that is done in our House as it relates to the economy of this nation.

Naturally I will not go into the Bishop's statement at this time. But I think it is important to realize that what I am saying about the credibility of what is taking place here has come specifically to the attention of church people. They are asking moral questions about what is taking place.

I believe it is very important that this Bill to borrow $19 billion—an amount that I can in no way fathom in my mind, and I am sure many people in this House cannot either—is immoral. To be asked to provide that kind of borrowing power without telling us what it is for is, to me, basically immoral. It is basically wrong morally. We have to make the Government responsible for that immorality. The Government must speak morally to that question and tell us what it is going to do and why it is keeping silent.

Not knowing what the $19 billion is for or where it is to be spent is very important to me. I am the critic on international development. I would like to know, in this $19 billion projection of debt, what is to happen to the international aid process that we have. Where is the international aid? Is it going to be cut? Is it going to be cut even though the amount in the borrowing Bill is up, or is it going to follow the direction of the North-South Task Force, which was set up by the House of Commons, which raised our aid to 0.7 per cent of the Gross National Product? We know nothing about that. That is the kind of thing I believe I should know as a Member of Parliament. I believe everybody who has a portfolio or is a critic should know what is happening in his area within that $19 billion. Until we know that, how can we possibly make a moral judgment and vote about something that is so tremendously big? I say we cannot.

In the same area being faced today, that is, the doubt present in the minds of all Canadians concerning the validity of the process going on in the House right now, I would ask the

Government not only to be honest—which I think is imperative—but that it appear to be honest. I ask the Government to be honest and at the same time to appear to be honest.

This Government has been accused of being dishonest. I do not want to make that kind of an accusation because I have nothing to go on. I have no facts. Therefore, I will not say the Government is dishonest. I am asking the Government to be honest and at the same time to appear to be honest, because the Government does not appear to be honest by what it is doing.

What we are facing now is the highest borrowing limit we have ever been asked to authorize. In Canadian history this borrowing Bill is the highest the people of Canada, the Government of Canada, the Parliament of Canada, have ever been asked to authorize. We should know more about it. We must make a moral judgment that is as complete as humanly possible and that is not made in the dark.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I appreciate this opportunity to enter into debate on Bill C-143. It is a Bill whereby the Government is asking Parliament to authorize the borrowing of $5 billion to March 31, 1983 and a further borrowing of $14 billion to take the Government into the 1983-1984 year.

• (1720)

The House will know that we took the unusual step on this side, when the Minister made a motion for leave to introduce the Bill, of forcing a vote on that motion. We did that because we had received absolutely no information from the Minister of Finance (Mr. Lalonde), even though we had asked for it, as to what the projected income and expenditures of the Government were and why it needed the money. The details were still not forthcoming.

When the Minister moved for first reading of the Bill, we took the unusual step once again of forcing a vote on the first reading of the Bill for the same reason. We feel that the House is entitled to have the details. We have had promises and more promises from the Government to give us the details.

On May 31, 1982, the former Minister of Finance, the minister of the debacle called the October, 1981, budget, stated in committee: "I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information in the economic situation and the implications of that situation on the Government's fiscal situation." On June 15, 1982, the then Minister of State for Finance stated, "We would not expect the House to act on a request for additional borrowing authority without providing it with an update on the economic situation and the implication of these new developments for the Government's financial requirements." On October 27, 1982, the current Minister of Finance stated, "In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-84 and future fiscal years, and then . . . " I underline the word "then", " . . . seek additional borrowing authority required."

We were told to wait for the Estimates. We waited for the Estimates and finally received them. Those Estimates stated that this Government plans on spending $88.9 billion in 1983-84. I should point out that we have had no indication of the revenues. I should also point out that the Government has abandoned its six and five program. You will know that the Government, in its desperate attempt to fool the Canadian public, launched a big program to persuade the people that the Liberal Party was responsible for a downturn in inflation. They did this not by sending out those little stickers, but by creating a depression.

An Hon. Member: Very effective, too.

Mr. Lewis: Yes, very effective. It created a depression that it cannot get out of.

Our concern is that we are hearing all of the six and five lingo. Incidentally, some Cabinet Ministers have even gone to the horrendous step of putting those six and five stickers on their letterhead. I have written to the Minister of National Revenue, for example, to suggest that I did not think this was quite in keeping with what is proper conduct for a Minister of the Crown. We are now concerned that these little stickers will have to be reprinted. Instead of the six and five logo, they will have to read 17.8 and 9.6. This is serious because they now have a song about it. I am not sure whether the Minister of State for Economic Development (Mr. Johnston) wrote it in his spare time or whether it is all that he has done based on the state of the economy. However, it is probably all that he has done. Those words will now have to be changed because six and five has become 17.8 and 9.6.

I want to point out some things that have been said in the House during the debate when we asked for the revenue figures to accompany the expenditure figures. The Member of Parliament, the Hon. Member for Ottawa Centre (Mr. Evans) made an astounding statement. He stated that we should have been pleased when we received the Estimates. He suggested that the Estimates should be sufficient information for us to let them proceed with the borrowing Bill. Government Members are somewhat proud of the fact that they will spend $88.9 billion. But we do not know where the money is coming from.

My academic friend, an economist by profession, made much of the fact that the Government was laying out its expenditures. I would point out to the Government that when my constituents of Simcoe North go to the bank for a loan, the bankers have a habit of saying, for example, "That is fine. I realize your client will spend $88.9 billion. But where is the money coming from? How will you pay it back? Where will you get the money that you will spend?" The attitude the Government has taken is to ask us to trust them. We have seen a great example of why we should trust the Liberal Party and the Government. After all, Mr. Gillespie does. He has trusted the Liberal Party and has done very well by them. He seems to get a million dollars whenever he needs it in order to finance Government schemes which are not provided for in any Act or previous information.

We are asked to trust the same Minister of Finance who wrote to the Prime Minister (Mr. Trudeau) on February 17 to say that he has reviewed the matter with his staff and they say that he has not heard of this liquefaction project until September, 1981. The same Minister of Finance, the former Minister of Energy, came back a week later to tell the Prime Minister that he has checked with his staff who went through all the records and found out that he did know about it in January. I would caution the House that this is an unfolding drama. There may be another letter forthcoming shortly in which the Minister of Finance has had another chat with his staff. We might find that he will say that when he constructed the National Energy Program in 1980, when it was introduced in the budget of 1980, in fact he knew about the liquefaction project.

Mr. Berger: Mr. Speaker, I rise on a point of order. I hardly think that the comments of the Hon. Member are relevant. We are supposed to be talking about the borrowing authority. I would like to know exactly what the events of the so-called Gillespie affair have to do with this, Mr. Speaker.

The Acting Speaker (Mr. Corbin): Order.

Mr. Berger: Furthermore, I wonder if the Hon. Member knows what the hell he was doing in January, 1981.

The Acting Speaker (Mr. Corbin): Order.

Mr. Lewis: Mr. Speaker, I share your confusion as to what my hon. friend does. I think that confusion is shared by all Members of the House. I think what my friend has missed is the fact that we are talking about trust.

Mr. Berger: What day is it today? Do you know how to add two and two? Have you ever read the goddamned Estimates?

Some Hon. Members: Order.

[*Translation*]

Mr. Kilgour: Mr. Speaker, on a point of order.

The Acting Speaker (Mr. Corbin): The Hon. Member for Edmonton-Strathcona (Mr. Kilgour), on a point of order.

Mr. Kilgour: Mr. Speaker, I clearly heard blasphemous language being used by the Member for Laurier, and I think you heard it as well. I stand corrected if it was not the case, but if he did use blasphemous language, I think it is against the Rules of the House.

• (1730)

[*English*]

Mr. Fisher: Point of order.

The Acting Speaker (Mr. Corbin): One at a time, please.

[*Translation*]

I can inform the Hon. Member who just raised a point of order that the Chair did not hear any offensive language. However, the Chair has a duty to allow the comments of the Hon. Member for Edmonton-Strathcona, and if an unparliamentary expression was uttered in this House, it would be appropriate for the Hon. Member who did so to withdraw what he said.

Mr. Berger: Mr. Speaker, it was a slip of the tongue in the heat of the debate. I insist that the Hon. Member does not know what he is talking about, but I withdraw the word I used.

[*English*]

The Acting Speaker (Mr. Corbin): At this point I should inform the Hon. Member for Simcoe North (Mr. Lewis) that taking—

Mr. Blenkarn: He did not get a chance.

The Acting Speaker (Mr. Corbin): —into account the interruptions, which will not be taxed against him, he has about 45 seconds left in which to speak.

Mr. Lewis: Mr. Speaker, I would need much longer than that to explain trust to the Hon. Member across the way. However, I am really pointing out to the House that the Minister of Finance is asking the House to trust him because he wants to borrow $14 billion for the next year. This is the same gentleman who has had such difficulty with trust in the past week and a half, and he will have more difficulty in the future.

In completing my remarks I would say that we are vigorously fighting the Bill because we feel that the Canadian people, through their representatives in the House, are entitled to a budget and to financial information sufficient to allow them to make an intelligent decision on the Bill and not simply to hear, "We want money". We must also know how the Government will spend it and how it will pay it back.

Mr. Fisher: I rise on a point of order, Mr. Speaker. My colleague and friend, the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Berger), is an impulsive man who apologized too quickly. I do not know what is unparliamentary about asking the Hon. Member for Simcoe North if he knows how to add two and two.

Some Hon. Members: Oh, oh!

The Acting Speaker (Mr. Corbin): Order. Hon. Members should really not abuse the provisions of the Standing Orders to rise on fictitious points of order, if I may say so.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I intend to address my remarks to the amendment before us, particularly to suggest some reasons the Government might be well advised to support the amendment. In other words, we must ask what the committee will discuss.

Here are some ideas which might be of use to Hon. Members opposite. First, I think the whole world would accept the fact that many countries are in serious trouble, including Canada, because we have been spending more than we can

afford. It is a simple fact and there is no question about it. However, what will we do about it? We have come to a point now at which the Government is suddenly asking the people of Canada to agree to increased borrowing of $19 billion so that it can look after expenses it foresees in the next three or four months. The danger is obvious. Interest rates have barely started moving downward in the past six or seven months. If a $19 billion load is suddenly thrown on the people of Canada, it would cause interest rates to rise again, which is the basic cause of inflation. In the interest of the people of Canada, and the whole world for that matter, I hope that the Government allows time so that ordinary laymen may put forward a few common sense suggestions which might alleviate our concerns.

Just as a teaser, I will put forward one or two suggestions. First, three years ago, in the Standing Committee on Finance, which was dealing with interest rates, an idea was presented that if the Government were to continue borrowing, then the high interest rates which the Bank of Canada and the Department of Finance were requesting should not be allowed, and that there should be new and innovative ideas with regard to borrowing which might appeal to a large section of the Canadian public. I will just state these as thoughts to be considered on their merits by the ordinary layman speaking quietly in committee. I would like to hear reactions from the Department of Finance and the Bank of Canada.

The Committee of which I spoke, having been set up three years ago, was cut off after the election in the spring of 1980, and the Government has refused to set up any similar committee since then. We will face the awful decision of destroying our little chance of survival if we do not consider this simple idea: if a Government bond is to be issued, why should it not be issued at a rate according to the value of money, or about 3 per cent? A rider could be attached to ensure an indexing of the rate and to ensure that the principal would be indexed at the end of each year based on inflation. Then purchasers would be guaranteed true returns on their investments. Several hundred thousand Canadians who buy bonds primarily for security might realize that this is a technique to stop inflation from rising too fast and also to reduce the demand on people for taxes now and in the future. It might also keep interest rates down, which is our biggest worry across the country as we try to get on our feet again. That is a simple suggestion and it should be considered. I do not expect that $19 billion would be coming forward in this particular offer. As I mentioned, such a proposal was accepted.

Why should we not consider another proposal? We should compare our charts with what the Americans have been doing since last July. The Americans are not making any big fuss about borrowing money. They are quietly doing what the Bank of Canada Act allows us to do here, but we are not doing it. If we compare the figures of a year ago with those of today, we find that the money supply is the same. However, the American money supply has been rising steadily since last July. Of course, there is the odd dip in the weekly accounts, but, generally speaking, the Americans have decided to use the money supply approach instead of borrowing. It will work to reduce inflation as long as there is an unused labour supply, unused plant capacity and slow circulation of money. Those are the three elements. I think that in the quietness of committee, we might be able to persuade the Bank of Canada and the Department of Finance officials to consider this alternative, rather than frightening the daylights out of the entire country with a $19 billion request for money in the next four or five months.

The two ideas I just mentioned are based on ideas put forward in the Standing Committee in 1979. For evidence of the effect of a standing committee of the House, one should consider the interest rate charts of the Bank of Canada. One would find that the minute such a committee was appointed and began to ask questions of the Governor of the Bank of Canada and the Minister of Finance, the interest rate stopped rising, and that was true throughout a four-month period. The minute a new Government was formed which refused to let the Committee continue sitting, the interest rates fell, and then rose to a record high. I am suggesting that if a such committee were sitting, it would have a much more salutory effect on the Bank of Canada and Department of Finance officials than anything we could do.

I want to conclude by simply pointing out that now is the time to reconsider. We faced the same problem 25 years ago in Parliament. The difficulties were not nearly as immense as today. We set up a Royal Commission under the chairmanship of Dana Porter, which reported in 1964. This Royal Commission's Report has sat idle on the shelves of the Government ever since. I have asked several questions about this Report over the years and have had no response. Our starting place in that committee would be to read this Report which is sensible, common sense and has many ideas that could slowly speed up our exit from the deep recession in which we find ourselves.

• (1740)

Mr. Gordon Towers (Red Deer): Mr. Speaker, a few years ago the present Prime Minister (Mr. Trudeau) stated that he had "wrestled inflation to the ground." Unfortunately, I guess he has never made a statement that was more misleading than that, because since that period of time we have seen one of the most inflationary periods in Canadian history. I guess a decision has to be made which comes first, inflation or high interest rates. Inflation causes high interest rates; interest rates cause inflation. And just like the chicken and the egg, which comes first? Actually, we have to realize that the Government is really the only body in Canada that can do anything about either one. Businesses and Canadian citizens can all work away at it, but unless the Government establishes the climate, there is no way that we can keep either one down or keep either one in place.

I well remember, before I came into the House of Commons, that I was told then that if ever the period arrived when the inflation factor was over 4 per cent, the country was going to be in serious difficulty. Here we are a number of years later, and the inflation rate is well over 4 per cent. If we could get the inflation factor down to 4 per cent, we would be doing well.

There is absolutely no way that we are ever going to get inflation down with the present Government policies. We should realize that the last number of years have been really good years in the Canadian economy, better than perhaps we have ever experienced, and yet our national debt has increased more during that period of time than it ever has before in Canadian history. The debt cost today is considerably greater, one and one half times greater, than the budget was when the present Prime Minister took office. So this should really tell Canadians what is happening.

Governor Bouey of the Bank of Canada made a statement that I agree with, that those people who invest money have a right to have a return on it, and if the interest rate is not over the inflationary factor then they are not getting any return on their investment. Therefore it is of paramount importance that inflation be held down as well as interest rates because of the fact that interest rates will kill us. The person who is investing money would be just as well off if we had an inflation factor of, say, 1 or 2 per cent, and he was getting 5 per cent on his money. He would probably make a greater return on his money in that kind of situation than he is at the present time.

I believe that at the present time the number one villain in Canada is high interest rates. My colleague, the Hon. Member for Qu'Appelle-Moose Mountain (Mr. Hamilton) has just told the House what effect high interest rates have on our Canadian way of life. For instance, when we have a Government that is exceeding its expenditures this year and will have to borrow money, probably $30 billion, $35 billion or $40 billion next year just to operate, and if it makes the same mistake next year that it made this year, then certainly we will have a deficit in the $40 billion bracket.

Mr. Speaker, you will remember that this year when we started out we were going to have a $10.6 billion deficit, then it got to $17 billion, then up to $23 billion, then to $26 or $27 billion, and it could well be up to $30 billion before we are through. So if we miss it by $20 billion next year, it means that we are at $50 billion, because the Government now says that it will need to have a $30 billion deficit next year.

This is why we are in such serious times. The role that the Bank of Canada plays in establishing the weekly Thursday prime rate is not the only influence that the Government has on interest rates. As I said, its deficit spending and its massive borrowing is creating a situation whereby too many Governments, corporations and individuals are chasing the too few dollars that are up for borrowing. The end result is that this competition in the borrowing market forces interest rates to spiral upwards. The results of high interest rates have been devastating for Canadians, for small businesses, for farmers, for consumers and for home owners.

There are farmers who do not know how they are going to be able to finance putting their crops in the ground this spring. That is a very, very serious situation that the Government has done nothing whatsoever to face. Countless thousands of Canadians have lost their homes or have forestalled the purchasing of a new or older home because of the unpredictability of interest rates. Thousands of small businesses and individuals have been forced into bankruptcy; and unknown thousands of others have simply closed the door and walked away. These victims are not reported in the bankruptcy statistics but, if they were, the totals would be considerably higher.

This present Government has no idea of exactly how much money it owes. The gross debt is estimated at about $140 billion. Crown corporation debt is another $55 billion. In addition, the Government is using, to meet current spending obligations, the almost $50 billion that public servants, RCMP and Armed Forces have contributed to their pension plans. Simple arithmetic tells us that these three areas total almost $250 billion in liabilities.

I have said on other occasions that the Government should not be administering the pension funds of civil servants, RCMP and Armed Forces personel. These funds should be removed entirely from the general revenues of the Government and placed in the hands of trustees who will ensure that the funds are administrated wisely and well. I cite as examples of good trusteeship some of the pension plans in the private sector where these funds are invested in blue chip investments which bring handsome returns, and at the same time generate some economic activity in the community and in the nation. This is not a new solution to a problem. This is just the practical application of common sense. For years the Government paid a pitance in interest to these pension contributions, 4 per cent per annum. It is considerably higher now but still far less than these massive pools of capital could earn in the marketplace, invested wisely by trustees.

I said earlier that the Government really does not know how much it owes. Can any Member on the Treasury benches tell me what the Government's obligations are in contingent liabilities? Can any Member on the Treasury benches tell me what long-term low-interest loans to other nations, some of them hostile to our way of life, are costing Canadians? Can any Government Minister tell me the Government's response to the Auditor General's charge that about $4 billion of these loans ought to be written off and considered as gifts or outright grants? Our spending is out of control. The Auditor General has told us that, and we have no reason to believe that the Government has been able to bring it under control.

We have a foreign aid bill in the ballpark of $2 billion. One million dollars is dispersed in multilateral aid through the World Bank, the International Monetary Fund, the United Nations and so on. The other $1 billion is parcelled out in bilateral aid by CIDA, which has almost 1,100 employees in red brick skyscrapers in Hull, and about 55 people out in the field. I ask you, how can one administer a foreign aid program effectively sitting on you-know-what over in Hull? Better that we should funnel these funds through the churches, the Unitarian Services, the Red Cross, rather than just letting them trickle down through CIDA programs.

I would like to go on, Mr. Speaker, and perhaps I will do so at a later stage in the debate.

Borrowing Authority

• (1750)

Mr. Ted Miller (Nanaimo-Alberni): Mr. Speaker, I have a group of people in my riding who are unemployed. This group includes 4,600 people in Port Alberni who are on active unemployment insurance claims. This Bill will give the Government the power to borrow an additional $19 billion without giving any firm indication of whether that money will protect the jobs of Canadians or whether there is something in that $19 billion which will put the 4,600 in Port Alberni and 6,200 in Nanaimo who are on active unemployment insurance claims back to work.

There is nothing in the borrowing authority Bill to give any indication that present jobs will be protected or that meaningful new ones will be created. That is why this Party is moving that the borrowing authority Bill go to a committee so that we can deal with it in a concrete way to find out where the money is going. Will it be thrown away, as many Canadians suspect, or will there be something for the NDP to support in terms of protecting the incomes of Canadians?

The Organization of Unemployed Workers in Port Alberni forwarded a brief to the Leader of our Party when I was in Port Alberni last Friday. I would like to outline some of the complaints of this organization. This group speaks from a great deal of experience about job-creation programs and their effect in that Valley.

They call job-creation programs alphabet soup. Those who have actively tried to follow job-creation programs will understand the significance of that term. We have had the CCDP for some time, basically a program of summer employment for young people, women and native people. That is the Canada Community Development Project.

There is a large trade union movement in the Alberni Valley, including the IWA, and the Canadian paper workers' union. The per capita income in that city was in the top ten throughout the seventies. We now have the CCDP program which pays $175 per week.

We have an EBAP Program, the Employment Bridging Assistance Program, which was sloppily introduced by the federal and provincial Governments. They neglected to discuss that program with the trade union movement which was involved in the forest industry and which was used to working in that industry with productive employment, producing a product which was sold around the world.

The EBAP Program was to pay $300 a week to workers. That did not work very well. Most of the work to be done was in the forest industry, working alongside union members earning considerably more. The companies felt no obligation to supplement what the federal and provincial Governments were doing under the program to create employment in the forest industry. It hopes to create additional employment in the future by improving our forest base through reforestation, silviculture, thinning and better forest management in general. Well, that is not happening yet.

The latest scheme is NEED, the New Economic Expansion Development Program. I would like to outline the result of the first application under the program in Port Alberni. I remind Hon. Members that there are 4,600 active claimants of unemployment insurance and 1,000 families on welfare in Port Alberni. The NEED Program is supposed to allow people to gain some unemployment insurance benefit weeks so that they can go back on UIC. The first application from the Alberni-Clayoquot regional district, calling for eight jobs, was turned down. There are 5,600 people in that Valley seeking jobs, and eight jobs were turned down because they did not meet the criteria of the NEED Program.

An Hon. Member: The nerd program.

Mr. Miller: I don't know what those initials would stand for.

Mr. Epp: They stand for Liberal.

Mr. Miller: That is certainly the reputation that all of these job-creation programs are gaining in my riding, and other ridings I suspect. They were turned down because they did not meet the criteria of the program.

This would have provided six jobs in ski development to improve the facility for tourism, bringing economic wealth and health to that ski area and the community, drawing more tourists during the winter season. Those jobs would have lasted into the summer months, providing six people with the opportunity to get off welfare and into employment, albeit poorly paid employment. You do not go very far on $200 a week. Most people would be better off on welfare. However, they are prepared to go back to work because they do not want to be on welfare or on unemployment insurance. They want to be productive workers in their communities, providing for their families. As I said, it was turned down.

Another job was to help initiate and co-ordinate the Industrial Labour Adjustment Program which Port Alberni was fortunate enough to get. It is the only city in Western Canada to have that project. The NEED Program would not hire one more person to co-ordinate that program and help the committee develop some economic plans and jobs.

Third, the regional district wanted one person to help co-ordinate their activities to try to create jobs in the Valley. We have none of those jobs. The bureaucracy and the criteria will not allow meaningful jobs.

The unemployed workers have published a scathing attack on job-creating programs, an attack I would like to go into in some detail. It reflects many of the problems that I have had as a Member of Parliament in trying to deal with those programs to see that the people are paid on time and have access to the program.

The union is frustrated by its inability to get help and protection from the job-creation programs, with the kind of job-creation approach this Liberal Government is taking. We do not see that this $19 billion will improve that situation in Canada.

The Organization of Unemployed Workers asked certain things in this brief. They are asking to continue being represented by the union from which they are laid off so that they

can have some protection under the job-creation programs and can find jobs which they are prepared and willing to take. They are asking for some expansion of public sector employment opportunities through meaningful work projects within the community which will give well-paid, meaningful, long-term employment opportunities.

They are asking for the industry to participate in funding some projects that they are responsible for, particularly in the forest industry. Why should Government come along with job-creation programs to support the corporate sector, which is quite willing to lay off more and more people each year with the excuse in its rationalization that it is making us competitive? Basically what it is doing is making them competitive and throwing Canadians out of work.

I have a petition from the Organization of Unemployed Workers which I will table in the House tomorrow when petitions are called. Because of the frustration that this organization is feeling, representing as it does the work force in Port Alberni, it is calling for unemployment insurance benefits to be extended, not because these people are particularly interested in staying on unemployment, but they have seen the failure of job-creation and the failure of the federal Government to deal with unemployment in a meaningful way. They want unemployment insurance benefits to be increased to 90 per cent of their insurable level so that they can maintain their homes and families. The job-creation program is becoming more and more of an obvious failure. The budget we are expecting to be brought down and the $19 billion we are being asked to approve had better deal with the problems of the workers in this country.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

THE ADMINISTRATION—ROLE OF ALASTAIR GILLESPIE. (B) USE OF FUNDS ALLOCATED TO NOVA SCOTIA

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, I would like to continue on the theme of the questions which I asked the Minister of Energy (Mr. Chrétien) last Thursday, and to elaborate a little concerning the overt attempts, in my view, by officials to circumvent the Parliamentary guidelines of good behaviour in order to provide an artificial legitimacy for the payments to be made to Alastair Gillespie and Associates in this project.

The Minister, upon reflection, Mr. Speaker, should realize that these efforts only serve to implicate the Government more deeply in the special treatment, access and favouritism, or whatever you want to call it, towards a former Cabinet colleague in relation to this Nova Scotia energy project. Indeed, the oil substitution agreement itself, as part of the National Energy Program, was stretched in order to accommodate that kind of project which Alastair Gillespie espoused. When efforts were made to alter the submission to Treasury Board, the guidelines were not being followed, they were being circumvented in advance. Anyone looking at this situation, without extreme prejudice, can see this very clearly.

The people of Cape Breton and of Nova Scotia are sick and tired, Mr. Speaker, of being the victims of rhetoric and job proposals by a series of Liberal Cabinet Ministers and the former defeated Premier. A quick review of Liberal promises to Cape Breton reveals that the defeated Premier of Nova Scotia, now Minister of State for International Trade (Mr. Regan) and the Deputy Prime Minister (Mr. MacEachen) traded for years on the promises that they were going to build a new steel mill at Gabarouse, or to use the argot of the industry, a Greenfields project. After milking this for all the political capital it was worth, they forgot about it.

They also raised people's hopes in Cape Breton with another energy-related project, the celebrated Shaheen oil refinery. Land was expropriated at enormous cost but nothing happened here, either.

The most recent piece of "puffery" from the Deputy Prime Minister was his announcement that a large steel fabricating facility was being considered for the port Hawkesbury area, which would supply 1,000 jobs. When questioned by reporters for more details, and after it was pointed out to him that such a plant was already available in nearby Pictou County in my constituency, where over 1,000 people also needed work in an existing plant, the Deputy Prime Minister, said in his usual obfuscatory manner, "Well, it is only a concept". Some concept, Mr. Speaker. Some track record.

The persistent raising of the hopes and aspirations of the people of Cape Breton by the Liberals, while shirking their responsibility to produce something practical, is costing them their political credibility there. I am sure that recent private polls have driven that home to them very, very forcibly.

Recent international pricing developments, as well, regarding petroleum products, are now showing the people of Nova Scotia and, indeed, of Canada, how bankrupt and ill advised the federal Government's National Energy Program really is. The revelations about the liquefaction of coal and the details of this project are just other examples of the latest Liberal blunder. The Province of Nova Scotia, naturally, was anxious to participate in this pilot project, but, as usual, the primary funding, the concept, the impetus, and much of the gain, was designed by the Liberals to benefit themselves. Surely, the Cabinet documents indicate that knowledgeable officials in the Department of Energy knew from the start that this project had little chance of bringing any practical benefits to the people of Cape Breton.

The former defeated Premier of Nova Scotia, incidentally, living up to his nickname of "Gabby", intervened the other day in the House and asked a question designed to provoke me. He asked the question of his colleague, the Hon. Member for

Lincoln (Mr. Mackasey). I would like to say at this time by way of a riposte that I could remind him of the details involving a "page" from his past, and a well-known trip he made to Toronto to secure legal advice when he was Premier of Nova Scotia from a prominent Toronto lawyer in order to discourage a reporter who was interested in the incident. And later on, if I recall, a similar intervention was made with the CBC to forestall another fascinating piece of research. However, I am always willing to elaborate on any detail or questions involving my conduct, both public and private. If the former Premier wishes to elaborate on this, I am sure that people would be interested.

• (1805)

However, as the late John Diefenbaker used to say, when you are after big game, you should not be diverted by rabbits. I want to go back to the Minister of Energy, Mines and Resources and point out that he and his predecessors, both of whom have had legal training, must realize upon mature reflection what a clumsy subterfuge this attempt was to avoid the very proper intent of Prime Minister's (Mr. Trudeau) guidelines to regulate the conduct of this Parliament. He must be given credit for that. Both of them would gain in stature if they would simply admit this.

Speaking in the House last Thursday, the Minister of Energy, Mines and Resources made a point of referring to the sacrifices that a former Cabinet minister makes in public life. As he put it so colloquially, they should not have to go to the Sparks Street Mall with a cup in order to earn a living. I think it is a fair comment that neither the Minister of Energy, Mines and Resources nor his predecessor could have gained any more out of life in the private sector than they did by coming into public service. I venture to say that instead of making sacrifices, they are the net beneficiaries, as many of us are, of entering public life. To cry poor mouth after having served the country under these circumstances is a pretty artificial way of gaining sympathy.

While on the subject of the private sector, I must say that it is strange indeed that Mr. Gillespie, apparently a knowledgeable businessman with a lot of versatility, chose his own department and his own deputy minister to pursue his business initiatives. One would have thought he would have pursued some of the other myriad and imaginative ways there are of making money.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the Hon. Member for Central Nova (Mr. MacKay) has taken issue with some of the answers provided him. I certainly wish to take issue with some of the comments he has made today. In particular, he made reference to things the officials of the Department of Energy, Mines and Resources had done in terms of circumventing guidelines established by the Prime Minister (Mr. Trudeau).

I wish to refute all the arguments made by the Hon. Member for Central Nova and point out to him that the money contained in the Canada-Nova Scotia agreement of 1977, $9.2 million, was provided to a bank account in Halifax, and was to be administered independently by two individuals representing the Government of Canada and two individuals representing the Province of Nova Scotia. An independent joint management committee was administering the money.

It is sad that the Hon. Member for Central Nova dismisses, as the interim Leader of the Opposition (Mr. Nielsen) has, the benefits of such a project to industrial Cape Breton. Aside from the 2,000 or 2,500 jobs that might be created in the coal mines, there is the economic multiplier of three or four which brings it up to 7,000 or 8,000 jobs. As he ought to know that that is very important in industrial Cape Breton.

Notwithstanding the jobs, there is the issue of self-sufficiency. That 40,000 to 60,000 barrels of oil per day is being displaced is not a serious thing in the Canadian context, but when you look at it from a Nova Scotia perspective it is great indeed.

It ought to be noted that when the Hon. Member for Central Nova was minister of Regional and Economic Expansion in the former Government, he did not provide any money to help the Donkin mine proceed. When Sysco came looking for financial assistance from the federal Government, what money did he provide for the people of Cape Breton? Not one cent. He was a Conservative minister, dealing with a Conservative Government in Nova Scotia. What deal did he get for the coal miners of Cape Breton on the price of coal sold to the Nova Scotia Power Corporation? He got nothing. He has got nothing for them for a good many years, not only while he was a minister, but while he has been a Member of Parliament. Where has he been for 22 months while this issue has been going on? Where has the Hon. Member for Nova Scotia been—asleep?

• (1810)

CUSTOMS AND EXCISE—IMPORTATION OF PORNOGRAPHIC VIDEO CASSETTES. (B) APPLICATION OF TAX WRITE-OFFS—REQUEST THAT LEGISLATION BE AMENDED

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, on February 14, I rose in the House to ask a question concerning the importation of pornographic material into Canada, and I was not satisfied with the answer I obtained from the Minister.

I should like to point out that the advent of mass access to video cassette players has opened the floodgates for pornography in Canada. Since the introduction of the home video cassette recorder in 1975, the video equipment market has expanded by at least 300 per cent. One can only guess the effects this has had on the pornography industry in Canada.

Recent estimates of the dollar value of the industry in North America range from a low of $1 billion, according to *The Globe and Mail* of last July 6, to a high of $50 billion per annum, as given by a spokesman of the special anti-pornography squad of the Ontario Provincial Police. This is one of the few police forces in Canada which has a special squad to handle pornography. I think it is very commendable.

It has been estimated that 65 per cent of the American film industry is now engaged in the production of pornography. Public outrage at the exploitive nature of pornographic material being distributed has risen at a comparable rate. The demonstrations against the Red Hot Video outlets in Vancouver indicate the depth of this public anger. While the illegality of the fire-bombing of some of these outlets must be condemned, we must not ignore the frustration felt by the public with the inactivity of various levels of Government and their paralytic inability to control the growth of this industry.

Many people question why we should in fact control the growth of pornography in Canada. The answer to this is very simple. Films, magazines and other media have a powerful effect on the formation of public attitudes and morals. If people regularly see the depiction of immoral behaviour on television, or in other forms, they will soon take this to be the norm and, therefore, acceptable.

According to the present obscenity section of the Criminal Code, obscenity is judged "according to contemporary community standards". This leads to a Catch 22 situation where community standards are continually dropping as more pornographic material is introduced. It all amounts to a gradual but relentless erosion of public morals.

While it does not appear to be the duty of Government to set down a strict moral code which all citizens must follow, as in present day Iran, it is the responsibility of Government to protect the potential victims of such exploitive material. In this sense I am concerned in particular about women and children who are portrayed in material which is not only sexually exploitive but also contains acts of violence in conjunction with gratuitous sex. Obviously "kiddy porn" and violent pornography involving such acts as rape are clearly unacceptable to society at large and, equally clear, it is the duty of Government to control the malignant spread of such destructive material.

At this stage the Government is failing dismally in controlling the growth of the pornography industry in Canada; 95 per cent of all pornography is imported from the United States. Only about 5 per cent of these imports are intercepted at the border. Most commonly, once one video cassette is smuggled into the country, copies are made at either licit or elicit dubbing houses, and the resulting cassettes are distributed to retailers and/or consumers.

Because of the slight possibility of actually being caught and prosecuted, the distribution of these cassettes is a low-risk, high-profit investment. There can be little doubt that organized crime has entered into this lucrative business.

In reply to my question in the House on February 14, the Minister of National Revenue (Mr. Bussières) acknowledged that his Department had been less than effective in stemming this growing flood of pornographic material into the country, and indicated that the "Customs and Excise division, took action in this area and banned the entry of cassettes considered by a large majority of Canadians to be immoral". This is simply not good enough. When only one cassette in 20 is intercepted at the border, and when each cassette that gets through customs can be so easily copied, then the Department, and more specifically the Minister, must do more than simply ban the entry of offensive material. He must take action to enforce that ban.

In fact, not only are the efforts of the Department of National Revenue inadequate and ineffective, but the current income tax structure could actually encourage the establishment of a domestic pornography industry, up until now something we have been able to avoid. Because the generous tax write-off provision for films produced in Canada does not differentiate between pornographic and non-pornographic material, some domestic producers could enter the field and could in fact use the resulting films as part of their Canadian content quota in order to satisfy CRTC regulations. Instead of inadvertently encouraging the establishment of a domestic pornography industry by incentives such as these, we should be ensuring that there is no domestic production at all, as well as addressing the difficult task of eliminating the importation of pornographic material.

• (1815)

I realize that it may be well nigh impossible to prevent the importation of "hard core" pornography. However, I think that the Government should at least make a highly visible effort to control its importation to stem the tide. In the area of smuggling of illegal drugs, we commonly use undercover agents and are able to make large drug "busts" that are a very visible disincentive to drug traffickers. We should be able to mount similar operations to discourage those who import pornography, and set an example by our treatment of those who are caught. Good long prison sentences and heavy fines for those convicted of smuggling pornography would be a clear deterrent to importers, and would thereby make this trade much less attractive. We must demonstrate the resolve of the Government to stop, or at least curtail this immoral and exploitive trade. That is what the Government has so far failed to demonstrate.

Mr. Garnet M. Bloomfield (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, as noted in the Minister of National Revenue's (Mr. Bussières) response in the House on February 14 concerning this issue, the Department is taking all necessary measures to enforce the laws of the country as strictly as possible. I am sure the Hon. Member realizes that, in the case of articles such as video cassettes where the contents are not immediately apparent to a cursory examination, the costs involved in making a detailed examination of every importation would be prohibitive. The Department is aware that some importers are attempting to import material by clandestine means to escape detection, and it is taking all possible action to apprehend this material at a reasonable cost to the taxpayer and with a minimum of disruption to legitimate importers.

In this respect, the Department conducts spot checks on a sample basis of importations of this type of material, as well as examination of any material of a suspicious nature. The Department also conducts examinations on the basis of information provided by law enforcement agencies or other sources.

If the Department were to attempt to conduct detailed examinations of all importations of video cassettes, video tapes, films, video games or similar articles, several hundred additional customs officers would be required across the country.

With respect to the taxation side of the matter, I must advise that where a film is acquired by a taxpayer for the purpose of gaining income therefrom, the Income Tax Act and regulations provide for a claim of capital cost allowance at the rate of 100 per cent of the cost, if the film is a certified feature production or a certified short production, and 30 per cent of the cost of other films.

Certification is mainly to the effect that a film has the required Canadian economic content, and this determination is the responsibility of the Department of Communications. At this stage the subject matter would become evident, and if it appeared to be pornographic the advice of the Department of Justice could be sought. Revenue Canada's responsibility is to apply the Income Tax Act and regulations as enacted. The Department of Finance is responsible for proposing amendments to the Income Tax Act and regulations.

BANKS AND BANKING—RESCHEDULING OF LOANS TO SMALL BUSINESSES AND FARMERS

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, any Member of Parliament who is fortunate enough to represent an agricultural constituency of Canada, or has an agricultural component in his or her constituency will be well aware of the incredible pressures that food producers are under these days. Whether one is talking about a cattle, hog or sheep operation, or poultry farms, market gardening or wheat farming—no matter what the situation—by and large, the agricultural sector in this country is experiencing pressure unprecedented since the 1930s.

• (1820)

Back in the 1930s, various provincial Governments, using the legislation available to them, passed legislation to provide the much needed relief to this sector. While it was a pittance, it was accepted by those in receipt as at least a gesture of good faith. It eventually became necessary for the federal Government to change it. In 1934, the Government of Canada introduced the Farmers' Creditors Arrangement Act, 1934. That Act enabled pressure to be brought to bear on various lending institutions to assist the farmers of Canada to stay on their land.

I want to take a few moments to read from Bill C-653, which is before the House. It is an Act to revive the Farmers' Creditors Arrangement Act. It reads as follows:

> The purpose of this bill is to revive the moribund provisions of the Farmers' Creditors Arrangement Act, which provide a simple and inexpensive procedure for farmers to rearrange their affairs when cash flow becomes insufficient to meet current obligations as they come due.
>
> The Act as framed is only applicable where two-thirds of a farmer's indebtedness was incurred before May 1935. In addition, the Act, originally general in its application, was subsequently narrowed to cover only the Provinces of Manitoba, Saskatchewan and Alberta. The Bill would remove both of these limitations.

In my estimation, the Bill introduced by the Hon. Member for Lambton-Middlesex (Mr. Ferguson), at a time when the issue of farm bankruptcies was being raised day after day in the House, is a gesture, at least on behalf of the former Parliamentary Secretary to the Minister of Agriculture, that there are actions and steps that could be taken by the Government in an effort to bring some semblance of security to the hardpressed farming community. It is well known right now, for example, what the banks are doing to many farmers, ranchers and food producers generally in our country.

In western Canada it is not now uncommon for the banks to go to the food producers and tell them that they will not have their traditional working capital advance unless they sell off portions of their property or operation. This means there is a flood of property, equipment and land on the market especially, in western Canada and, I suspect, in other parts of Canada as well. I speak of western Canada since I am a representative from that area and am more familiar with it.

As a result, land and property values, along with equipment values are being depressed. This brings hardship to bear on all food producers of that region. It also causes hardship to equipment dealers who are now faced with the dumping of equipment on the market. The result is a downward migration of property values and the validity of farming operations, simply because the banks are bringing this undue pressure to bear in an attempt to maintain their own cash flows.

I believe we now have a situation in which the long term viability and profits of the banks must be considered in relation to the long term credibility of Canada's food producers. I would be the first to admit that both are important, but it is not an issue of one or the other. We have just received annual reports of various banks in Canada which indicate healthy profit returns which, while not excessive, are up to $300 million.

As Members of Parliament we are all aware of the number of bankruptcies being faced by food producers in this country, let alone those myriads of food producers who are simply forced to walk away from their hopes, dreams, and the ability to create a fundamental aspect of Canadian life.

Normally one would go on and simply identify the critical nature of the situation, and those areas where the Government has refused to act. I am not able to do that today, because the Government has taken the first step toward solving this very critical problem. It has introduced, through the personage of Hon. Member for Lambton-Middlesex Bill C-653, which would essentially resolve the situation, in the short term. It would allow food producers to stay on the land and continue producing food. It would adjust their financial affairs through a quasi-judicial process, enabling this most critical sector of our economy to continue.

• (1825)

I asked the Minister of Agriculture (Mr. Whelan) during a recent Question Period, why not bring this Bill forward? I am certain that Members of the Opposition would allow passage of the Bill without debate, because of the important role it

would play. It would be a simple matter for the Government to bring the Bill from first reading to second reading. We will put it through all stages of the House with perhaps no debate at all. We could deal with it in an afternoon, because I do not think a single Member of the House does not appreciate the seriousness of this matter. I encourage the Government to take this necessary step, and introduce this critical legislation as quickly as possible.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, all of us are very deeply concerned about the effects of high interest rates, and the practice being followed, not only by the banks, but also by lending institutions, in scheduling debt, or in asking businessmen and farmers to repay their debts. I myself raised the issue with the Canadian Banker's Association during the pre-budget consultation held with them in December. The Minister of Finance (Mr. Lalonde) also raised this matter with them at that time, as well as on previous occasions.

The banks have shown considerable concern about keeping businessmen and farmers afloat during this difficult period. I think the real, overall cure to this huge problem is to ensure that interest rates in general come down. We have heard some good news along that line recently, as I am sure the Hon. Member would agree. This week prime rates were at 11.25 per cent; one year mortgage rates were at 11.75 per cent; and our official Bank of Canada rate was at 9.48 per cent. This is possibly because our inflation rate is coming down. Prices actually fell instead of rising in December and January. That was the first time, in a long time, we had seen that phenomenon. Our annualized 12 month rate, from January to January, is 8.3 per cent, and our six month rate, from June to January, is 6 per cent.

American rates are also dropping. This week, six major American banks announced primes of 10.5 per cent. These are the key indicators to our people that relief is coming.

We have our own house in order. We are beginning to bring under control the forces which push interest rates up. We are allowing ourselves room, within our own economy, to benefit from foreign improvements, such as the drop in the United States prime rate. However, we are still concerned about specific individuals while this is taking place.

The previous Minister of Finance set up a special system to review complaints about interest rates from businessmen and farmers. In answer to the Hon. Member the other day, the current Minister of Finance made a pledge that he would take specific cases to the banks, as well as to the Inspector General for Banks, asking them to review these harsh circumstances once again. The Minister raised the question of the Private Members' Bill of the Hon. Member for Lambton-Middlesex (Mr. Ferguson). We have taken note of it, and have started to act on this side to give both personal and general attention to the whole question of interest rates. We have a system in place to take care of individuals, and we have a general attack on the underlying causes of high interest rates.

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

At 6.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, March 1, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Monday, February 21, consideration of the motion of Mr. Lalonde that Bill C-139, to amend the statute law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, a recent poll indicated that the general public is becoming more and more convinced that the present Government has neither the ability nor the will to address effectively the basic problems threatening our economy. The several attempts made by the Government to produce a budget that would deal with our problems have proved to be abject disasters. Rather than bringing new hope and confidence to Canadians, what the Government has done has resulted in ever-deepening frustration and fear.

In November, 1981 the Government introduced one of the most complex and controversial budgets in Canadian history. Even the Government itself was disgusted with it. No less than 162 income tax changes and 56 changes in other tax related statutes were proposed. Subsequent budgets in June and October, 1982 altered parts of the November budget and proposed new measures.

Bill C-139 was not introduced until December 7, 1982, more than a full year after the November, 1981 budget. In December, 1982 it received a one-day debate. In January, 1983 Bill C-139 was debated for one-half day. In spite of the proclaimed importance of the measures contained in Bill C-139, the Government decided to debate Bills to reduce the indexing of Public Service pensions, Family Allowance benefits and Old Age Security pensions. Then to make things even worse the Government brought in the Canagrex Bill for debate.

The Government now insists that Bill C-139 be passed with dispatch because it claims that no income tax refunds can be paid until it has been passed. If this is true, why has the Government insisted on dealing with the other measures to which I have alluded instead of dealing with Bill C-139? Perhaps the Ministry and officials have been as confused and uncertain of the ramifications of the measures proposed as has the general public. Perhaps the Government and the Minister were not prepared to explain those ramifications. Could it be that the Government delayed it, as it did, so the Government could use the guillotine once again to silence the Opposition? If this Bill must be passed before refunds are paid, how could the Government reduce Family Allowances before the legislation was passed?

There is another question. Why has the Government used other means to delay the issuing of refunds? Interest on refunds is not paid until after April 30, nor is it paid between the date that the refund is processed and the date that it is received and cashed by the taxpayer. Yet another question is, why were tax forms mailed out a month later than usual? Many taxpayers were forced to have special forms not hitherto required, further delaying their file.

• (1110)

The Minister of Finance (Mr. Lalonde) stated that early passage of the legislation will help Revenue Canada get on with the job of processing the 1982 returns. He concluded; "I therefore look forward to a speedy debate".

Bill C-139 is 300 pages thick. This House is urged to give it speedy passage after long months of hesitation, delay and confusion on the part of the Government. Bill C-139 will increase the tax burden on many Canadians through its increased taxation of employee benefits, its measures with respect to the income averaging, accrued interest income, the abolition of general averaging provisions and others. Many other taxpayers will be seriously affected by provisions that remove incentives under the guise of closing loopholes. In other words, the Government is so determined to extract every penny possible from the taxpayer that anything goes.

The former Minister of Finance pronounced that the budget was based on equity, justice and renewal. In actual fact, it fails all three tests and many of the tax measures in Bill C-139 are inequitable, unjust and oppressive.

I believe that action is required in several different areas. First, tax laws should be made understandable for the ordinary Canadian, including myself. Presently, no one seems to know, understand or be able to determine the jargon of the Income Tax Act. Second, there is the need to recognize the rights of Canadians to manage their own affairs rather than having the state confiscate the bulk of their income, leaving them only a little pocket money. Third, a review of the tax structure is essential to ensure equity and justice for all. I think back through the years to the many times that we were told there would be a review of the tax structure. Unfortunately, that review always seems to result in higher taxes. I suggest that is not good enough for the people at this time.

Time is needed to examine this Bill carefully in order to approve what is good, acceptable and equitable and to delete what is contrary to the best interests of Canada and Canadians. Therefore, I suggest there should be ample time made available to give thorough study to this entire tax Bill and, due to its complexity, it will take a considerable length of time to complete the review and to bring in the changes that will be necessary in order to give justice to the Canadian people.

I appreciate the opportunity to take part in this debate today. Certainly, as the day progresses, I am sure that many other proposals will be made that will further delete the unacceptable portions of the Bill and make it more acceptable to the Canadian people.

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, I would like to associate myself wholeheartedly with the remarks of the distinguished Member for Fraser Valley East (Mr. Patterson), who is one of the more senior Members of the House.

• (1115)

I cannot think of any Bill, nor do I believe the Hon. Member, considering his long history in the House, could think of a Bill other than the one presently under discussion, Bill C-139, which more graphically represents the mess created by the Government in this country. This is evident in the provisions contained in this massive and almost incomprehensible tax Bill. Never has the Parliament of Canada been so insulted by having to attend to consider, in a comprehensible way, a tax measure which, in effect, amounts to two budgets with three amending financial statements.

I will not refer to all of the budgets because there have been so many. The former Minister of Finance presented a budget in November of 1981, an amendment in December of 1981, and his second real budget in June of 1982. Then the financial statements of the present Minister of Finance (Mr. Lalonde) were announced in October of 1982 and his latest statement was heard just the other day. However, all of their predictions as to estimates of revenues and expenditures have been wrong.

As the Hon. Member for Fraser Valley East mentioned, this legislation comes down to a Bill comprising 297 pages, introduced in the House as late as December 7, 1982, taking approximately 380 days for the officials even to write the Bill. Then just before the Christmas recess and after we came back, the Minister of Finance had the temerity and the gall to suggest that Members of Parliament should sweep all these problems aside, without proper understanding of what is involved.

I will point out the many provisions in the Bill in general because there is not enough time in the ten minutes allotted to me under our present rules to go into them in detail. Because Hon. Members are restricted to ten minutes, it is impossible to discuss the Bill meaningfully, even in general. However, to return to the subject, the Government, in its fifteenth year, having come to power in 1968 with a budget of some $10 billion, is now estimating a budget of $90 billion, with a deficit projected by the Minister of Finance of almost $30 billion before the fiscal year is over. This sum is more than the total budgets—not deficits—of all the Provinces except Ontario and Quebec. In fact, half of their budgets could be added and it would still not amount to $30 billion.

Hon. Members are confronted with this Bill, which is to produce revenue, in the face of the billions of dollars which have been wrongly estimated. It is no wonder that many people in and out of this House are saying that the situation is incomprehensible and must be changed.

In a speech last week in Ottawa, J. Lyman MacInnis, the senior partner of Touche, Ross and Company, President of the Institute of Chartered Accountants of Ontario, said: "The Canadian Income Tax Act is an unmitigated mess". Then he said: "I started out by saying that income tax is an unmitigated mess. The reason I say that is because it is incomprehensible".

I am prepared to agree with him and would venture a guess that only the minority of a minority in the House, not the majority but, rather, those who are really involved in the study of tax law, can even begin to understand the smorgasbord of legislation contained in the Bill which will smother Canadians in increased taxes, not to mention the red tape involved in figuring them out.

There are 24 items covered in the Bill as follows: auto standby charges; life insurance and annuities; Small Business Bonds; soft costs; RRSP interest deductibility; IAACs; work-in-progress; capital gain reserves; metric measures; principal residence provisions; retiring allowance provisions; housing loans; six and five re. tax indexation; forward averaging; small business lower tax limit and loss of cumulative dividend account; corporate surtax; iron ore processing; DPSPs; 12.5 per cent small business distributions tax; 5 per cent reduction on withholding tax rescinded; director's liability; confidentiality; charitable foundations; capital cost allowance reduction.

Another item which is not specifically listed is the fuel compensation tax which would put Canadian shippers and the aviation industry at a disadvantage when competing with our American brothers or neighbours. This tax has to be removed before this Bill can proceed.

• (1120)

Many years ago the then Minister of Transport said one of the most profound things ever said in this House when talking about transportation. He said: "Transport is in a mess". That was not said by the present Minister but by one of his illustrious predecessors. That Minister of Transport was right because transportation was in a mess. Unfortunately, it is still in a mess.

What is in even more of a mess is the income tax provisions which are assaulting and insulting Canadians from coast to coast. We have very little time, Mr. Speaker, to really discuss some of the provisions of this Bill which I have mentioned. I should mention one basic and fundamental thing about these provisions. They provide no incentive to Canadians. They

provide no incentive for individual Canadians to participate in the development of the fundamental resources of this land.

At this stage of our parliamentary life I suggest that Members cannot really understand or comprehend the provisions this income tax Bill comprising 297 pages and incorporating two budgets and three financial statements by two Ministers of Finance. I do not think anyone really knows what the implications of this Bill are, not even the tax people, I suggest. Incidentally, it took some 300 days to write this Bill.

I was trying to think of something even more profound to say about this Bill than the fact that it is completely incomprehensible even to the chartered accountants across this land, those chartered accountants who are very careful people. The President of the Chartered Accountants Association was defining what he meant by the Bill being incomprehensible when he said that it runs completely contrary to three fundamental tax legislation measures, the first being that it has to be clear so that taxpayers can understand it.

Taxpayers are the people who assess their own taxes, and if they do not understand the wording—and the average taxpayer cannot understand the wording of this Bill—they cannot intelligently file tax returns. When the individual taxpayer does not understand the wording of tax legislation, or even the income tax return, he does not have a reasonable chance of filing an accurate return. The average Canadian is not in a position to hire a professional for assistance because the cost of hiring that professional is not deductible. The wording of this Bill falls completely short of that fundamental principle.

The President of the Association of Chartered Accountants has suggested that there should be holding legislation while we digest the tax laws which now exist. Quite frankly, I would like to discuss some of the tax laws we now have, but I do not have the time to do so at this stage.

In conclusion, I want to leave the House with this one basic thought which illustrates the mess the Government of Canada has made of the economy of this land. If the Government cannot look after its own business, let alone its tax laws, no wonder there is such a mess and such confusion in Canada. How many Members of this House can tell me today when this session of Parliament started? I would bet not too many Members can tell me. I would bet that the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) could not tell me the date on which this Parliament started. We are in our 465th day of this Parliament which started on April 14, 1980. The Hon. Member got some help from someone behind the curtains there, and I suggest this is the first time there has been an intelligent comment from behind the curtains over on that side. The length of this Parliament is an insult to Members of Parliament and Canadian taxpayers. This Parliament has been meandering along for 465 days, starting three years ago on April 14, 1980.

I want to read a little bit of the history of another long Parliament, a long session of the Parliament in England which took place many years ago. Let me quote from "An Encyclopaedia of Parliament", written by co-authors, one of whom is presently one of our distinguished Table officers, Philip Laundy, who collaborated with Norman Wilding in the writing of this most interesting encyclopaedia of the British Parliament. At page 438 the following is stated:

> The fifth and last Parliament to be summoned by Charles I. It met on 3 November 1640, and in 1642 it took up arms against the King.

I could make a speech about what we should do in that vein around here. The paragraph continues as follows:

> It is possibly the most historic assembly ever to have sat at Westminster, and it was said of it that many thought it would never have a beginning, and afterwards that it would never have an end.

• (1125)

> During its long life, which extended over twenty years, it underwent many changes. In 1648 it was purged of those members who were too favourable to the King;—

Listen to this, Mr. Speaker. I am almost through.

> —in 1649 it abolished both the Monarchy and the House of Lords;—

We are not sure what will happen in this country.

> —it was expelled by Cromwell in 1653; recalled and expelled again in 1659; restored for the last time, with its excluded members later recalled at the end of that year; and finally dissolved on 16 March 1660.

These are the closing two sentences:

> It commenced its long existence as a formidable and enthusiastic assembly, bent upon drastic reform, the champion of the liberties of the people against the tyranny of the King. It sank eventually into corruption, ignominy, and discredit, having subverted the Constitution it had set out to uphold, and having lost many of its greatest members through death or exclusion.

The Acting Speaker (Mr. Corbin): Order. I regret to interrupt the Hon. Member but his time has expired.

Mr. Nowlan: I appreciate my time is finished, but I think Members should take heed of the epitaph of that long term Parliament so that we do not fall into the same disfavour.

Mr. Bill Yurko (Edmonton East): Mr. Speaker, in speaking to Bill C-139 I hope you will give me the latitude to dwell on certain aspects of the fiscal regime of the Government because they are all interrelated.

In addressing myself to this Bill, I am reminded of the words of an unknown author who said:

> Tell me today what the philosopher thinks, the university professor expounds, the schoolmaster teaches, the scholar publishes in his treatises and textbooks and I shall prophesy the conduct of individuals, the ethics of businessmen, the schemes of political leaders, the plans of economists, the pleading of lawyers, the decisions of judges, the legislation of lawmakers, the treaties of diplomats and the decisions of state a generation hence.

The author of this wisdom is unknown but history bears him out. The foundations of the present Canadian economic crisis were well laid in the sixties and the seventies. What we do economically and politically today will lay the foundations for the latter half of the eighties and the nineties and, indeed, well into the next century.

Like so many other Canadians, I am concerned about three characteristics of the foundations we are now laying in our nation. They are as follows: First, the growth and awesome complexity of the system of laws that govern our Canadian society; second, the growth of governments at all levels in this nation; third, the accumulation of public debt.

In Canada the economic distemper of the sixties and seventies has created the instability of the eighties. Our problem is a lack of productivity. We have in the past traded the pride of doing for the enjoyment of loafing. We have bound ourselves with a system of laws so complex and pervasive that initiative, entrepreneurship and collective productivity is stifled.

A very good friend of mine who is the president of a very large Canadian corporation recently told me that we as a society support a system of complex laws in every area of endeavour and particularly in the financial, business and property exchange areas of taxation. Why, he said, there are approximately 40,000 lawyers in Canada and only approximately 15,000 research scientists. I looked up the actual figures. There are 40,043 lawyers in Canada and 15,270 research scientists. In the United States there are 320,000 lawyers and 828,000 research scientists. Lawyers produce no goods and little real wealth but lots of paper. They often retard the production of wealth and establish massive, complex and intricate systems for wealth redistribution. He said we need three times as many research scientists and only half as many lawyers.

• (1130)

This Income Tax Act, Mr. Speaker, Bill C-139 now before this House, is an example of the complexity of the legal system under which we have to perform. This Bill is an abomination. Its 295 pages of incomprehensible gobbledygook are designed to throttle and subdue industrial and personal initiative. What greater example is there of an overly complex law than Bill C-139, the Income Tax Act, literally 295 pages of legal shackling? The Government would be very wise to lay before the Law Reform Commission of Canada a new mandate to simplify the network of laws governing the entire business sector of this country.

The capital gains tax structure must surely be dismantled immediately before it further legally imprisons all who dare to do business or own property in this land. The capital gains taxation scheme will lay upon this nation a system requiring bookkeeping and interpretation of enormous complexity and will stifle business at every opportunity.

Canada and the free world have so concentrated on the public process of wealth redistribution in the last several decades that we have lost sight of the process of wealth production. Even though scientific discoveries have given us enormous capability to produce wealth, the process of public redistribution of this wealth has indeed laid upon the production systems of the free world some terrible "disincentives". My very first speech in this House in 1979, Mr. Speaker, was concerned with the abnormal growth of governments in the free world, including Canada. Taxation to take away the productivity of the people and recycle it through the public process of distribution has gotten out of hand. Governments at all levels grew like mushrooms regardless of their political persuasions.

Canada is a prime example of this growth on all three levels. I do not mind admitting that I was a Member of the Progressive Conservative Government in a Province in which the budget increased by nine times in less than a decade. Indeed, the Saturday edition of *The Globe and Mail* of February 19 has a chart showing the growth of governments in Canada as a percentage of the GNP. Since 1964, a mere 18 years ago, provincial and municipal governments have grown from about 16 per cent of the GNP to approximately 28.5 per cent of the GNP. So it is not only the federal Government which has grown like a mushroom. The federal Government has jumped from about 13 per cent of the GNP to 21 per cent in 18 years.

In 1983 the growth of Government is explosive and scary. Indeed, during the current fiscal year, the total expenditures of all three levels of Government are expected to reach almost 50 per cent of the GNP. Part of it, of course, is in connection with Bill C-139. In other words, Mr. Speaker, in Canada this current year the Government will take for redistribution $1 of every $2 earned in the private sector. I believe this will give rise to an unstable situation and a continuing and deepening recession coupled with increasing inflation.

It is unfortunate, Mr. Speaker, that I have so little time left because I wanted to get into the increasing debt in the provincial and municipal areas as well as in the federal Government, and the awesome load which this increase in debt would lay upon the entrepreneurs in the business sector of Canada in the short term as well as in the long term. Obviously, I do not have time so I thank you for the ten minutes you have given me.

Mr. Tom McMillan (Hillsborough): Mr. Speaker, the legislation now being debated by the House of Commons is a mammoth 297-page document designed to implement the far-reaching tax changes brought forward by the federal Government in its infamous budget of November, 1981. From the time that budget was announced in the House by the now Secretary of State for External Affairs (Mr. MacEachen), there have been so many revisions that one would need to be a computer to keep track of them all, let alone fully understand the implications of the changes involved. But what is clear is this: the November, 1981 budget sought to revamp the entire tax system without a thorough study of what specific reforms were needed, without an understanding of the impact of such fundamental tax changes on the average citizen, and without prior consultation with those affected.

In a nutshell, sir, the then Minister of Finance sought to close so-called tax loopholes in order to make the tax system more equitable and to raise much needed revenue for the federal Treasury. In the process, however, the Minister's tax changes ended up hurting most severely the very Canadians he had naively intended to assist, namely, the low- and middle-income earners. Clearly, the Minister of Finance of the day did not know what he was doing. As a result, both he and his successor had to devote most of their energies in the following months to trying to undo the damage caused by the budget.

To this very day, Mr. Speaker, the Government continues to patch and fill its tax program to the point where even experts are in the dark as to where matters now stand. Indeed, when asked to provide a list of tax changes since November, 1981,

the Department of Finance was forced to admit that no such list exists. Unfortunately, despite the countless flip-flops by the Government, some of the most damaging provisions in the Government's program remain. The net effect will be that the average individual taxpayer and the average small business will be hit with substantially higher taxes if Bill C-139 is passed.

While waiting for Parliament to dispose of the legislation, the Government is delaying the processing of tax returns for the past income tax year because many of the provisions in the Bill apply retroactively to 1982 and the Government covets every extra tax penny it can squeeze out of an already overburdened taxpayer. The federal Government's adamant refusal to process income tax returns speedily is nothing less than scandalous.

Millions of Canadians, sir, are desperately waiting for their tax refunds merely to put bread on the table during the current deepening recession. Each year, as you will know, some 15 million Canadians file income tax returns. On average, after all returns are processed, the Government ends up owing about $3 billion more to taxpayers than taxpayers owe to the Government. The many taxpayers who lost their jobs during part of last year will likely be entitled to even larger refunds this year than in previous years. That is because the Government probably deducted too much tax at source on the assumption that those people who were laid off would be employed during the whole year. If such people are still out of work today, as many of them are, they will need their refunds urgently, especially if their Unemployment Insurance has run out or is running out.

• (1140)

Yet the Government says it wants to wait until Bill C-139 is passed by Parliament before issuing refunds. It is also delaying refunds on the ground that Government computers are having to be reprogrammed to reflect recent changes in income tax laws. Mr. Speaker, in a letter to me dated January 7, 1983, Mr. R. W. Mercer, Director of Taxation in the Charlottetown District Office of Revenue Canada, said that full processing of tax returns will not start before March 24, with the first refunds being issued no sooner than mid-May. That is absolutely shocking. By mid-May of last year, about 6.5 million Canadians had already received their income tax refunds. Many had received them as early as March 26. I hear the Minister of National Revenue (Mr. Bussières) saying to me that the same thing will apply this year. I suggest he go back to his officials and look at the information they are sending out to taxpayers. With hundreds of thousands of Canadians desperately in need of their tax refunds this year just to heat their homes, to put food in their mouths, and to keep the bill collector at bay—as I am trying to keep the Minister of National Revenue at bay while I am speaking—the Government's footdragging concerning tax refunds is a national scandal.

The fact that Parliament has not yet passed the Government's income tax Bill, now before the House, should not be allowed to stall refunds, just as that fact did not prevent the Government from collecting income tax all along. Nor should the Government get away with blaming computers for the delay. The Government has had 14 months to retool its computers since the tax changes in November, 1981, and it has had at least seven months since those changes were modified in June, 1982. Clearly, the Government is using Bill C-139 and computer retooling—I suggest that the Minister of National Revenue examine the information sent out by his officials—as mere excuses to keep people's tax refunds as long as possible because it is broke and this is an easy way for it to get hold of lots of cash at someone else's expense.

The delay by Revenue Canada in mailing 1982 income tax refunds is forcing large numbers of desperate Canadians to pay exorbitant sums to firms that offer on-the-spot cash for refunds before they are actually received from the Government.

In conclusion, Mr. Speaker, I urge the Government to accelerate the processing of income tax so as to put refund cheques in the hands of Canadians without further delay. In the meantime, the Government should take emergency measures to prevent unscrupulous tax firms from gouging needy taxpayers. The Government should establish mechanisms to process, on a priority basis, the tax returns of Canadians who can establish that they urgently require their refunds because of unemployment or some other factor. And until Bill C-139 becomes law, the Government should tax Canadians on the basis of existing laws, not on the basis of this shoddily drafted and unfair legislation. For the Government to do otherwise would signal that it is more interested in collecting taxes than it is in the welfare of the taxpayers themselves.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, the ten minutes allotted to us barely gives time to go into any detail. I look forward to this matter coming to Committee of the Whole when Canadians from one end of the country to the other might receive answers to their questions.

I want to deal with two aspects of the Bill. First of all, along with my colleague from Hillsborough (Mr. McMillan) and other Members, I want to express my concern for and fear of the practice being followed by the Government. I still have not received my T-4 slip, Mr. Speaker, and I know that many other Canadians are wondering where theirs are. Usually we have them some time in February. Usually by this time, most Canadians have completed and submitted their income tax returns. Usually by this time, a lot of Canadians have received refunds. That is not the case this year.

The Government has clearly indicated it will not issue income tax refunds for the 1982 tax year until Bill C-139 is passed. That is a form of blackmail. As the Government sees the political process, it may be a useful tool to achieve its ends but it is discriminatory and it is unfair.

Bill C-139 was not introduced until December 7, 1982, more than one year after the November, 1981 budget. Yet the Government asks us to accept its edict, without debate and

without argument, that there will be no refunds processed until Bill C-139 is passed.

As the Hon. Member for Fraser Valley East (Mr. Patterson) explained earlier today in this Chamber, you cannot trample on or play with casually the lives of Canadians. The Bill before us embraces nearly 200 significant changes. It is so complex as to be barely understandable even to chartered accountants and lawyers. Why the Government chooses to blackmail people, to threaten them, to cause them undue hardship, is beyond me.

The Government obviously wants its money and it is entitled to it. We will not discuss the wastage that has gone on. I say the Government is being unfair and is imposing undue hardship on countless thousands of Canadians by deliberately shutting down the computer system for reprogramming. Who programs in the middle of a program? That is done ahead of time. The Government has deliberately shut down the computer system and it will not start up again until late March or, as the Government says, until Bill C-139 is passed.

The Bill demands a thorough examination by all of us and that examination can follow when the Members have put their views and concerns on record.

I want to deal with a very specific matter because ten minutes does not allow me enough time to cover the whole bill. I want to deal with the transportation fuel compensation recovery charge that was arbitrarily imposed on the air lines and the marine mode by the Government. It was removed later when the air lines threatened international action but was brought in through the back door by a tax measure in order to recover what had been lost in another process. The marine mode tax is in place; the recovery charge is there. There is no indication from the Government that it has any intention of removing it even on the ground of its being discriminatory. It was removed from the air mode but not from the marine mode. Last year one large shipping company lost 12 voyages because of the fuel tax. That does not include the number of jobs lost to Canadian seamen, officers, marine engineers, shore supply staff, merchantment and suppliers. At a time when we have 1.5 million unemployed, surely it is a piddling amount of money. Probably last year it amounted to 35 per cent to 40 per cent of what they collected in the first year of operation, 1981. There is a direct linkage between the tax and the downturn in activity on the Lakes, yet the Minister persists in this action.

• (1150)

I ask the Minister whether he has appealed to his colleague, the Minister of Finance (Mr. Lalonde). Has he acted as the advocate he should be for the marine industry in the country? Has he made its views known? When we get to Committee of the Whole consideration of this Bill, these will be questions to which we on this side will want direct answers.

We are coming up to another questionable year in respect of the level of activity on the Great Lakes. This tax is discriminatory in the sense that it is imposed on one mode of transportation, not on any others. As we approach the 1983 season, surely the principal advocate of the marine industry should make known in a very forceful manner the views of the marine industry to the Minister of Finance and other Treasury officials.

This tax is discriminatory. It raises very little money. We understand that approximately $5.5 million was raised in 1981 and that last year, as I said, probably only 35 per cent to 40 per cent of that figure was raised. We are talking about a very small amount of money, yet in the very narrow field of marine transportation it has an enormous and profound impact. We will have some questions about that when we get to Committee of the Whole. We will want to know why we are losing cargoes. We would like to know why the Minister deliberately, obviously and consciously allows this discriminatory tax to remain, especially when we consider its impact. We know what the Dominion Marine Association has said about it. It has consistently requested the removal of this tax on this mode of transportation.

If they go ahead with it in the area of air transportation, either through the front door or the back door, they will create enormous problems for an industry which does not need them and certainly does not deserve them. Seaway tolls are rising. We appeal to the Minister to take a long, hard, new look at increases in Seaway tolls and pilotage fees. Everything is going up and up. The pilotage fees for seasoned river captains of vessels plying coastal waters, the Great Lakes and other harbours are rising. They do not need pilots. Good Lord, in most cases many of these captains and mates are more familiar with the waters they are plying than the pilots they employ and have to pay.

I re-emphasize that this is just a very narrow issue which has a very profound impact on a small sector of Canadian entrepreneurship. It is discriminatory; it should be removed. It will be an issue which we will want the Minister to address himself to when we get to the point in time that we are dealing with the Bill clause by clause in Committee of the Whole.

Hon. Ron Huntington (Capilano): Mr. Speaker, thank you very much for allowing me this ten minutes to debate Bill C-139, a 295-page tax Bill, full of amendments to one of the most complicated tax Acts the world has ever seen. Government Members opposite are anxious that we seem to be taking time. Of course we are taking time. All they have done and accomplished in their decade of rule over what was once a free country, that once had a private sector of which we were proud and once was able through a good, solid—

Mr. Fisher: What is it now, Ron?

Mr. Huntington: It is 1.5 million unemployed Canadians who would not have had to be unemployed had you accepted and delivered your mandate properly. You have socialized this country and removed the decision-making process.

The Acting Speaker (Mr. Corbin): Order, please. The Hon. Member should address his remarks to the Chair, as is the customary parliamentary practice.

Mr. Huntington: Mr. Speaker, I opened my remarks by thanking you for acknowledging me. Of course, my remarks are always through the Chair. Maybe they should make their interruptions through the Chair; then I would not get in a straight line as the crow flies in responding to them.

The Hon. Member for Edmonton East (Mr. Yurko) pointed out how complex was this Bill and the oppressive atmosphere and environment it provided to the job-creating sector of Canada. Also we heard from the Hon. Member for Dartmouth-Halifax East (Mr. Forrestall) about the confusion in the marine sector which these amendments and the tax legislation delivered. Complexity is there in spades.

I was in the House through the budget of a former Minister of Finance, Mr. Turner. I was in the House and could not believe my ears when that man was asked what it was of which he was most proud in his capacity as Minister of Finance. He said: "I guess I am most proud of the one million jobs I have created". The people of Canada are paying the price for the creation of those types of jobs. In 1972, when they changed a basically simple tax Act to a complicated monster of paper, intrigue and purest academic thinking, they destroyed the decision-making base of people conducting widely diverse activities across Canada.

It is no longer possible to make a decision, even when one has lawyers and chartered accountants serving one's private sector entity in the boardroom. The amount of energy which is delivered to tax planning and tax management instead of to the essential productivity need of the nation is just a national disaster. It has delivered us the 1.5 million unemployed people we have today.

Our priorities are so screwed up, it does not seem that the Government has any way out. As I said last Friday, it is the result of a deliberate plan to move the state in and over all aspects of our lives and to remove the freedom of choice from the marketplace. If we want to see what they have done to the fundamental, natural law of supply and demand, all we have to do is look at the results delivered on the nation by their great academic, elitist, national energy policy. These elitists, these academics who have had no experience at all in the world of work, think they can plan everything from the centre and project their strategies over our future. They cannot even see three years ahead, so why do they keep hanging on to this mania that they have to allow academics, economists, engineers, socialist planners and national industrial strategists to plan our lives for the future?

The national energy policy just had the dot put on it in the last year and already it is obsolete. It has cost us jobs all across the country. The Government does not build infrastructures which will help create industries that will create jobs and allow us to participate in the marketplace. This Liberal Government keeps trying to interfere with the basic, natural law of supply and demand. Every time this Government does so, up goes the unemployment index in Canada. If you want to get back to a basic, fundamental truce, you have to get back to the basic, fundamental law of supply and demand. Had we stayed with the principle of supply and demand, we would have an energy policy in this country today that would be creating jobs, delivering the results of exploration efficiently and we would be a landmark of success in comparison to the overview of the world economic down cycle.

• (1200)

Mr. Cosgrove: Just like Reaganomics.

Mr. Huntington: The Liberals have spent everything we collected in taxes. It was done all through the good times. This Government spends, spends and spends. It does not matter how the money is spent; this Government just likes to spend. It goes for borrowing Bills of $19 billion, $22 billion, $14 billion and $5 billion. Its policy is to spend and create debt. But all the Liberals are doing is lining their own pockets today at the expense of those who follow tomorrow.

Some Hon. Members: Hear, hear!

Mr. Huntington: The Government that has to take over this mess has a decade of the hardest work you can imagine, Mr. Speaker. That Government will have to do the most responsible type of work imaginable to pull this country back into some kind of a condition of sanity. The Liberal Party of Canada has a chain and an anchor around its neck for what it has done to this country and for the condition we are now in.

Let me review some of the budgets we have had. We had the Chrétien budget. It took us all through our nine months to bring the Chrétien budget elements into law because the ways and means were in place. We had a series of national disasters, the three MacEachen budgets. Now we have a very able—I have to say very able—Minister of Finance (Mr. Lalonde) who has had to fix up the total chaos which the Deputy Prime Minister (Mr. MacEachen) delivered on the people of this country. In fixing up this total chaos, do you have any idea of the absolute confusion that exists across this land, Mr. Speaker? Not even the lawyers or the chartered accountants can assist the wealth producers of this nation.

The Government delivers a budget and employs a tax collection system that is totally illegal. It has become a practice to do things without having a law in place. What we have done in this House is to let this Government collect taxes illegally. I have been told that the 1982 tax form has changed unilaterally, without authority from this Parliament, the dividend factor from 25 per cent to 22.66 per cent. I have been told that not only is that formula printed in the new forms, but the computer has been reprogrammed to accept a 22.66 per cent factor. But not a word about this was put out across the nation. Now the chartered accountants are struggling and wondering why their calculations do not work out. They find this subtle, dirty technique of silent change, without the authority of this House, has delivered us into this type of hidden taxation.

The Government moves in with a dividend tax on the small business community. What the Government has done has created absolute chaos. The money being spent across this land to move out of holding companies, which the Chrétien budget created, is unbelievable.

Mr. Fisher: Quit while you are ahead, Ron.

Mr. Huntington: I see you are indicating that my time is coming to an end, Mr. Speaker, but let me state that confusion, crisis, chaos, disaster and subtlety is what we have. Nobody can trust this Government. We have taxation on taxation without law.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, my colleague, the Hon. Member for Capilano (Mr. Huntington) certainly made some very worth-while points that we should be pursuing as a Government and as a Parliament. I hope Hon. Members who sit on the Government benches will take heed of what he has said.

It seems to me, as the Hon. Member who preceded me said so eloquently, that this Government is leaving the country in a mess. There is no question that this Government will be leaving office after the next election. I am sure if Hon. Members opposite want to be honest with themselves there is no question in their minds either that they will be leaving the Government benches, but I hope that between now and election time they will behave as responsibly as they can.

It seems to me there is an attitude prevalent on the Government benches which is getting worse each day. It seems the Government does not care what it does now because the mess it will leave will have to be cleaned up by somebody else. If that is the attitude and it continues like that, Liberal Members will be seen to be totally irresponsible.

Let me talk a little bit about the taxation system. First, a taxation system, if it is going to work at all, has to be fair. It has to be applied equally to everyone who pays tax. Our system is based on voluntary compliance.

Mr. Blenkarn: Right on.

Mr. Mayer: Everyone who speaks on this Bill says that Bill C-139 consists of 300 pages. But it is substantially larger than that because there are many pages in it numbered, "a". For instance, we have pages 118 and 118a. The Bill is probably closer to having 500 pages than 300 pages. Something like this, so large and so complex, is very difficult for people to understand and to comply with. Their reasons for wanting to comply with it become less and less. If we ever get into a situation in this country when people do not want to comply voluntarily with the Income Tax Act, we will have utter chaos. The more complicated a tax measure becomes, the more discriminatory it becomes. People who can afford to hire the best tax lawyers and accountants will be the ones who will be the best treated under the Act.

The Hon. Member for Edmonton East (Mr. Yurko) pointed out that in Canada we have more lawyers and accountants than we have research scientists. This just shows what this Government has done. It has not put emphasis on production, which should be the basis for a taxation system. We should have a system that is an incentive to produce rather than a disincentive.

Let me talk about a couple of principles and then I will refer specifically to two items in the Bill that I find most disheartening and discouraging. First, and this has been mentioned many times before, is the basic problem in the process we use to pass tax measures. Much uncertainty is created in how one calculates his or her tax. I have been in this House almost four years and there have been several changes within those four years, but none of them has been finalized, as I understand it, and put into law. This is what we will be doing when we finally pass Bill C-139, if in fact that happens. Unless you have some certainty with a tax measure, it is very difficult for people to comply with. That is the basic problem.

As I said, most Canadians voluntarily comply with the Income Tax Act. I think most Canadians feel they have an obligation to their country and an obligation to pay for the services the Government renders to them. But a tax system has to be fair. There has to be some kind of a belief that the redistribution of money which takes place after taxation is done fairly. People do not perceive that to be the case if tax Bills are so complicated and are being changed all the time. This leaves uncertainty and confusion in people's lives. They do not understand.

I have Bill C-143 before me. This is basically a tax Act. It is a method of spending. In it the Government is asking for authority to borrow money. It contains just two pages but it is asking for $19 billion. What you have is a two-page document to borrow $19 billion, and a document in excess of 300 pages to collect money which to me is unfair to the Canadian taxpayer. We have to understand a 300-page, complicated document to collect taxes while the Government produces a two-page document to borrow $19 billion. I question that. The Government has two pages to request authority to borrow and spend $19 billion but a document of more than 300 pages to collect money.

• (1210)

Let me use Section 12.2 as an example which was pointed out to me by the Member for Mississauga South (Mr. Blenkarn), who is very well acquainted with the Income Tax Act. Section 12.2(1) states:

> In computing the income for a taxation year of a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary that holds—

It goes on to mention those things that a corporation or partnership may hold:

> —there shall be included the amount by which the accumulating fund at the end of the calendar year ending in the taxation year, as determined in prescribed manner, in respect of the interest exceeds the adjusted cost basis of the interest to the corporation, partnership, unit trust or trust at the end of that calendar year.

What that essentially means is that we will be taxed on accumulated or accrued income that we do not actually have in our hands. I believe that once the Government implements a measure such as that, it attacks the concept of private ownership in this country. The Government is saying through this Section that it owns everything and therefore has the authority to take money from the taxpayers that they have not even seen.

For example, if an individual takes out a life insurance policy that accrues in value over a period of time, that individual will have to pay a tax on that accrued income to the Government even though he has not seen the money. Once a tax like that is implemented—which the Government is attempting to do through this Section of the Bill—it means that the Government is attacking the very principle of private ownership. This Section will require an individual to find the money to pay a tax on the increased value of an instrument such as a life insurance policy. I suggest that a measure such as this has very serious implications for the direction in which this country is headed.

Another concern that I have with regard to the basic principle of income tax is that as the taxation system becomes more complex, the average taxpayer will have to spend more money to hire accountants and tax lawyers instead of concentrating on productively contributing to the country. Let me quote from Section 109 which implements paragraph 151 of the income tax motion. It states:

> That a corporation be required to pay a special tax of 12.5 per cent on distributions made by it out of earnings in taxation years commencing after 1982 that were subject to the small business deduction under Subsection 125(1) of the Act and that rules be introduced to counter the avoidance of the tax.

That paragraph is very complicated. I defy any Member in the House to explain what I just read. I am told that it essentially means that the system by which the distribution of dividends will be made will be changed. This is a change from the Department of Revenue's previous proposal of going to an integrated system of tax in which the corporate rate of tax is adjusted to the individual rate of tax so that there can be no double taxation. It is now being changed in midstream with the result that it will be very difficult for people to understand what kind of tax they should pay.

The entire process by which this Bill has been introduced is backwards. As Members of Parliament, we should be using the committee system that is in place to draft these Bills so that they make common sense and can be understood. This procedure should be followed instead of giving the bureaucracy the powers that the House should have in terms of drafting legislation. Once legislation has been drafted by the bureaucrats and has been introduced and supported by the Government, it becomes very difficult to change a Bill. That procedure is exactly opposite to what I and most Canadians envisage as Parliament's function. We should not be reacting to what the civil servants have given us, which is the situation with this Bill. I do not believe the Minister alone is responsible for drafting this Bill; I submit that we are reacting to legislation that was drafted by bureaucrats.

I believe we should make proper use of the committee system. In this case, the Finance Committee should be the body that would review the tax policies in Canada and decide how they should be changed. Through that process, the legislation drafted by the committee can be brought to the House for debate and final approval.

The fact that the taxation system has become a disincentive to production represents another backward step. The taxation system, rather, should create wealth and generate incentives. At that point the Government can concern itself with how taxes are distributed. Presently, this Government has bankrupt policies that spend us into oblivion. It then tries to determine how much money it can confiscate from Canadians for it to run some of its foolish and nonsensical schemes.

The Acting Speaker (Mr. Corbin): Order, please. The Hon. Member for Oxford.

Mr. Bruce Halliday (Oxford): Thank you, Mr. Speaker.

Mr. Cosgrove: Tory No. 66.

Mr. Halliday: As shown by the Hon. Member opposite, it is clear how concerned Members opposite are about our tax system. We seem to hear very little from them about this entire issue. One must conclude that they agree with this complicated 295-page Bill C-139 which is before us today. Apparently they do not believe they have any responsibility as Government Members to intervene in this debate on behalf of their constituents and all Canadians in an attempt to point out the inadequacies and incomprehensibility of this Bill to the Government. Nor do they seem concerned about the total tax system.

I am disappointed to see that there are that many Members who feel that this Bill is not sufficiently important for them to speak. I am rather proud that there are 66 Members on this side who are concerned about this Bill and are prepared to speak about it in the House. I would venture to say that one of the advantages of parliamentary reform is that there is more opportunity and more responsibility for all of us to speak.

I have not been one to speak frequently in the House in the past because I do not think it is important to repeat what somebody else has said. However, I think it is incumbent upon all of us who represent our respective constituencies to get up and comment when we are faced with a tax Bill that is as inequitable as this one. More Members now have the opportunity to speak about Bills such as this before the Government has a chance to bring in some form of closure.

In the course of the last several months I have had well over 100 letters sent to me complaining about various parts of the three different budgets which have been brought down since the fall of 1981. The majority of complaints were from those who were upset about the provisions regarding the taxation of premiums paid on health and dental plans. Fortunately, because of the reaction from the public the Government has backed down from that provision. The Government should back down from much of what it has proposed in Bill C-139.

I believe there is a fundamental flaw in this Bill which should be addressed. My colleagues, the Hon. Member for Portage-Marquette (Mr. Mayer) and the Hon. Member for Capilano (Mr. Huntington), referred to it this morning. It refers to the fact that this Bill is totally incomprehensible. This fact was brought to our attention most effectively in a paper which was sent to us. It was a speech that was given by Mr. Lyman MacInnis of the Touche, Ross Company. I dare say

that Members opposite have received the same document. The speech has been quoted previously in the House but I think it is important that Government Members be reminded of it so that they know what Mr. MacInnis has said about our present tax system.

It appears that the present Government is not interested in trying to alleviate the difficulties that Mr. MacInnis has illustrated in his paper about the tax system. He outlined three interesting problems in our tax system as he saw them. One problem related to the fact that, by the very nature of our present income tax system, the onus is upon the taxpayer to assess what tax he must pay. That method is different from most other taxes that we are forced to pay in this society. We have agreed to pay other taxes. For example, we pay sales tax, which is a predetermined amount that is paid with each purchase. We know what the tax is.

• (1220)

The other basic principle that we must acknowledge is that in order to be able to assess tax on our own, since we are not professionals in this area, the tax system must be clear and the language must be unmistakable. It must be possible for the average person to understand it.

Thirdly, now that our tax system is so complicated, many taxpayers must hire professionals to help them with their tax returns. The problem is that the very people who are least able to understand the complicated wording of the tax system are the very ones who need help the most and can least afford to pay for that help.

I think I can afford to devote a couple of minutes to reading what Mr. MacInnis wrote in his paper with regard to the complexity of the wording in the present Act. Mr. MacInnis quoted Section 56(1)(s) as follows:

"Without restricting the generality of Section 3, there shall be included in computing the income of a taxpayer for a taxation year, the amount of any grant received in the year under a prescribed program of the Government of Canada relating to home insulation or energy conversion by the taxpayer, other than a married taxpayer who resided with his spouse at the time the grant was received and whose income for the year is less than his spouse's income for the year, or the spouse of the taxpayer with whom he resided at the time the grant was received, if the spouse's income for the year is less than the taxpayer's income for the year to the extent that the amount is not required by paragraph 12(1)(u) to be included in computing his or his spouse's income for the year or a subsequent year".

That is but one paragraph, one little part of the Act, and it is completely incomprehensible.

If we look back in history a little to 1962, we find that it was acknowledged then that our tax system was very complicated and some changes were necessary. A Royal Commission was set up, and about ten years later the observations and recommendations with regard to the system translated into changes in the Income Tax which were supposedly to simplify and improve the ability of Canadian taxpayers to understand the Act. What we have before us today is the result of the work of the Royal Commission from 1962 onwards, culminating in the changes the Government introduced in 1971.

The Government has moved to complicate the Act even more and has not fulfilled the role which the Carter Commission was to have fulfilled. We were to have been given something which was more simple. However, this was based entirely on certain concepts and the Government jumped to a certain conclusion, namely, that "ability to pay" was a sound taxation principle. It seems to have entirely forgotten the concept that to be fair, the fact must also be taken into consideration that people are provided certain services under the umbrella of the state. There should therefore be a tax system which takes into account those two principles, the principle involving ability to pay as well as the principle that people should be required to pay something based on the kind of services received under the umbrella of the Government at the time. Of course, one can apply that to the three basic types of taxes: personal tax, business tax and property tax.

I see Your Honour is signalling that my allotted time has just about expired. I will conclude by saying that at a future date it would be well if we addressed the issues involving those three components of our tax system in relation to the concept of ability to pay, which is recognized now, as well as the concept of paying tax based on services received.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, if ever a nation needed a new tax Act and a new Government to administer it, it is this nation, now.

Some Hon. Members: Hear, hear!

Mr. McCain: We have seen our country abused by the tax system to the point at which the system could not be described in anything but obscene language, to which you, Mr. Speaker, would properly raise objection in the House. Therefore, I will not use the obscene language which is really necessary to describe our tax system. I will just imply that that is what is required.

We see a nation in economic difficulty, faced with an unemployment problem, and a Government which does not understand the difference between its own cash flow and so-called tax expenditures when extending a little privilege to a company. The difference the Government has never been able to understand concerning revenue expenditure versus its net income is that when incentive is not provided, unemployment is created.

That is precisely what the Government has done, budget after budget, with Turner being the apostle of deficit financing, excessive taxation and over-expenditure of public revenue. He started it, and he certainly converted the apostles who followed in the field of Government finance.

We need a new Income Tax Act and we need a new Government that understands where revenue comes from, that understands it comes from profitable companies, from a productively employed work force, from a striving, thriving economy, not one which is choked to death by one taxation structure after another as in this country.

Mr. Huntington: Absolutely right.

Mr. McCain: And you sit there and grin, my friends?

Mr. Huntington: Fleming.

Mr. McCain: Mr. Speaker, do not get worried; I would not waste my breath on him.

I received a call from a gentleman who is involved in the tax structure since he happens to be a chartered accountant. He said: "In my career as an accountant I have never seen people being stripped of their working capital as the Government is presently robbing them, directly and indirectly, of the working capital which is so badly needed".

Mr. Huntington: Illegal, too.

Mr. McCain: He said: "I have never seen incentive being stripped along with the working capital as it is being stripped from the private sector in this day's society by the Government, with its successive budgets. I have never seen so many of my clients determined that they shall take whatever tax advantage they can, then take their money and retire very prematurely." He also said: "In my community, unemployment is increasing because people are taking their marbles, quitting the game and going home because of the disincentives resulting from what is happening here".

Concerning cash flow, the Government is prepared to assist Massey-Ferguson financially, but is not prepared to allow farmers to have the capital cost allowance to which they have been accustomed and which enabled them to buy farm equipment. The Government is prepared to back the Chrysler Corporation and the auto industry in general with hundreds of millions of dollars, but does everything possible to constrict the purchase of automobiles by removal of the capital cost allowance, by the change to the expense deductions of travellers, by the change in the opportunity to purchase executive cars. If there was ever an example of someone really trying to take advantage of it, it is myself. In my business and political career, I traded cars not less than every two years. My wife now has the use of one automobile which is five years old, and the one which I prefer to drive is four years old.

Mr. Cosgrove: You are lucky, you have two cars.

Mr. McCain: There are at least six automobiles which I have not purchased on the consumer market because of the tax structure which has been imposed on the nation. The idiots can sit and laugh at the economic realities, but it was better for me to take 20 per cent interest on the trading money and keep the old car than it was to trade and have that money tied up in an automobile.

Some Hon. Members: Hear, hear!

• (1230)

Mr. McCain: They laugh while the unemployed autoworkers starve. That may be funny, but they should ask the gentleman from Oshawa what he thinks about that kind of idiocy.

I abhor the idea that we have goons in the National Revenue Department going through files as far back as five, six, eight and ten years to see what a fisherman's income was and whether he paid his taxes. What did the fisherman use for bait in his lobster traps and what was his expense? These goons go back four years and say to a fisherman that his expenses for lobster bait were excessive, and he cannot satisfactorily substantiate them. Fishermen had 300 lobsters in the water and are allowed depreciation on those traps, but are not allowed anything for the expense of baiting them. The Department of Fisheries established a figure in a particular year. I asked the then Minister what it cost to bait a lobster trap and was told that the cost was estimated at $15 per trap. The fisherman was allowed no cost for baiting his lobster traps on his return so there is $4,500 at an absolute minimum on which he is now being asked to pay back taxes. That is a goon type of collection system.

What is the situation with the farmer or the fellow who is trying to become a farmer in Prince Edward Island or New Brunswick, working at a job while trying to establish himself on a farm? He is considered as a hobby farmer. The Revenue officials go back four, five, six and eight years and say that this individual never made any money while trying to get into the farming business, so it is a hobby farm and he cannot be allowed any expenses in that regard. This individual is then told he owes taxes for that four, five, six or eight years. This policy is sucking the incentive out of the guy who wants to be a farmer, and there are many in P.E.I. and New Brunswick who do want to be farmers and are working day and night to get there. Yet these goons from the tax Department reassess them and take the incentive from these guys who have saved for years.

Let us suppose one of these individuals wants to appeal. He does not like what has been done. Such an individual in New Brunswick finds that he has been assessed in St. John's, Newfoundland. That is where the assessment or the revision of the tax requirement has been made. The individual appeals and all at once finds that he is addressing his appeal to no one else but the guy who did the reassessment. How is he going to win? He has no reasonable access to the courts and is merely appealing the assessment of one civil servant to another, and they all seem to be covering up their tails very nicely. In this way one will not appear to be making a mistake that can be overruled by another. The success rate of appeals from these reassessments is idiotically lacking. These people are being punished by a greedy Government with this group of people in place. For God's sake, I wonder if they are working on commission. They are certainly working without mercy as they assess or reassess fishermen, farmers and foresters.

We need a new tax Act and all the patches the Government can put on the present Act will never correct the inequities that have been brought about by irresponsible individuals who are described by the Hon. Member for Capilano (Mr. Huntington) as people who perhaps have never had to work in the open marketplace and seem to be pretty determined that no one else shall thrive in that area.

A chartered accountant said that we ought to give this Bill the attention it deserves. He said the place for it is the garbage can, and that is the attention it deserves. The Government should be asked to start over and bring in something that is definitive and understandable. This chartered accountant deplores the idea that people should be targeted as groups and that goon squads should go out to investigate the good work people have done. He deplores the fact that it is no longer the concept of the Canadian Government that one should be able to make out his own income tax return.

The initial concept of income tax was that it should be simple, there should be rates and certain deductions spelled out. There should be a single sheet income tax return so that any high school graduate would be competent to assess his own tax liability. In the early days there were very few reassessments.

We now have something which makes it impossible for the individual to file honestly. If he tries to file his return himself he is penalized and eventually has to go to an expert chartered accountant, or some other member of the accounting group, to bail him out of the interpretation that is placed on his return. The individual files the return honestly, but often the return is not acceptable to those who re-inspect, re-evaluate and reassess, and then stand firm on that reassessment without appeal. These people do not understand how to use the courts properly and are victimized in this situation. We need a new Act.

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, I think this may be the first opportunity I have had to congratulate you on the appointment to the position you now hold. As a New Brunswicker I take great pride in having the opportunity to do that.

When asked to provide a list of the changes that had been made to budgetary measures since November of 1981, the Department of Finance simply stated it had no such list. No wonder; there have been 47 changes to the November, 1981 budget.

One welcome change is that the Government will not tax employee health and dental benefits as originally planned. Another is that the implementation of the shift in the manufacturers' sales tax to the wholesale level is to be delayed until mid-1984. In the interim, the Government has indicated that it will work with industry to explore ways of modifying the proposals.

Bill C-139 now before us seeks to implement many of the hodge-podge of Government measures, and it is one of the most complex tax Bills since the introduction of the 1971 reforms. The hardest hit by this Bill will be low and middle-income Canadians who will gain little or nothing from the lowering of marginal tax breaks, and who will lose proportionately more from partial deindexation.

The taxation of housing loans will make it hard to recruit employees who must relocate. For those who already have loans, a taxation of this benefit may represent a rude shock that was not anticipated when the employee accepted a housing loan as part of a relocation package.

The restrictions of owner participation in deferred profit-sharing plans will discourage the owners of small firms from offering to their employees a plan for which they themselves are not eligible.

In its analysis, issued November 13, 1981, the accounting firm of Coopers & Lybrand suggested that the most disturbing thing about the November budget was its anti-business bias and its doctrinaire opposition to any form of tax relief and deferral.

The November budget attacked business as if it were a dreaded disease instead of being the principal force for economic growth and job creation. That budget eliminated many incentives for investment. Each of these incentives was originally placed in the Income Tax Act to encourage entrepreneurial activity and investment.

For example, the half-year convention will limit the capital cost allowance depreciation to half the normal rate in the year that an asset is purchased. This will significantly reduce the cash flow of a firm in the year that an asset is purchased. It will discourage capital investment at a time when the economy is in dire need of stimulus. It will hinder the retooling of Canadian manufacturers as they face the challenge of the 1980s.

Until the November budget, companies could make interest-free loans to employees to enable them to purchase shares in the companies for which they work. The taxation of benefits resulting from share purchase loans will reduce the healthy trend toward employee share ownership.

In November, 1981 the budget transformed the Small Business Development Bond from a development vehicle to a bail-out vehicle. Firms seeking financing from the Small Business Bonds are often faced with an interesting catch-22 situation. Financing is only available to firms in financial difficulty, but, as the bonds are not Government-guaranteed, the banks may not lend money to such businesses.

• (1240)

The November, 1981 budget proposed to end the immediate write-off, in full, of soft costs incurred prior to completion of construction. These include such expenses as promotion, legal and accounting fees, mortgage fees and interim interest expenses. These costs must now be capitalized and written off at the same rate as a building. Soft costs such as these are incurred in the construction of new factories, new wings for motels and new warehouses and, as in the case of a multiple unit residential building, they must now be capitalized.

Every time a new job is created, a new taxpayer is also created. If the 1.5 million Canadians who are now unemployed were put to work and over a period of years they paid $10,000 each in income tax, our revenues would swell by $15 billion. Our Unemployment Insurance and social justice payments would diminish radically so that those moneys too could be used for the betterment of all Canadians.

As I come to the conclusion of my short remarks, I would like to leave with the House for consideration two thoughts. At

the corporate level, what if small businesses starting up in areas suffering from regional disparities were provided a 150 per cent tax credit to cover capital costs and labour costs for the first three years of operation? I am not talking here about an outright grant. I am speaking rather of allowing a newly-established or expanded firm to apply these expenses against future income tax payable, thus providing the investor with an opportunity to recover his investment plus 50 per cent, and his labour cost for the first three years plus 50 per cent. We would in this way create a new corporate taxpayer and ensure the creation of badly needed jobs, all without taking a cent from the federal Treasury, simply delaying the payment of taxes.

What if the capital gains tax were abolished? The enormous administrative costs which presently attach to the collection of these revenue already considerably offset any perceived fiscal advantage. Even if we accepted at face value the $400 million which the Government presently collects in capital gains tax, I would argue that the advantages of eliminating this tax in terms of potential domestic and foreign investment and the consequent creation both of jobs and of new individual and corporate taxpayers would be overwhelming.

I would urge the Government to study these two proposals and ascertain whether it feels, as I do, that they are worth looking at and could be feasible ways of bringing in new taxpayers and increasing our revenues with resultant benefits to all Canadians. This Bill in its present form reminds me of a nest of mosquitoes with a number of annoying bites. It should instead have been used to create a climate attractive to industrial development.

Mr. Albert Cooper (Peace River): Mr. Speaker, one thing I can say about Government Members not participating in the debate is that it certainly raises the quality of debate in the House of Commons. Quality of debate is a concern of people in my area. Bill C-139 is also a concern to people in Peace River country because it affects them so dramatically.

Yesterday in the House we spent some time debating the largest borrowing Bill in Canadian history. Today we are speaking about one of the largest economic Bills to come before us, 290 pages long. It makes a person wonder why the Government does not concentrate a little more on quality and less on quantity. This is especially true when one remembers that all 290 pages of this Bill are simply amendments to the tax Act. It is not a new Act, not a better one, but a confusing collection of amendments that I hesitate to call fine tuning.

This is especially true when one remembers that budgets are so crucial to the investment in, and well-being of, Canada. We can see that this Government does not intend to improve the investment climate or allow Canadians to plan for their future. This Government has made little attempt to make the tax Act rational. It has in fact made it harsher. It has adopted forward averaging and now you have to guess where you will be. It is reducing the capital cost allowance and plugging the loopholes. In many cases the Government is in fact creating taxes where there were no previous taxes. For example, if you have a company car, a company loan or a life insurance policy, you are going to be looking at some taxes. You will in fact pay more tax and pay it more often.

The question that remains is whether the Government is in fact changing its mind about what Canadians should be encouraged to do. In the past, interest on loans to purchase RRSPs was deductible. That is no longer the case. This Bill reduces the dividend tax credit and restricts deductions for tuition fees. What we are finding is that these activities, where promoted in the past, are now not being promoted. We reduced the tax that you would have paid had you participated in the programs previously.

The Bill has made a complicated situation worse. Several of my colleagues have mentioned that fact. Many Canadians will need a good deal of help to do the Government's paper work, to do their own taxes. Payment for this help is not tax deductible for the majority of the Canadian people.

This Government will still insist that it be paid. Bill C-139 provides that the Government may garnishee money owed the taxpayer 90 days in advance of the funds becoming due to the taxpayer; in other words, an advance garnishee. We also find that if taxes are in arrears, Revenue Canada can seize the business and run it for the benefit of the taxes. Revenue Canada will become the bankruptcy initiator of Canada. It makes me shudder to think of Revenue Canada grabbing companies across Canada. Who will do business with these seized companies? How well will the bureaucrats run them? Who will decide when they can be grabbed? That is probably the most fundamental question to be faced. What do we think this will mean in terms of this new power when Canadians are already disenchanted with federal policies and the authoritarian actions of this Government?

This Bill gives with one hand and takes with the other. For example, we have the lower marginal tax rates, but on the other hand we have deindexing for inflation. The next budget will probably end the giving but do nothing about the taking. It is a vicious circle. Maybe they will take a different tack altogether and make it a highly political budget. That will give the Government a chance to play hero by reducing the marginal tax rate every year, something which the inflation index in the tax Act did automatically.

I have to say that this Bill will do some good. First, RRSPs can be divided on marriage breakdown. Second, and this is fairly significant in my area, travelling expenses for medical reasons are given a more reasonable tax deduction. Many people in my area live 300 miles from medical specialists and must incur once or twice a month heavy and dramatic medical travel costs. A man in my riding now cannot write off such medical expenses. Perhaps with this legislation he will. That is an important measure in the Bill.

Why stop there? Why not go the extra step to meet the basic needs of Canadians? The prime reason for having a Government is to look after the Canadian people, not to put stumbling blocks in front of them, as is the case with so much of this Bill. Much more is needed to make the tax system a reasonable system for Canadians.

I want to give another example. In my area many farmers now have to hold down two jobs. This is particularly true with new farmers. They want one job because they want to farm, but they need the other one to make ends meet, to allow them to farm. In many instances, the income from the second job goes directly into the farm. They are making an investment in machinery, an investment in land improvement, which is very important in order to bring new land onstream, and an investment in livestock, their future capital base. They are making personal sacrifices to make their farms and their country a better place, yet the Income Tax Act actually penalizes them for their sacrifices.

• (1250)

If their income from the "other" job is greater than 50 per cent of the farm's income, they can only use something which has been called a "restricted farm loss". In fact, they are limited to a maximum deduction of $5,000. We all know that in today's farming business, particularly when you are trying to establish a new farm, $5,000 is peanuts. If the restricted farm loss had been tied to inflation, the figure would be significantly more equitable. In fact, it would be somewhere in the area of $20,000, not the insignificant $5,000 which farmers are given at the moment. Farm costs have risen so dramatically over the last five years that something must be done to encourage both new farmers and established farmers who are forced to seek income from other employment in order to maintain their farm as a viable operation.

Bill C-139 could recognize the inequities of the old Act. The Government could bring this restricted farm loss up to a viable level, it could index it to inflation, or it could even raise the ceiling for income from other sources. If nothing is done this investment in a very important sector of the economy—and it is certainly important in terms of the young farmers of the country—is going to grind to a halt. If we look at the average age of our farmers in Canada today, we find it is very high, around the age of 50. We must start bringing in new young farmers and the only way we are going to accomplish that is by making farming attractive and by encouraging them, rather than coming out with legislation that stifles their incentive and forces them to change their dreams and move from the country into the city.

I would like to remind the Government of three essential matters which fall under its responsibility towards Canadians. First, Canadians should be able to understand the laws which govern them. That is a very simple and basic right which Canadians should be able to expect. Second, Canadians should be encouraged to do the things which would improve their lot, and which in turn would improve the lot of this country. Third, the Government must, in terms of its responsibility towards the citizens of Canada, ensure that it is not too difficult for them to do those things which seem correct, and a simple example of that is my illustration of the farms in my own area.

Bill C-139 does not do any of these things, neither does it improve the present Act. This Government should be a good Government and not one that reduces Canadians to dependence on their Government.

Mr. Lorne McCuish (Prince George-Bulkley Valley): Mr. Speaker, I welcome this opportunity to speak on the second reading of Bill C-139, an Act to amend the Income Tax Act. Last December 7, this Government finally introduced the income tax legislation necessary to implement the November, 1981 budget. It took 389 days to introduce this Bill, a mammoth 600-page document. It has been said, Mr. Speaker, that if you give enough typewriters to enough monkeys, in time the law of averages will allow them to create a masterpiece. Certainly the Government has enough typewriters. We know they have enough monkeys. I believe they just ran out of time, sir.

At present there are four major revisions of the November, 1981 budget: the original budget itself; the budget as amended in December, 1981; the June, 1982 version; and the October 27, 1982 version. In addition, there have been minor announcements and clarifications on several occasions, such as the January, 1982 announcement of employee benefits. There have been extensive consultations outside this House as well as the debate within this Chamber on the provisions of the ill-conceived budget of November, 1981. On that point, I would like to give credit where credit is due and say I respect the present Minister of Finance (Mr. Lalonde) for going across the country to find out what people really have to say. Only time will tell, Mr. Speaker, whether or not the Minister listened.

There are many defects in this budget. I hope the present Minister of Finance will hear what my colleagues have had to say and take corrective measures before the Bill goes to committee. The Government seems to be listening and consulting, but despite the fact that there have been changes, the Government has not yet responded fully. Quite frankly, in reflecting upon all the wasted time and trouble which resulted from the original budget, the former Minister of Finance should have simply recognized the folly of his own budget, scrapped it and started over again from scratch. Neither he nor the present Minister of Finance has chosen to do this, which is precisely why we find ourselves in our present economic mess.

Bill C-139 is one of the most complex tax Bills since the introduction of the 1971 tax reforms. I have had an opportunity to wade through it, Mr. Speaker, and I would like to take this opportunity to address my remarks to specific examples showing which Canadians will be affected. The hardest hit will be low and middle-income Canadians. These are the Canadians who have been hit during the last 15 years of Liberal administration. They will gain little or nothing from the lowering of marginal tax rates and will lose proportionately more from partial deindexation.

The increased taxation of employee benefits will hit hardest those in the lower and middle income brackets. It will encourage employees to seek higher wage settlements at a time when moderation is indeed required. There are many examples in which employees have been receiving wage settlements in

excess of the Government's own six and five restraint program. The taxation of housing loans will make it harder to recruit employees who must relocate in order to retain their jobs. For those who already have loans, the taxation of this benefit will represent a rude shock which was not anticipated when the employee accepted a housing loan as part of his relocation offer.

Limitations on retiring allowances, termination benefits, and the $1,000 pension income deduction will make it harder for many Canadians to prepare for their retirement years. The restrictions on owner participation in deferred profit-sharing plans will discourage owners from offering a plan to their employees for which they themselves are not eligible.

The proposed taxation of the work-in-progress of professionals has been withdrawn, as outlined under Section 125 of the Income Tax Act. This will affect doctors, lawyers, accountants, dentists, veterinarians and chiropractors. This measure, however, remains in effect for engineers, architects and management consultants. That indeed, sir, is a discriminatory measure. It will create an administrative and tax burden on those professionals who must not only estimate the value of their work in progress, but pay tax on work which has yet to be billed.

A provision of this Bill which I find particularly disturbing is the removal of some of the secrecy provisions of the Income Tax Act. Revenue Canada will now be able to share tax information with other federal and provincial officials for the enforcement of exploration programs, for compiling statistical information, and for enforcing the Unemployment Insurance Act or other prescribed employment programs. These are only a few of the many changes to the Act which will affect countless Canadians from coast to coast.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

NUCLEAR ARMAMENTS

FUNDS FOR PROTECTION OF PEOPLE

Mr. Henri Tousignant (Témiscamingue): Madam Speaker, I am a little saddened and perplexed by our modern day

pacifists who stand up and protest against any military organization developed by allied countries. If we look at the world today, Madam Speaker, we realize that the free world is shrinking and that the number of countries belonging to that community is diminishing steadily. In an ideal world, we all would prefer to have budgets used for peaceful ends, but who is going to guarantee that our opponents are acting in good faith? If tomorrow, people were to demand that all police forces in Canada be withdrawn, I would be the first to agree, Madam Speaker, provided I have a guarantee that no more crimes will be committed.

How could we expect this kind of guarantee from a system or power that since the beginning of this century has shown no hesitation in torturing and executing, often for no good reason, millions, I repeat millions, of people, brothers, sisters and fellow citizens. When all is said and done, Madam Speaker, I think I would rather die in a nuclear holocaust than live in a country where I would not even be allowed to think for myself.

* * *

[*English*]

EXTERNAL AFFAIRS

UNITED STATES JUDGMENT ON NATIONAL FILM BOARD DOCUMENTARIES

Mr. Jack Murta (Lisgar): Madam Speaker, Canadians were shocked and somewhat angered by the recent United States Government decision to label as "political propaganda" three National Film Board films, two on the subject of acid rain and one on the subject of nuclear arms. This silly and ill-thought-out decision taken by our American friends represents poor judgment on the part of the United States administration, and can serve no useful purpose.

If our two countries have problems, and they do, then surely the way to deal with these problems is by open and direct dialogue. Moves such as labelling films produced by the National Film Board "political propaganda" serve only to dismay those of us who support open and free Government, and invite greater criticism from America's opponents.

The Canadian Government must register its concern with Washington and urge that greater caution and sensitivity be used in the future. To label those films as propaganda is wrong, misleading, and inaccurate. To try to influence Canada's thinking or our decision-making process by this measure, sorely underestimates the Canadian people.

S.O. 21

CANADIAN NATIONAL RAILWAYS

EFFECT OF NAKINA RUN-THROUGH PROPOSAL ON NORTHERN ONTARIO

Mr. Keith Penner (Cochrane-Superior): Madam Speaker, I bring to the attention of the House a recurring northern Ontario problem related to the operations of the CNR. The problem to which I refer is known as the Nakina run-through proposal.

Simply stated, railway companies have determined that frequent crew changes are no longer required as they were in the age of steam. While this may be true in general, there are some exceptions. Northern Ontario, with its more severe weather conditions, the monotony of running a train through a seemingly endless coniferous corridor, and the difficulties associated with track and roadbed maintenance, are all good reasons for the continuation of a crew change at Nakina.

During the early 1970s the CNR got one foot in the door by gaining agreement to run-through one freight train per day. Based on this experience it argues that its point has been proved. This is not so, say railroaders, because this one freight train is being given a priority by train masters.

In 1964 the Nakina run-through proposal led to a wildcat strike and an inquiry which gave us the Freedman Report. Unions are now obliged to negotiate with the company the terms of a run-through on behalf of members who are adversely affected, but the unions remain strongly opposed to the Nakina run-through.

The CNR is widely regarded as northern Ontario's least responsive and responsible corporate citizen. We had hoped that the appointment of a new president and a new chairman of the Board of CN would improve the situation—

Madam Speaker: Order.

* * *

[*Translation*]

AGRICULTURE

PUBLICATION OF ADVERTISEMENT IN QUEBEC

Hon. Roch La Salle (Joliette): Madam Speaker, in connection with the grain transportation policy, on February 9 of this year, in his answer to the Member for Elgin (Mr. Wise), the Minister of Agriculture (Mr. Whelan) stated: In Quebec, the Government of Quebec has led a special propaganda program, and I feel that by saying this, the Minister misled the public. On February 22, the Minister informed the Member for Humboldt-Lake Centre (Mr. Althouse): The Province of Quebec, especially, has taken out huge ads, with movies and side displays et cetera. We are estimating that the total ad program will probably cost around $350,000.

To clarify the issue, I would like to straighten out the facts. I think the Minister was no better informed than his colleague was in a matter that has now become something of a cause célèbre. The Quebec coalition includes the FPU, the Fédérée, millers, agronomists, the Quebec Departments of Agriculture and Transport and even the Quebec Liberal Party. The coalition's advertising expenditures amounted to $6,089 and that was for invitations to local meetings. The Government of Quebec contributed 25 per cent of that amount and produced a slide display with funds from the Department of Agriculture. The coalition's only other source of income is the sale of buttons.

Instead of saying that a provincial Government has launched an aggresive propaganda campaign, and trying to demonstrate the need for a Canadian program to promote a policy that has been criticized by everyone, perhaps the Minister should check his sources and so be less likely to mislead the House. We all know now what the consequences can be, and the Minister should provide evidence before stating—

Madam Speaker: Order, order.

* * *

[*English*]

EDUCATION

SUGGESTED CHANGES TO STUDENT LOANS PROGRAM

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, the Canada Student Loans Program is supposed to give all Canadians a better chance to get a college education or to get the training necessary to find a job in our technologically advanced society. At the present time the Program is failing on both counts.

High interest rates and a 22 per cent youth unemployment rate are very real barriers to kids from working class families who want an education but worry about being saddled with a large debt and no way to pay it back after graduation.

Also, the exclusion of part-time students from eligibility under the plan makes it impossible for many unskilled workers and single parents to improve their training while taking care of their other responsibilities. I therefore call on the Government to take positive action on two counts to call a moratorium on student loan interest charges for recent graduates who are unable to find work, and to review the loans Program to allow part-time students to get federal assistance to attend school and upgrade their skills.

* * *

THE ECONOMY

INDICATIONS OF RECOVERY

Mr. Jim Schroder (Guelph): Madam Speaker, although Canada has been able to survive the recession better than most other countries, there is no denying that the last few years have been very difficult for the many Canadians who lost their jobs or, in the case of young people, have not been able to get jobs.

It is encouraging to see some good news in the latest Statistics Canada figures. Consumer demand is up, and since inventories are down we can expect that laid-off workers will be recalled to start manufacturing the goods that people are again buying. Auto workers have been recalled in Oshawa and in Ste. Therese, Quebec, and lumber mills in B.C. are busy again. House sales are up in Toronto, where January and February sales have continued high; in fact February's sales were the highest for any February on record, except for February, 1981, when Metro Toronto was in the middle of a housing boom.

There are, then, indicators that the Canadian economy is moving toward recovery. As confidence grows, hope for the jobless will increase. It is therefore time that Parliament got back to the business of the House which will enhance the confidence and hope of all Canadians.

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BROADCASTING

TABLING OF GOVERNMENT STRATEGY

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, the Canadian broadcasting industry is heavily regulated by the federal Government. It employs thousands of Canadians, spends hundreds of millions of dollars each year, and determines what we will be able to see and hear.

Following Question Period the Minister of Communications (Mr. Fox) will table the Government's broadcasting strategy. Members had a right to expect that, on an issue as important as this, the Minister would make a statement and answer questions from Members. Instead, in order to avoid comments and questions, the Minister will simply take the documents and flee the House to a press conference.

• (1410)

A week ago today, the President of the Treasury Board (Mr. Gray) had one of the first statements on motions in the House in the past year. That worked very well for all Members on all sides. Last fall Members met with emissaries from the Minister of Communications who asked that the broadcasting strategy and the Applebaum-Hébert Report be dealt with in a non-partisan way. We thought the Minister meant it when he talked about good faith. We find now that the Minister is prepared to do an end run on Parliament in order to avoid allowing Members of Parliament to do their job.

Members on our side regret the Minister would seek to undertake this project by poisoning the atmosphere in which his document will be studied, but his actions confirm that the Liberal Government uses Parliament not as the central institution in Government but as an obstacle.

S.O. 21

[*Translation*]

INCOME TAX

RESTAURANTS AND HOTELS—RATIONALIZATION OF WORKERS' STATUS

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, restaurant and hotel workers who obtain a substantial part of their salary through tips are now being harrassed by the Department of National Revenue, which intends to tax the tips received by these workers. Although they do not object to paying their fair share of income tax, they do want a square deal, that is, they are prepared to pay tax on their total income, provided they are given normal employee status and thus social insurance and social benefits calculated on their entire income—on the same terms as other workers—including unemployment insurance, workmen's compensation, maternity leave, annual leave, bonuses and statutory holidays, and of course,the pension plan. I would ask the Minister of National Health and Welfare (Miss Bégin) to start talks as soon as possible with the Minister of National Revenue (Mr. Bussières), with a view to rationalizing the status of these workers. "No taxation without social benefits".

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[*English*]

UNEMPLOYMENT INSURANCE

DENIAL OF BENEFITS DURING JURY SERVICE

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, I would like to bring to the attention of the Government an anomaly which occurs under the Unemployment Insurance Act when a person who is collecting unemployment insurance benefits is called for jury duty.

This situation arose with a constituent of mine who served jury duty for four days in February and was subsequently denied unemployment insurance benefits for those four days because he was technically not available for work during that time. In effect, my constituent has been penalized for performing his civic duty.

At present, if an individual is called upon for jury selection in the Province of Ontario, for the first ten days he is paid $10 per day, plus a travel expense of $2.50, for a total of $12.50 per day. This has been the fee since 1959. Should the trial run 11 or more days, he will then receive $40 per day. This innovation was introduced in 1980. This procedure with some variation is followed by all Provinces.

My constituent had been receiving $42 per day in UIC benefits, money which he urgently needed to provide food and shelter for his family. Given the per day rate of $12.50 for his jury services, he was therefore out $29.50 per day for the four-day period, bringing his total loss to $118, money which he needed.

I would like to suggest two possible courses of action by the Government to remedy situations such as this. First, the

federal Government could make appropriate amendments to the Unemployment Insurance Act—

Madam Speaker: Order, please.

* * *

ST. DAVID'S DAY

CELEBRATION OF PATRON SAINT OF WALES

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, today, March 1, is celebrated throughout the world by men and women of Welsh origin in honour of their patron saint, St. David. Today is St. David's Day. In marking this occasion and extending parliamentary greetings to all Canadians of Welsh descent, I think we should extend as well Canada's thanks—

Madam Speaker: Order, order. I do not know what the rest of the statement will contain, but the Hon. Member knows that statements under the provisions of Standing Order 21 must not be used for congratulatory messages.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, I am merely conveying a message to Canadians through this means. I think we should extend Canada's thanks to the Welsh community of New York City—

Madam Speaker: No, no, that is not in order; that part of the statement is not in order. Perhaps the Hon. Member has other things in his statement which could be accepted, but now the time has expired and I have to go to Oral Questions.

ORAL QUESTION PERIOD

[*English*]

CONSUMER AFFAIRS

INCREASE IN PRICE OF GASOLINE—REQUEST FOR TAX REDUCTION

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs who will know that today consumers are paying 3.5 cents more per litre, or 11 cents per gallon more at the pumps, than they did yesterday. We Progressive Conservatives were defeated because of an 18-cent excise tax. This Liberal Government has broken an irresponsible election promise, with the result that Canadians are now paying quite a bit more for gasoline than are the Americans, and yet Canadian producers of crude oil are getting less than 75 per cent of what American producers are getting. The difference, of course, is the tax burden imposed by Governments, a massive revenue grab that must be stopped.

Has the Minister of Consumer and Corporate Affairs asked his seatmate, the Minister of Finance, or the Minister of Energy, Mines and Resources, to lower some of those taxes in order to live up to the Liberal election promise and to ease the impact of inflation on consumers?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, obviously, if the Canadian consumer had to pay an additional 18 cents in excise tax, the price of gas in Canada would be even higher.

Fortunately, the Canadian public voted the Progressive Conservatives out of office, and now at least it does not have to pay the extra 18 cents.

[*English*]

Mr. Scott (Hamilton-Wentworth): Madam Speaker, that is a pretty feeble answer. When the Conservative Party gets back into office, we will be treating Canadian consumers and oil producers much more fairly than this Government is doing.

Some Hon. Members: Hear, hear!

Mr. Scott (Hamilton-Wentworth): I am not expert on energy prices, but as a consumer I can say that unless and until the energy pact is renegotiated, everybody loses except the Government.

* * *

ENERGY

CANADIAN OWNERSHIP CHARGE—REQUEST FOR REMOVAL

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my supplementary question is directed to the Minister of Finance. Among the taxes that Canadian consumers have had to pay is the Canadian ownership charge which is used to buy service stations for Petro-Canada. Will the Minister commit to the House that, just as soon as the Petrofina purchase is paid off, the Government will at least remove this tax and give consumers a break? While he is on his feet, will the Minister also introduce in his next budget an energy tax credit to assist people on low incomes, especially the elderly, with oil-heated homes, who have no way of absorbing these price increases?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is not following press releases very closely. It was already announced last year under the arrangement concerning Dome Petroleum that funds would be made available as an investment by the Government of Canada into Dome and that the investment would be financed by the Canadian ownership charge.

Mr. Blenkarn: Shame.

Mr. Lalonde: The Hon. Member for Mississauga South just woke up, Madam Speaker. He has probably been asleep for the last year.

As far as the other question raised by my hon. friend is concerned, obviously he will have to wait for my budget, but I

would like to draw to his attention a very important statement which was made this morning on television by the Premier of Alberta, Mr. Lougheed. He stressed quite strongly that, under current arrangements, Canadian consumers have benefited from a very large subsidy through the National Energy Program. That was the testimony of the Conservative Premier of Alberta. I suggest that my hon. friend should at least look at the record in that regard.

Mr. Scott (Hamilton-Wentworth): When it comes to the taxes that this Government is putting on the price of gasoline, more than 60 cents per gallon is a federal tax on the production of food. I hope the Minister will look at that as well, in terms of reducing the burden on farmers in his next budget.

IMPOSITION OF TAXES BY CONSUMING PROVINCES

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my final supplementary question is directed to the Minister of Energy, Mines and Resources. When we go to the pumps, two-thirds of what we pay is taxes and one-eighth is for the price of crude oil. Since the federal Government has agreements with the producing Provinces on the price of crude, why has the Government not initiated talks with the consuming Provinces regarding their tax rate levels, which clearly have a bigger impact upon consumers than the price of crude oil itself?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I am glad that the Hon. Member confirmed that consuming Provinces contribute to the price through provincial taxes, and in some Provinces that is the major component, namely, my own Province of Quebec with its *taxe ascenseur*. I just say that to confirm that there was an increase today in the price of from 2.7 cents per litre to 3 cents per litre. But the Hon. Member forgot to mention that there was a decrease of 2.5 cents a litre on January 1. Therefore, the net increase since last fall is only one-half a cent per litre.

* * *

• (1420)

THE ECONOMY

GOVERNMENT JOB CREATION PROGRAMS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Finance. Yesterday, StatsCan confirmed that 1982 was the worst year for our economy since the Great Depression. But with Government spending estimated to increase next year at 17 per cent and the budget deficit estimated at $29 billion, the Minister has no room to spend on job creation programs. The Government is broke. Can the Minister give any hope to the 1,600,000 Canadians out of work that his forthcoming budget will do anything new to help them find a job?

Hon. Marc Lalonde (Minister of Finance): Yes, Madam Speaker, I can certainly give that hope.

Mr. Wilson: Madam Speaker, that answer in itself would give Canadians no hope. It will leave them with a great empty feeling in the pits of their stomachs.

REQUEST FOR STIMULATION OF SMALL BUSINESS SECTOR

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my supplementary question is also for the Minister of Finance. Yesterday, StatsCan also said that investment in new plant and equipment this coming year would drop by 14 per cent. That is about the same amount it dropped last year. This huge drop in spending on new investment in plant and equipment means a further loss of jobs in addition to the 1,600,000 people who are out of work today.

Will the Minister commit to this House that the main thrust of any stimulation in the budget will be directed to the small business sector which, in the past, created two-thirds of jobs in Canada and which was so severely attacked by the budget in 1981 brought in by his colleague, the former Minister of Finance?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I can understand that, as a good Conservative, my hon. friend would have his eyes set on the past. I invite him to look at the future and to realize that at the present time all economists and analysts from the business sector, as well as the economic community, are concluding that, indeed, the indicators point to a recovery and that the Canadian economy is in a position to grow significantly during the course of 1983. Obviously economists and other people disagree as to the size of the growth, but they all conclude it is positive.

As far as the point raised by my hon. friend concerning the small business sector is concerned, I want to remind him that I have had two meetings with representatives of the small business community, plus a number of other meetings with representatives of the business community at large. The problems of small and medium-sized businesses and the importance of the role played by small and medium-sized businesses have been greatly stressed to me. Frankly, as far as I am concerned, I am convinced that sector will be a major factor in any recovery. Certainly in the preparation of my budget I will want to bear in mind very significantly the fate of the small and medium-sized business community in our economy, and I hope the measures which I come up with will have the support of my hon. friend.

* * *

NATIONAL ENERGY PROGRAM

PRICE OF CANADIAN OIL

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. On September 18 the former Minister of Energy assured Canadians that the price of

old oil produced in Canada, which is 90 per cent of our production, would never exceed 75 per cent of the international price. Yesterday the Prime Minister met with the Premier of Alberta to discuss the situation. Will the Prime Minister assure Canadians that the promise made by the Canadian Government in terms of pricing will be maintained so that if world prices continue to go down, Canadian prices will also go down?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can assure the Hon. Member that the Minister of Energy and myself when we met with the Premier of Alberta made that very point. As the Hon. Member knows, the Premier holds the contrary view, but we hold that the interpretation of the agreement was to ensure Canadians that our price would be at 75 per cent of world price.

EFFECT OF DROPPING WORLD OIL PRICES

Hon. Edward Broadbent (Oshawa): Madam Speaker, for purposes of clarification, Madam Speaker, considering that jobs in the forest sector, the fishery, the automotive and the steel industry, in fact in every part of the economy, will be affected by changes in energy prices, is the Prime Minister saying unequivocally that the Government of Canada will ensure that, if world oil prices go down, oil prices charged to Canadian consumers will also go down?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that is the very question we examined yesterday in the meeting with Premier Lougheed. Of course, not only in our discussion yesterday but in the form of a question it is hypothetical. There was no immediate need for action at this time because Canadian consumers are benefitting, thanks to the national energy policy, from a price which is only at 75 per cent of world prices for old oil. But the hypothesis which the Hon. Member examined led us to talk about the future.

I can only say that the 75 per cent pricing arrangement was contained in an agreement we had with the Province of Alberta. In fairness to the Province of Alberta, I must say that it holds a contrary view. Alberta holds the view that the 75 per cent rule was meant to protect Canadian consumers against ever escalating prices of world energy, that they were not meant to protect the Canadian consumer against the hypothesis of falling energy prices.

It is an honest disagreement on the meaning of the agreement we have with Alberta. The Premier has expressed his views, and we have expressed ours.

COMMITMENT SOUGHT ON GOVERNMENT POLICY

Hon. Edward Broadbent (Oshawa): Madam Speaker, I am not asking the Prime Minsiter for his interpretation of what the accord meant. I am asking him to give a commitment in terms of his Government's policy, not the policy of the Government of Alberta. Will he tell the House unequivocally that, if world prices continue to go down, the commitment made by his then Minister of Energy, concurred in by the Minister of Energy from Alberta in the communiqué, on Canadian competitiveness in international markets, will be maintained so we will get badly needed jobs for Canadians who are out of work?

An Hon. Member: No vacillating.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I hear support for that point of view from the Tory benches. I can assure the House that we will need support from all sides of the House.

Mr. Hnatyshyn: You need support from everyone.

Mr. Trudeau: Exactly; particularly from the Hon. Member for Saskatoon West, because I can recall when that Province was led by an NDP Premier, the NDP Members of this House were not as vocal as they are today in imposing unilaterally on the Province our interpretation of the agreement. I just say I can give that commitment in so far as our intentions are concerned and in so far as the policy as we see it. But the Hon. Member has to realize that there was an agreement between the Province of Alberta and the Government of Canada. I think the Leader of the New Democratic Party would be the first to blame me if I gave him the assurance that I will impose my view of that agreement without considerating the view of the Province of Alberta.

Mr. Broadbent: It was Alberta's view on September 18.

* * *

HOUSE OF COMMONS

APPEARANCE IN GALLERY OF ONTARIO PUBLIC ACCOUNTS COMMITTEE

Madam Speaker: May I welcome Members of the Public Accounts Committee of the Province of Ontario, chaired by Mr. Patrick Reid, who are seated in our gallery.

Some Hon. Members: Hear, hear!

* * *

IMMIGRATION

PLIGHT OF IRANIAN STUDENTS IN CANADA

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, I have a question for the Minister of Employment and Immigration. For some time now there has been a critical problem regarding approximately 1,000 Iranian students in Canada whose funding has been cancelled by the Iranian Government. They are unable to return to Iran for fear of repression. Could the Minister tell the House what steps he is now ready to take to assist in this serious problem and allow these Iranian students to stay in Canada?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, since 1979 and the major

upheavals in Iran we have not taken any steps to deport or send people back to Iran. It looks quite clear that conditions will not change in the immediate future. We will apply the same special measures to the 2,000-odd Iranians in the country, including the 1,000 students whom the Hon. Member mentioned, as we have applied to the Salvadorans, Lebanese, and Polish groups. That means that if they have families in this country they can apply for landed status or, if they have been here for a 12-month period and can demonstrate some capacity to settle in the country, we will also provide for landing. I hope that this will be a proper response to the difficult situation faced by those groups, particularly the students, and that we will be able to protect their human rights in that circumstance.

* * *

• (1430)

THE ECONOMY

GOVERNMENT BORROWING—SIZE OF PUBLIC DEBT

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is directed to the Minister of Finance. He indicated in his earlier answer to the Hon. Member for Etibocoke Centre that he is waiting for an economic recovery to bail us out of our economic crisis. At the same time, however, the fastest growing envelope for Government spending is not job creation measures or social safety nets; it is the public debt which has grown from 12.6 per cent to 20 per cent of total outlays in just four years. How does the Minister justify his bid to borrow another $19 billion when the Estimates show that no serious attempt has been made to constrain Government spending?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member, who has a background in economics, ought to know that a recession is not the right time to try and balance a budget or have a budget surplus. In a recession like the one we have just experienced, it is perfectly normal that the Canadian Government should have a substantial deficit. That deficit is due to well known cyclical factors, namely a very substantial increase in unemployment and lower government revenues as a result of a drop in the amount of taxes paid by corporations and individuals. So this is a generally known strategy that is supported by economists throughout the world as an anti-recession strategy, and I am surprised that my hon. colleague should be concerned about this.

[*English*]

INCREASE IN GOVERNMENT SPENDING

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is also directed to the Minister of Finance. I am glad that he admits that it was the Liberal Government's strategy to take a $10 billion deficit into this recession to start with.

How does the Minister of Finance justify a 17 per cent increase in Government spending, as shown by his own figures in the Estimates, when the Government has imposed 6 per cent and 5 per cent restraints on old age pensioners, civil servants, and families receiving Family Allowances?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the figures in the Estimates that were tabled last week represent an increase of 9.6 per cent over expenditures for 1982-83. Now I would like to ask my hon. colleague the following question. Does she feel that the Government should stop paying interest on Canada Savings Bonds, which were purchased by Canadians. Should the Government refuse to pay its share of medical insurance, health insurance, unemployment insurance and welfare payments which are now helping millions of Canadians who are in need? If that is the position of the Progressive Conservative Party, I would understand, but I can assure the Hon. Member that it is not the position of this Government.

* * *

[*English*]

CUSTOMS AND EXCISE

REQUEST THAT DUTY-FREE STORE BE OPENED IN FORT ERIE, ONT.

Mr. Girve Fretz (Erie): Madam Speaker, my question is directed to the Minister of National Revenue. At the opening of Canada's first overland duty-free store the Minister stated that he looked forward to opening a series of these stores across Canada at Canadian-United States border crossings. Since Fort Erie is in my riding and is the largest single vehicular point of entry, when does the Minister plan to open one of these overland duty-free stores in the town of Fort Erie in my riding?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, we, that is, my predecessor and myself, negotiated the establishment of duty-free shops as a pilot project. Most of the provinces negotiated with us in good faith, and we were able to agree on the sale of liquor in those shops. Unfortunately, we were unable to reach an agreement with the Government of Ontario. I suggest that the Hon. Member get in touch with the Government of the Province of Ontario and urge it to follow the example of other provinces and thus negotiate a satisfactory agreement with the Canadian Government with respect to the sale of alcohol in duty-free stores on the border between Ontario and the United States.

[*English*]

REQUEST FOR MINISTERIAL COMMITMENT

Mr. Girve Fretz (Erie): Madam Speaker, if the Minister receives a favourable response from the Province of Ontario, is

he then committing himself to opening a store in the town of Fort Erie in my riding?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I understand the Hon. Member's concern for his own riding. I also imagine that there are many Members from Ontario who are equally interested in having a duty-free store in their ridings. I shall bear the Hon. Member's representation in mind, and I hope that he will manage to persuade the Government of Ontario to reach an agreement with us.

* * *

[*English*]

AIR CANADA

STATUS OF DISCOUNT SEAT SALES

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is for the Minister of Transport. Due to the importance of the issue I have given the Minister notice of the question. I would ask him to explain to the House why Air Canada promoted and sold discount seat sales before it had prior approval from the CAB and, in view of another deadline coming in this mess, what is the present status?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the system that exists now is fairly clear. Carriers can advertise and, when they do, they have to say "subject to the approval of the Government of Canada". They then have to file and then they can subsequently sell. That is the system. It is clear.

The justification for this system is simply the rules of competition, the requirements of marketing. If a company comes out with a sale such as the one Air Canada had, it wants to be first. The need to be first is part of the competition. The system is also predictable.

Mr. Nowlan: Are you making plans on a predictable basis?

Mr. Pepin: Yes. It is a predictable system because in most instances, 90 per cent or more, these special discounts go through. In this particular instance, the one we are concerned with, it was approved by the CTC as my hon. friend knows. It was also approved in principle by CAB in the United States. If my hon. friend read the documents he will know that they approved it. What they did after was to tie their approval to a condition concerning another company. So, what was unpredictable was the behaviour of the Americans in this particular instance.

REQUEST THAT PRIME MINISTER TALK TO UNITED STATES PRESIDENT

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, in order to bring some certainty and predictability to this very confused situation I wish to direct my supplementary question to the Prime Minister. Knowing full well that the Prime Minister and the President of the United States fly from country to country without CAB or CTC approval, and since it is clearly not competition but the use of innocent Canadian travellers as pawns in a regulatory fight between Canada and the United States, would he pick up the phone, if he has not already done so, and talk to his counterpart in the United States, President Reagan, to see if the CAB prohibition could be eliminated, that Canadians can travel, and that the two countries can work out their differences without using innocent Canadians as pawns?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can assure the Hon. Member that on this side of the House I have full confidence in the capabilities of my Ministers, and particularly in this case, of the Minister of Transport.

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THE CONSTITUTION

METIS REPRESENTATION AT FORTHCOMING CONFERENCE

Mr. Rod Murphy (Churchill): Madam Speaker, my question is also directed to the Prime Minister. As he knows, yesterday the Metis associations from western Canada walked out of the meeting of the Attorneys General on the Constitution. The position that has been taken by the Metis associations is that they are not represented by Metis at the First Ministers' Conference coming up on March 15 and 16. Will the Prime Minister act to guarantee that there will be seats for the Metis spokesmen at that Conference?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not been briefed on all the details of what happened yesterday but I can assure the Hon. Member that, when I sent out invitations to that Conference, I sent them out to official groups representing the Inuit, Metis, and Indian population. Therefore, the three aboriginal groups were invited to the Conference.

I know that within the Metis themselves there was a jurisdictional quarrel which, I was informed, had been solved previous to yesterday's meeting. However, if there are further difficulties we will try to assist in solving them. I would point out to the Hon. Member that it is up to the Metis themselves to decide first and foremost who should speak for them. It would be quite paternalistic if the Government were to designate the spokesmen for the Métis people as though they could not make their own choice themselves.

* * *

• (1440)

NATIONAL DEFENCE

TESTING OF CHEMICAL WEAPONS

Mr. Simon de Jong (Regina East): Madam Speaker, my question is directed to the Minister of National Defence. I have received U.S. Army documents dealing with the technical

co-operation program between Canada, the United Kingdom, the U.S. and Australia. Under this program, chemical biological and radiation weapon systems were tested and developed in Alberta, Saskatchewan, Newfoundland, and elsewhere. The documents quite clearly show that they were offensive attack purposes and involved tests concerning the spread of yellow fever, botulism, tuberculosis, genetic engineering, anti-crop agents, et cetera. I have passed this information and copies of the documents over to the Minister.

Will the Minister confirm that Canada was involved in the testing of offensive biological, chemical, and radiation weapons of war, and is he prepared to clear the public record by tabling in the House or before a parliamentary inquiry all documentation, past and present, relating to Canada's work on these weapons, before we start testing the Cruise missile?

Some Hon. Members: Hear, hear!

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the Hon. Member for Regina East is asking a question that deals somewhat with history. The policy of this Government as far as biological or chemical warfare is concerned is very clear. In 1925 we signed an international Convention prohibiting biological and chemical warfare. This policy formed part of the 1972 Geneva protocol. At the moment, in Geneva, we are pursuing the complete prohibition of stockpiling and production of any and all chemical weapons. This is still an issue before the disarmament committee in Geneva. It is true, however, that we as a country, including myself as Minister of National Defence, are burdened with the responsibility of protecting, by all possible means, our own soldiers and our own people against a possible attack of this nature by other peoples.

Miss Jewett: Chemical warfare?

Mr. Lamontagne: When we test this weaponry or do in fact make some use of it, we do so strictly on a defensive or protective basis; that is, to protect our own soldiers, just in case something happens.

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THE CONSTITUTION

WOMEN'S REPRESENTATION AT FORTHCOMING CONFERENCE—POSSIBILITY OF SUBSEQUENT MEETING ON ECONOMY

Hon. Jake Epp (Provencher): Madam Speaker, my question is directed to the Right Hon. Prime Minister. In light of the discussions now taking place with regard to the First Minister's Conference and the agenda of March 15 and 16, could the Prime Minister indicate whether invitations have been issued to women's groups so that they may be represented at that table, as well? Could he also confirm whether he has sent invitations to the Premiers for an economic First Minister's Conference the day after, namely, March 17, and, if so, will that be an open meeting?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in answer to the first part of the Hon. Member's question, my answer would be similar to the answer I gave with regard to the question of the Métis representation. However, I do not believe it is for the federal Government to designate the members of the delegations of the Provinces, of the Territories, or of the native people. We know that there will be women present on some of the delegations and, indeed, at the table in certain instances. Of course I cannot say, because I cannot dictate to the participants who their representatives should be, whether women will be on the delegations or not.

As to the second part of the Hon. Member's question, I did contact the Provinces to suggest that, since we were all in town for a constitutional conference, we should spend a few hours together discussing the economy. The Ministers of Finance of the Provinces and of the federal Government will be meeting next week. They may have some questions they want to refer to us, but they will certainly be considering short-term questions, because discussions will be in the context of the upcoming budgets of the Provinces and of the federal Government. I would hope that the provincial Premiers and myself would have some time to consider medium and longer term questions on the economy. I suggested an evening meeting, but I am open to counter suggestions by the Premiers with regard to the time.

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SOCIAL SECURITY

INDEXING OF OLD AGE PENSIONS

Mr. Gary F. McCauley (Moncton): Madam Speaker, my question is directed to the Minister of National Health and Welfare. As the Minister knows, there was a dramatic decrease in the Consumer Price Index in January. I wonder if she would care to inform the House what effect this will have on the indexing of Old Age Security pensions at the end of the first quarter of this year.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, senior citizens have just received in February, and will receive in March, cheques which were capped, each amounting to $250.62, but I have very good news to announce to all of them. The cheques for April—

Mr. Crosbie: Surprise.

Mr. Lawrence: Just read it.

Miss Bégin: —and all of the next quarter, because of the success of the six and five campaign, will be fully indexed for all seniors in Canada. In other words, inflation has dropped so much that they will not even be affected by the six and five campaign.

Miss MacDonald: Your legislation was not even necessary.

Miss Bégin: That is very good news, and the cheques will be approximately $254.

Some Hon. Members: Hear, hear!

Mr. Beatty: Why did you cap it, then?

* * *

INDUSTRY

ANNOUNCED CLOSURE OF CANADA PACKERS PLANT IN CHARLOTTETOWN, P.E.I.

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister responsible for regional development. Does the Minister agree that it would make better economic sense for his Department to help keep open the Canada Packers plant in Charlottetown than to spend huge amounts of money trying to attract a replacement plant or to be spending huge amounts of money on unemployment insurance for the employees laid off? If so, what possibilities, if any, are being pursued by the Government to save the plant which, as he knows, is the largest private sector employer on the Island, and which has announced it will close its doors in September?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Hon. Member knows, our Department has already given, if I am not mistaken, four grants to Canada Packers for its operations on Prince Edward Island. We are obviously very disappointed that the company decided, after all of this assistance, to close this operation. However, we have funded with the Province a federal contribution of 80 per cent of the cost of a consulting study regarding possible options for that operation.

MINISTER'S TALKS WITH COMPANY OFFICIALS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my supplementary question is directed to the same Minister. Has he discussed with any senior officials of Canada Packers in Toronto the plans of Canada Packers to close in September? If so, would he be good enough to inform the people of Prince Edward Island, through the House, especially the employees concerned, as to the substance of those discussions?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Hon. Member knows, we have discussions with regard to commercial confidentiality with all businesses across the country and it is very difficult to express those views in the House, but I will say that, yes, I have spoken to the President of Canada Packers with regard to its operations, not only in P.E.I. but also across Canada.

HEALTH

SUGGESTED CANADA-UNITED STATES AGREEMENT ON CARE FOR TOURISTS

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is directed to the Minister of National Health and Welfare. Every day Canadians on vacation in the U.S. are being denied emergency treatment until they pay deposits. Will the Minister approach her counterpart in the United States and negotiate a reciprocal agreement for delivery of health care to visitors?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, next month, I believe, I will be visiting my new counterpart in the United States, the person replacing Dick Schweiker. I will determine the substance and basis of this suggestion and will eventually place it on the agenda, but I am not sure right now of the parameters of the dossier.

TREATMENT OF CANADIANS IN FLORIDA

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my supplementary question is also directed to the same Minister. I am sure the Minister is aware of the fact, as described in *The Toronto Star* a few days ago, that Canadians are being held hostage by doctors and hospitals in Florida. This is causing great concern for Canadians visiting that State.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, we have reciprocity agreements with some countries, even on health matters. However, the main reason for success with other countries is that they also have public health systems with which we can deal on an equal footing. However, I will see what we can possibly do to resolve the problem. We are still recommending that Canadians visiting or staying for a few months in the States purchase personal insurance over and above the free national medicare.

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AUTOMOTIVE INDUSTRY

REQUEST THAT CANADIAN CONTENT LEGISLATION BE ENACTED

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is directed to the Minister responsible for international trade, and concerns jobs. About two weeks ago General Motors and Toyota signed an agreement to produce Japanese cars in California, providing about 12,000 jobs, directly or indirectly, to American citizens. In light of the fact that we are once again negotiating with respect to Japanese autos, and that past negotiations have failed in terms of Canadian content, I wonder whether the Minister would consider, in order to give himself some more bargaining power, introducing in this House, for first reading, a Canadian content Bill before negotiations continue on a very serious basis, so the Japanese

will see that we are serious about Canadian jobs here in Canada.

• (1450)

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I am glad to know that the Hon. Member is thinking about jobs, because I believe all Canadians are particularly concerned about that. I want to say to him, through you, most seriously that my first responsibility as Minister of Trade is to create Canadian jobs by the export of Canadian goods.

During all our discussions about autos the Hon. Member should keep in mind that we are selling record levels of Canadian goods abroad today, and that Japan is an extremely important and large customer. Our trade with Japan is very much in our favour. Let us keep in mind, first of all, that our negotiations should be carried on in such a way as to protect the Canadian jobs that exist. Having said that, we will be going back to the table with Japan for the remaining portion of this year and for a further time period, in the near future. At that time we will be negotiating the allowed levels of imports. I may say to the Hon. Member that protectionism in respect of auto content or the content of any other product is not in the Canadian interest as a free trade exporting country.

CANADA-JAPAN NEGOTIATIONS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, the Minister talks about free trade. I wonder if he really knows what the Japanese are like as negotiators. Japan is a country that now has an unemployment rate of some 2.3 per cent. I want to ask the Minister specifically, if he is interested in creating jobs in this country, would he not consider introducing, for first reading at least, a Canadian content Bill. If he does not want to do that, will he tell us specifically what his goals are in negotiating with the Japanese? What is the bottom line? Is he going to make sure that there will be the development of Japanese cars in this country with at least 85 per cent Canadian content?

Hon. Gerald Regan (Minister of State (International Trade)): First of all, Madam Speaker, I want to tell the Hon. Member that if we start legislating something like auto content or protective measures, then the other countries with which we trade will enact the same sort of legislation. Export markets are immensely important to Canada with our great resources, our products, and our small population. We, of all people, should not be putting up barriers of protectionism. When we are negotiating with the Japanese we will be negotiating on the basis of seeking their investment in this country, yes, but, above all, of determining the number of vehicles that will come in. I might point out to the Hon. Member that some of the area of responsibility with which he is concerned, which is investment in this country, falls within the area of responsibility of my colleague, the Minister of Industry. I am dealing primarily with the number of cars that can be—

Madam Speaker: Order. The Hon. Member for Etobicoke-Lakeshore (Mr. Robinson).

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NATIONAL DEFENCE

F-18 FIGHTER AIRCRAFT—INDUSTRIAL BENEFITS TO CANADA

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Madam Speaker, my question is directed to the Minister of National Defence. In view of the fact that the Defence Systems Acquisition Review Council of the United States has approved the FA-18 Hornet aircraft as a light attack plane, and the U.S. Navy will proceed with its plan to buy 1,366 of the planes, will the Minister advise when Canada will begin to receive the $750 million in contracts, and the thousands of promised jobs as part of the $3 billion off-set package negotiated in tandem with Canada's $5 billion purchase of 138 Hornets?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think it would probably be better if this question were directed to the Minister of Supply and Services because he is the one who manages the specifics of the contract. I can assure the Hon. Member that Canada has already received over $900 million in industrial benefits as a result of the purchase of the CF-18, and each Province has benefited according to the shares and the amounts of money projected at the outset of this program.

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EXTERNAL AFFAIRS

APPOINTMENT OF AMBASSADOR TO UNESCO

Mr. John Bosley (Don Valley West): Madam Speaker, my question is for the Prime Minister who last Thursday announced the appointment of Ian Christie Clark as Canada's ambassador and permanent delegate to UNESCO. Will the Prime Minister state whether Mr. Clark is related by marriage to Alastair Gillespie?

Right Hon. P. E. Trudeau (Prime Minister): I could not care less, Madam Speaker.

Mr. Bosley: Since the Prime Minister does not seem to care that his new ambassador is the brother-in-law of Alastair Gillespie, for the sake of the country perhaps I could ask him if he will put an end to the nepotistic practices of his own Government which bring all of the Government into disrepute?

Mr. Trudeau: Madam Speaker, I personally believe that the question is shameful and quite typical of the Hon. Member. I understand Mr. Clark has been a long-standing servant of the Department of External Affairs. He has had a very good career in that Department. He was loaned temporarily to another Department. Now the Department has asked for him back so it can have, for the first time in many years, a perfectly bilingual English-speaking Canadian at UNESCO in Paris,

and I would be the last man to say that because he happens to have a relative who was a Minister one day in the distant past he should not be qualified for his job.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—REASONS FOR GOVERNMENT'S REFUSAL TO HOLD INQUIRY

Hon. Roch La Salle (Joliette): Madam Speaker, my question is also directed to the Right Hon. Prime Minister. Last weekend, many people wondered why the Prime Minister did not order an inquiry on the Gillespie affair. I told these people that I would put the question to the Prime Minister. Therefore, could the Prime Minister inform the House exactly why he is refusing to order an inquiry that would provide Canadians with the clarification they desire?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, since the Hon. Member wants me to do his work for him, I shall tell him how to answer the people in his riding who expressed this concern. I would tell them to bear in mind that Mr. Gillespie first got in touch with the Government of Nova Scotia—a Conservative Government; that the funds earmarked for the project were to be paid by the Conservative Government of Nova Scotia; that the project will benefit Nova Scotia workers and Canadians in general, because it would make us less dependent on imported oil. I would also tell the Hon. Member's constituents that the project was publicly announced by the Premier of Nova Scotia, who stood on a platform with the Secretary of State for External Affairs (Mr. MacEachen) and Member for Cape Breton Highlands-Canso. I would add that all this was done in full view, and that only twisted minds could see a scancal in something that was done openly more than two years ago, that was done for the benefit of the people of Nova Scotia and was, in fact, done at the requests of the Conservative Government of Nova Scotia. If the Hon. Member does not have enough Conservatives in his riding who trust the Conservative Government of Nova Scotia, perhaps he could go to his Liberal constituents who understand such things.

Mr. La Salle: Madam Speaker, I have a supplementary.

The Prime Minister ought to know there are a lot of Conservatives in my riding.

Mr. Prud'homme: A lot of Péquistes too!

Mr. La Salle: A majority of 14,000, Madam Speaker, means a lot of Conservatives.

Since the Prime Minister seems to be very good at answering these questions, all the more reason for asking him the following question: Considering the fact that the present Minister of Finance lied to him at first and then retracted, which obliged—

Madam Speaker: Order. The Hon. Member may wish to rephrase his question, since he used an expression I cannot allow in the House.

Mr. La Salle: Madam Speaker, I probably should have said that the Minister misled the Right Hon. Prime Minister, who in turn misled the House. I should have said all that. In the circumstances, I think the situation is entirely unsatisfactory, and for the public as well, and therefore, on behalf of these people who are very concerned, I would like to ask what the real reason is, and if it is so straight forward, why the Right Hon. Prime Minister does not order an inquiry to clarify this matter for the general public. I think that is important, and the Right Hon. Prime Minister of Canada realizes this.

Mr. Trudeau: Madam Speaker, I do not know whether you noticed the smile on the Member for Joliette's face when he said there were a lot of Conservatives in his riding. We all remember that when he started his last campaign, he made a special appeal to the Separatists for their support—

Mr. La Salle: That is a lie! That is a patent lie!

Mr. Trudeau: Madam Speaker, twice in two sentences—

Mr. La Salle: The Right Hon. Prime Minister does not have the right to lie!

Mr. Trudeau: —twice in two sentences, the Hon. Member first accuses the Minister of Energy and then me of lying. He did not withdraw his words in either case. Therefore Madam Speaker, I would ask you to ask the Hon. Member not merely to correct his language but to withdraw it.

• (1500)

Madam Speaker: The Hon. Member for Joliette (Mr. La Salle) has again used the word "lie". Is he prepared to withdraw what he said? The first time I let him rephrase his sentence, but twice is a bit too much. So he will have to withdraw what he said.

Mr. La Salle: Madam Speaker, I am prepared to withdraw what I said if the Right Hon. Prime Minister (Mr. Trudeau) is prepared to withdraw what he said. He lied—

Madam Speaker: Order. There are no conditions. The Hon. Member must withdraw his words and may not attach any conditions to his doing so. If the Right Hon. Prime Minister were to use unparliamentary language, he would also have to withdraw what he said. The Member for Joliette.

Mr. La Salle: Madam Speaker, I thought I corrected myself when I said that I thought the Minister had misled the House in a first letter and that in the second letter he corrected that mistake.

Madam Speaker: No, that is not what I am referring to.

Mr. La Salle: Madam Speaker, I take back the word "lie".

Madam Speaker: In both cases. The Hon. Member withdraws what he said in both cases, because just now, he did not have the floor but I clearly heard him say from his seat: Does the Right Hon. Prime Minister have the right to lie.

Mr. La Salle: Madam Speaker, just one question: Does the Right Hon. Prime Minister have the right to lie? If he does not, I would ask you to ask him to withdraw what he said.

Madam Speaker: I think or at least I hope the Hon. Member understands the Standing Order. The word "lie" may not be used in the House. It is considered unparliamentary language, and the Hon. Member knows perfectly well that the purpose of such rules is to maintain order during debate. I would therefore ask him to withdraw the word "lie" which he applied to the Right Hon. Prime Minister.

Mr. La Salle: Madam Speaker, I withdraw the word "lie", but in any case, he was not telling the truth.

Madam Speaker: That is one opinion.

ROUTINE PROCEEDINGS

[*Translation*]

COMMUNICATIONS

TABLING OF NEW NATIONAL BROADCASTING POLICY

Hon. Francis Fox (Minister of Communications): Madam Speaker, pursuant to the provisions of Standing Order 46(2), I wish to table in the House two documents, one under the French title: *Vers une nouvelle politique nationale de la radiotélédiffusion* and one bearing the English title: *Towards a New National Broadcasting Policy.*

[*English*]

Mr. Beatty: Madam Speaker, I rise on a point of order. The Minister of Communications (Mr. Fox) has just tabled in the House his broadcasting strategy document. Is it the Minister's intention to make a statement on motions, as he should do, that can be responded to by Members on this side of the House and questions asked, or is it his intention simply to go to a press conference at 3.30 and make a statement there, as has been happening since two o'clock with closed briefings by his officials?

Madam Speaker: The Hon. Member will find out if the Minister intends to make a statement when we come to that item.

PETITION

MR. ROBINSON (BURNABY)—CANADIAN MERCHANT MARINE POLICY

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I am pleased to present a petition on behalf of a number of constituents of Burnaby and other Lower Mainland municipalities, pointing out that the federal Government has neglected to implement a Canadian merchant marine policy, although it promised over two years ago to develop such a policy, and calling upon the Government to implement immediately a sensible and effective marine policy that will result in the creation of a Canadian merchant marine and the expansion of Canadian shipbuilding and allied industries. I fully support this call by my constituents and urge the Government to take it very seriously indeed.

* * *

PENSION REFORM

APPOINTMENT OF PARLIAMENTARY TASK FORCE

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, there have been discussions between the three Parties and I believe there is unanimous consent for a motion to be put today, without debate, setting up a Special Committee consisting of nine Members to be named later to act as a Parliamentary Task Force on Pension Reform.

I therefore move:

That a Special Committee consisting of nine members to be named later to act as a Parliamentary Task Force on Pension Reform, be appointed, to examine and report upon the proposals for reform of the Canadian retirement income system contained in the Government of Canada's paper "Better Pensions for Canadians" with particular reference to the following:

(1) the method of inflation protection proposed for employer-sponsored pension plans;

(2) the changes proposed in survivor benefits under the Canada and Quebec pension plans;

(3) the issue of expanding mandatory pension arrangements, including:

(a) the size of any expansion of mandatory pension arrangements required to enable Canadians to avoid serious disruption of their living standards upon retirement;

(b) the nature of any expansion, be it through the Canada and Quebec Pension Plans, through compulsory employer-sponsored plans or through some other means; and

(c) when any recommended expansion of benefits and contributions should come into effect.

(4) the financing of the Canada Pension Plan;

(5) the proposals to overcome the special problems facing women, including homemakers, under the current pension system; provided

That changes in membership of the committee be made only pursuant to Standing Order 69(4)(b);

That the provisions of section (9) of Standing Order 69 be suspended in application to the Special Committee;

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

That the Special Committee hold hearings and receive views and representation from interested groups and individuals across Canada and that, for this purpose the Special Committee and its members have the power when the Special Committee deems it necessary, to adjourn from place to place or travel inside Canada provided the estimated expenses for such travel and the locations to be visited are defined in advance and that, when deemed necessary, the required staff accompany the Special Committee or its members;

That notwithstanding the usual practices of the House, if the House is not sitting when an interim or final report of the Special Committee is completed, the Special Committee may make the said report public before it is laid before the House; and

That the Special Committee shall report no later than December 31, 1983.

Madam Speaker: Hon. Members have heard the motion of the Parliamentary Secretary. Is the House agreed and does it give its unanimous consent?

Some Hon. Members: Agreed.

Madam Speaker: Is it the pleasure of the House to accept the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

PRIVILEGE

MR. LALONDE—SCOTIA COAL SYNFUELS PROJECT

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I rise on a question of privilege. Yesterday on my question of privilege in the House, I said as reported at page 23279 of *Hansard* that as soon as further information became available, I so informed the Prime Minister (Mr. Trudeau) and the House was also informed.

For the completeness of the record and so there will never be any doubt about anything, I have to complete this and say that on Monday afternoon, February 21, I was advised orally that the Treasury Board submission of April, 1981 had been found, but that it was not clear whether the complete Treasury Board submission had been brought to my attention. I asked that there be further investigation in that regard.

On Tuesday, February 22, I was advised in the afternoon that the Treasury Board submission had indeed been submitted to me complete for signature and that, in addition, a January memo to me had been found on the subject. I immediately asked that these facts be consigned to writing by the Deputy Minister of Energy so that there could be a full report to the Prime Minister and the House. I received that letter from the Deputy Minister on Wednesday, February 23. I immediately wrote to the Prime Minister and the documents were tabled in the House immediately.

I want this to be quite clear so that there can never be any doubt that as soon as the information was confirmed, I made it available to the House.

Madam Speaker: Correcting the record, which the Minister, of course, is allowed to do, should be a point of order.

Hon. Erik Nielsen (Leader of the Opposition): With respect, Madam Speaker, it is not a point of order. Indeed, the Minister has been allowed to smuggle in information that is now deserving of a response.

Madam Speaker: No. The Minister should not have said that he was rising on a question of privilege. Immediately from the first sentence it was clear to the Chair that the Minister was correcting the record, something he had said yesterday. That, of course, should be a point of order. As Hon. Members know, Members often get up on a question of privilege which is a point of order. When the Chair realizes it is a point of order, it permits the Member to go on and then at the end indicates that it should have been a point of order. The Chair usually hears that point of order. That is quite in order. A Minister may correct a statement that he made in the House.

Mr. Nielsen: Madam Speaker, I rise on a question of privilege. What the Minister has been allowed to do is to expand well beyond a point of order. My question of privilege has to do with the Prime Minister (Mr. Trudeau) misleading this House and with the Deputy Prime Minister (Mr. MacEachen) by omission misleading this House. The Minister was four seats away during those two days. He could have walked across and informed the Deputy Prime Minister who is in charge in the absence of the Prime Minister—

Madam Speaker: Order. The Leader of the Opposition (Mr. Nielsen) knows he cannot begin a debate because the Minister raised a point of order. Furthermore, he is rising on a question of privilege, and he knows that is not a question of privilege. If the Hon. Leader of the Opposition wants more information, he may question the Government again on these questions; but I am very sorry, I cannot allow a debate on this at this present time.

• (1510)

Mr. Nielsen: I am rising on a question of privilege, Madam Speaker. I do not rise on a point of order; I rise in the same fashion as the Minister rose, on a question of privilege, to deal with the matter of the obligation of the Government to clear up its own misleading of this House of Commons when both Ministers were in the House, and it was the Deputy Prime Minister's responsibility to inform—

Madam Speaker: Order, order. If that is the type of question of privilege the Hon. Leader of the Opposition wants to raise—

Mr. Nielsen: The Minister did so.

Madam Speaker: I explained to the House that many Hon. Members, not only the Minister but many Hon. Members, rise and say they want to be heard on a question of privilege. From the very outset the Chair realizes they are really on a point of

order. Hon. Members do have difficulty in distinguishing between points of order and questions of privilege. When the Chair realizes that they are on a point of order, the Chair allows them to continue; then at the end of their intervention, the Chair usually says: "Well, that was a point of order".

A question of privilege it was not; it was a point of order. Points of order do not require rebuttal in the way the Hon. Member is now doing. If the Hon. Member has a point of order to raise—and it must be a point of order or a question of privilege—he may give me notice of it; but I cannot allow him now to enter into debate because the Hon. Minister has corrected the record. It is perfectly legitimate for any Hon. Member who makes a statement in the House, on subsequent days after reading *Hansard* and seeing that he has said something which was not quite accurate, to correct the record.

Mr. Nielsen: Madam Speaker, I leave this one question to you on a point of order, a point of privilege which was raised by the Hon. Minister, of which no notice was given the Chair whatsoever, I dare say. How is it that the Minister is allowed to rise on what the Chair describes as a spurious point of privilege, more correctly called a point of order, is allowed to finish, is allowed to resume his seat, yet I am interrupted and not allowed to complete my response?

Some Hon. Members: Hear, hear!

Madam Speaker: The Hon. Minister rose on a question of privilege, that is true. The Chair realized from the very first sentence that the Hon. Minister was on a point of order to correct his statement. Therefore, the Chair allowed the Minister to continue. That is all that happened and that is perfectly in order.

The Hon. Member for Simcoe North (Mr. Lewis) is rising on a point of order, is it?

Mr. Doug Lewis (Simcoe North): Madam Speaker, could you give some clarification to the House then? Does the point of order not have to be raised when it first comes to the attention of the Hon. Member raising the point of order? We have gone through the Question Period and Routine Proceedings, and we are almost at the point of answering Questions on the Order Paper. The Minister at that point realizes that once again there is a discrepancy in his facts. Does he not have to bring his point of order to your attention when it comes to his attention?

Madam Speaker: He may do that, but as the Hon. Member knows, the Chair, unless there are absolutely exceptional circumstances, does not hear a point of order in the course of the Question Period.

Mr. Lewis: But directly afterwards?

Madam Speaker: It does not matter. A point of order can be raised at any time except during the Question Period, where we have all agreed that unless there is something absolutely extraordinary, no points of order may be raised. A question of privilege, then, must be raised at the earliest possible opportunity.

Some Hon. Members have delayed their questions of privilege because the Minister to which that question of privilege referred was not in the House, and the Chair has considered that it could accept that delay and that the question of privilege could be heard later. But as the Hon. Member knows, most questions of privilege are not questions of privilege; otherwise the House would not function if they had not been raised at that time.

Hon. Elmer M. MacKay (Central Nova): I rise on a point of order, Madam Speaker. Since the Hon. Minister placed some information on the record, would the Chair agree that he could now fulfil the undertaking which he gave to the Leader of the New Democratic Party (Mr. Broadbent) last Friday to ascertain from the Deputy Prime Minister (Mr. MacEachen) when it was that he, the Deputy Prime Minister, first knew about the existence of the Synfuels project and Mr. Gillespie's involvement?

Madam Speaker: There is another Question Period tomorrow and the Hon. Member may ask his question then.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the point you make about tomorrow's Question Period is, of course, entirely accurate. There is a difficulty, however. The Minister is daily altering, albeit in a small way, the record of events.

Mr. Nielsen: Day by day.

Mr. Deans: Yes, day by day. I would simply ask that in the interest of trying to come to a satisfactory resolution of what is now a very difficult—

Madam Speaker: Order, order. That is debate, of course.

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, in the House last week the Prime Minister (Mr. Trudeau), in response to a question from me, indicated that he would table some documents with respect to this matter. I wonder how long I will have to wait before the documents are tabled.

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, with respect to the matter of the Minister of Finance (Mr. Lalonde) making his statement under a point of privilege, or indeed a point of order, what transpired earlier on was that the Minister of Finance had written to the Prime Minister (Mr. Trudeau) who advised the House as to the exact set and sequence of circumstances. I wonder whether it may not be a solution if the Minister sent a third letter of correction with respect to his knowledge of this—

Madam Speaker: Order, order.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,463.

Order Paper Questions

[*Text*]

LANGUAGE TRAINING PROGRAM

Question No. 4,463—**Mr. McKenzie:**

1. Since the inception of the Language Training Program, what was the total cost of administration for (a) the Public Service (b) Crown corporations (c) the RCMP (d) the Canadian Armed Forces?

2. How many (a) public servants (b) employees of Crown corporations (c) RCMP personnel (d) CAF personnel have had instruction in (i) French (ii) English?

3. What percentage of candidates on completion of training were then deemed to be functionally bilingual having (a) French (b) English as a mother tongue?

4. Since the inception of the bilingual bonus, what was the total amount paid to public servants and others who qualified for the incentive?

5. How many (a) public servants (b) employees of Crown corporations (c) RCMP personnel (d) CAF personnel received language instruction in (i) Ottawa (ii) other areas of Canada (iii) outside Canada?

6. How many (a) public servants (b) employees of Crown corporations (c) RCMP personnel (d) CAF personnel were brought to Ottawa from other points in Canada to undergo language training?

7. What is the average (a) length of a language training course (b) cost per pupil?

8. How many (a) public servants (b) employees of Crown corporations (c) RCMP personnel (d) CAF personnel were required to repeat language training because of an unsuccessful first course?

9. What is the total cost for all departments, all Crown corporations, the RCMP and the Canadian Armed Forces for language training in (i) French (ii) English (iii) other language training?

10. How many man hours and person years were lost because employees in (a) the Public Service (b) the Canadian Armed Forces (c) the RCMP (d) Crown corporations were on language training and, in each case, what was the total cost of the lost time for (i) French (ii) English (iii) other language training?

11. What is the total number of man hours and person years lost for the entire Government, including Crown corporations, the RCMP and the Canadian Armed Forces, and what is the total cost of this lost time?

12. In the Department of (a) Agriculture (b) Communications (c) Consumer and Corporate Affairs (d) Employment and Immigration (e) Energy, Mines and Resources (f) the Environment (g) External Affairs (h) Finance (*i*) Fisheries and Oceans (j) Indian Affairs and Northern Development (k) Industry, Trade and Commerce (l) Justice (m) Labour (n) National Defence (o) National Health and Welfare (p) Public Works (q) Regional Economic Expansion (r) National Revenue (s) the Secretary of State (t) the Solicitor General (u) Supply and Services (*v*) Veterans Affairs (w) the Treasury Board (*x*) the Ministry of State for Science and Technology (y) the Canada Post Corporation as well as in each Crown corporation, board, agency or commission, the Armed Forces and the RCMP (i) what formula, non-formula payments or special projects are available for Francophones across Canada (ii) what special recruitment, hiring and promotion practices are employed in each case?

13. What is the cost of each program in part 12 (i) and what is the total cost by Department, by Crown corporation, in the RCMP and in the Canadian Armed Forces?

14. What is the over-all cost of programs aimed at the francophone population or at fulfilling the government's bilingualism program as espoused by the Official Languages Act or by any other legislation currently in force?

Mr. Peter Lang (Parliamentary Secretary to President of the Treasury Board): 1. Data is provided centrally from two sources: The Public Service Commission with respect to employees trained at PSC's centres (this includes some members of the RCMP and some employees of the Crown Corporations and National Defence) and Departments and Agencies (Schedules A, B and C of the Financial Administration Act—including the National Defence) that, since 1976, have been providing Treasury Board with information on their own internal training program or recourse to the private sector. The costs include language training activities, orientation process, research, and specialized assistance.

Responsible for Language Training	Fiscal Years	Costs
(a) Public Service Commission (PSC)	1964-1982	$354 million
(b) Canadian Armed Forces (CAF)	1968-1982	$224 million
(c) Departments/Agencies	1975-1982	$ 30 million

2. French and English language training is mostly provided by the PSC and the Canadian Armed Forces.

Responsible for Language Training	Fiscal Years	Clientele	No. of Employees	
			French Course	English Course
(a) PSC	1966 to 1982	Public Servants	50,486	13,609
		Crown corporations employees trained at PSC	8,105	1,659
		RCMP members trained at PSC	1,817	423
		Armed Forces members trained at PSC	1,470	99
(b) CAF	1966 to 1982	Members	32,302	27,715

3. The Public Service Commission has at its disposal since 1973 only standardized methods for testing the language proficiency of an employee in terms of the target language proficiency levels. The rate of success for candidates having completed their training as reported in the PSC 1981 Annual Report indicates: (a) 95.9 per cent for the French language course; (b) 99.5 per cent for the English language course, have successfully completed the Language Knowledge Examination (LKE) at the target level. Those who did not take or succeed the Language Knowledge Examination (LKE) represent: (a) employees who withdrew from training for pedogogical reasons; (b) students who withdrew voluntarily; (c) those who were recalled by their departments; (d) students who failed.

As for the Canadian Armed Forces, most of the students on training are considered capable of working in the second language at the level of proficiency required by their profession or classification at the end of the course.

4. Since the inception of the bilingualism bonus plan, departmental and agency information denotes that close to $204 million have been paid.

5. The number of employees having received language training is broken down as follows:

	Number of Employees on Language Training 1966-1982	
	National Capital Region	Regions
Public servants trained by PSC	35,637	28,458
Crown corporations employees trained by PSC	3,883	5,881

	Number of Employees on Language Training 1966-1982	
	National Capital Region	Regions
RCMP members trained by PSC	820	1,420
CAF members trained by PSC	732	837
Canadian Armed Forces members trained by CAF	6,792	51,401

Between 1966 and 1982, while stationed there, a total of 1,824 members of the Canadian Armed Forces were trained outside Canada by the CAF. According to the information provided by Departments and Agencies, between April, 1980 and now, two public servants were sent on language training to France for three months. In addition, during the same period, three went to Saint-Pierre-et-Miquelon for a 4-week period, and seven had a month or less of full-time language training abroad while they were posted there, while on a business trip, or travelling at their own expense.

6. The number of employees brought to the National Capital Region to undergo language training is as follows:

	Number of Regional Employees on Language Training in the NCR 1966-1982
Public Servants trained by PSC	7,635
Crown corporations employees trained by PSC	588
RCMP members trained by PSC	98
CAF members trained by PSC or CAF	572

7. For the 1981-82 fiscal year the average length of full-time courses and cost per student were:

Responsible for Training	Average Duration	Cost per Student
Public Service Commission	820 hours	$ 10,376
Canadian Armed Forces	1,030	$ 6,248

8. Employees are not required to repeat language training because of an unsuccessful first course. Furthermore, the official language policies revised in 1977, state that an employee cannot undergo language training at government expense to attain the same or a lower level achieved previously through language training at government expense.

9. For the periods referred to in reply to question 1, the total cost for the Public Service Commission/Departments/Agencies is $384 million. The language training cost in the Public Service have not been split by language of training due to the many diversified courses. Approximately 80 per cent of courses (response to question 2) have been for the study of French as a second language.

The Canadian Armed Forces language training cost is:

(i)	French training	$ 120.5 million
(ii)	English training	$ 103.7 million
(iii)	Other language training	$ 5.1 million
External Affairs and CIDA— Other Language Training 1980-82		$ .5 million

10. It is government policy that training is not considered as a loss of person/years.

11. It is government policy that training is not considered as a loss of person/years.

12. Formula and non-formula payments are federal-provincial programs administered by the Education Support Programs Branch of the Secretary of State. There are no special staffing practices.

13. Formula payments are based on average provincial education costs and enrolments, non-formula programs support specific provincial activities and initiatives. Statistics are available by Province and Territory, not by official language.

Formula payments	$1,248 million
Non-Formula	$ 179 million

14. The bilingualism program costs have not been split by population.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 4,542 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is that agreed?

Some Hon. Members: Agreed.

An Hon. Member: Only two questions answered.

Mr. Smith: Well, we are at 83.7 per cent.

Mr. Hnatyshyn: Not at the Gallup polls, you are not.

[*Text*]

CRTC HEARING, EDMONTON, ALTA.

Question No. 4,542—**Mr. Taylor:**

1. Was a CRTC hearing held in Edmonton, Alberta from October 19 to 21, 1982 and, if so, what was the total cost?

2. What were the names of the Commissioners and the names and positions of all staff accompanying the Commissioners at the hearing?

3. What was the total amount paid to each Commissioner and each member of staff for expenses from the time each left their residence to attend the hearing until each returned to their residence?

4. (a) How did each Commissioner and each member of staff travel to and from Edmonton (b) what was the cost of the transportion for each Commissioner and each member of staff (c) what was the cost of transportation within Alberta from the arrival in Edmonton until the departure from Edmonton at the end of the hearing?

5. What per diem allowance was paid to each Commissioner and each member of staff and for which days?

6. What amount did each Commissioner and each member of staff receive as expenses over and above the per diem allowance and what was an itemization of each expense?

7. (a) What was the total amount paid to the Chateau Lacombe for accommodation for the hearing (b) what was an enumeration of each item and the cost?

8. (a) What equipment did the Commission bring with it for the hearing (b) what was the cost of each piece of equipment, including transportation to and from Edmonton?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions stand?

Some Hon. Members: Agreed.

* * *

PETITION

MR. OGLE—SELF-DETERMINATION OF NICARAGUANS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the four hundred and third report of the Clerk of Petitions stating that he has examined the petition presented by the Hon. Member for Saskatoon East (Mr. Ogle) on Monday, February 28, 1983, and finds that the petition meets the requirements of the Standing Orders as to form.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration of the motion of Mr. Lalonde that Bill C-139, to amend the statute law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Hon. Erik Nielsen (Leader of the Opposition): Mr. Speaker, we engage in this debate, as we do with so many things these days, with a sense of bitterness and frustration. Where did they go, those bright promises of 1980, those bright promises of the years ahead? The bright hopes and undertakings with which this Government entered office have turned to broken dreams, scuppered promises, unfulfilled projects and benefits forgotten.

As we came into the House today, sir, we had the catastrophic news of a drop in the Gross National Product, the sum total of all the goods and services provided by Canadians. The drop is in the order of 5 per cent. That is the worst showing in domestic production since 1933. In that year, 1933, we were at the height of the Great Depression, with its soup kitchens, its bonus marchers, its farm foreclosures, its bank failures and its general despair. Instead of stimulating the economy, this Government has been hamstringing it. Instead of encouraging investment, this Government has closed the door to investment. Instead of allowing the private sector to do what it does best, which is provide jobs for Canadians, this Government has followed interventionist courses of curtailing, confining and milking the private sector of incentive and, of course, resources.

• (1520)

In the energy field alone this Government dropped 10,000 jobs by default when it fumbled Alsands, when it fumbled the Alaska Highway natural gas pipe line and other megaprojects that would have provided the lifeline that the economy so sorely needed. It dropped the megaprojects but went on with the Gillespie project which had the recommendation that none of the others had—it had that special urgency that comes when Liberals are dealing with Liberals. Day after day our Members have risen in this House to bring to the attention of the Government the attrition brought about in individual ridings by a collapsing economy.

In Ottawa this week, making the rounds of Ministers' offices, there has been a delegation of outstanding citizens from my riding of Yukon. They are seeking some slight sign of interest or initiative with regard to the reopening of the Cyprus-Anvil mine at Faro, a major employer in Yukon that contributes 40 per cent of the economy of that part of the country. The Japanese are waiting for the products of this lead-zinc mine. The workers are represented in this delegation by the head of the Yukon Federation of Labour, ready and eager to go back to work, having done everything that could be expected of labour. But the Government and its protege, Dome Petroleum, which took over the mine only to close it, have yet to make a move.

This is not an ordinary delegation. It represents the White Pass and Yukon Railway, the Yukon Federation of Labour, the territorial member from that riding, the town of Faro by its mayor, the Canadian Labour Congress, and other concerned citizens. From all over Canada groups have presented submissions, petitions, pleas and requests for action and in the face of the storming of the bastille—the Government's indifference—we have had an example of absolutely monumental inertia.

I have mentioned the jobs that have been lost. This is something that the Prime Minister (Mr. Trudeau) and the Deputy Prime Minister (Mr. MacEachen) do not like to hear. It interrupts the even tenor of those plans and schemes which they continually juggle in the air—from schemes to extract oil from coal, to the latest Pitfield exercise in positive thinking, to the newest centralist intervention in the economy. They do not like to be reminded about the hard facts of life, such as the fact that they have frittered away half a million jobs for half a million Canadians since taking office. These are unpleasant facts and they do not like to be reminded of unpleasant facts. When you are riding around in a bullet-proof limousine and handing out $800 per diem jobs to your friends and possible successors, you do not like to be reminded of things that are unpleasant. Presumably the bullet-proof glass in the limousine is to protect the Prime Minister from his own supporters.

Mr. Smith: Oh, oh!

Mr. Nielsen: He has other problems, including the Parliamentary Secretary to the President of the Privy Council (Mr. Smith).

Mr. MacBain: Oh, oh!

Mr. Nielsen: I hear the Hon. Member for Niagara Falls (Mr. MacBain) intervening on behalf of his Party, which is so bereft of talent that he could think of only one name in the entire Liberal Party with the kind of calibre that could stand for leadership of the Party, according to his remarks the other day on national television.

For the first time in a quarter century we have employment declining on a year-by-year basis—400,000 below 1981 in 1982. This is just another first for the Government.

The intolerable tragedy of the situation is that of all those affected by the drying up of jobs, young people have been hardest hit. Job opportunities for young Canadians under this Government have dropped by 14.5 per cent. This is the traumatic side of the tragedy we are undergoing in this country owing to the policies of the Government.

First, it is a Government that has frittered away opportunities and initiatives that would have preserved economic buoyancy in spite of international pressures. It is a Government that was long on schemes—and still is—and short on action. It is a Government that went into seclusion at Meach Lake and came up with bold and imaginative schemes to remake the face of the nation. But sadly, after the remake it was the same old face of Liberal inaction.

We had development programs and make-work programs and new initiatives, announced with all the fanfare of a Government which spends more energy on announcing its putative achievements than it does in carrying them out. Nothing worked. The economy at this moment is being compared to the darkest days of the Depression. Does that dampen the spirits of Members opposite? Not a whit.

The Prime Minister flits to the Caribbean and promises that Canada will grant aid to governments that follow Marxist policies as well as those that choose democracy. That is statesmanship all right. This lets our friends and allies know where Canada stands.

After three years of the worst Government in the history of this country, Canadians are borne down by a sense of oppression and gloom. They sense dark clouds of disaster folding over a nation that by every standard should enjoy the brightest and most positive progress of any nation in the world. We stand twenty-fourth, at the bottom of the heap—and the Government put us there.

People sense an abdication of leadership, a fear of the future, an uncertainty about on-going prospects. Canadians have an uneasy awareness of a Government that does not care, a Government in isolation, a Government that worries more about permitting its friends to make a living out of the taxpayer—as the Prime Minister said the other day of his friend in Toronto—than in producing good management for the majority of Canadians.

One has the distinct impression in speaking in this House, Mr. Speaker, that the Government is not listening. Member after Member rises, points out the defects in the Government's proposals, and then the trained seals rise in their places, the measure is approved and another fragment of our freedoms is lost.

This is another of those rag-tag, grab-bag Bills which this most incompetent of Governments has brought before this House. This Bill is the relic and remnant of one former Minister and the present Minister. It took two Ministers to get this mess together. The first has gone to his reward in External Affairs. His own changes to this budget would have brought about the resignation of any self-respecting Minister of Finance. The second is still with us, but he should not be after the disclosures of the last several days.

• (1530)

The legislation which we are now facing is a compendium of no less than three budgets. The first was introduced in November of 1981, the second follow-up budget in June of 1982, and the third by the present Minister in October of 1982. None of these budgets went through the House because of the Government's intense preoccupation with buying gas stations, imposing metric conversion on Canadians, cooking up Canagrex, operating its several hundred Crown corporations, and daydreaming about establishing more, totally outside the purview of Parliament. This Government can hardly bring itself together about such mundane things as budgetary measures or unemployment. This Government can hardly bring itself to bother about standard practices of an annual session of Parliament, with a Throne Speech once a year, with a budget once a year, with order and planning to assist in discharging the business of the country. Sir, you cannot operate a country that way; certainly you cannot operate a House of Commons that way. It cannot be done. Parliament is entitled to have budgets delivered and presented at regular intervals, consistent with the fiscal periods in which they apply.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Instead of that, we are not only asked to deal with budgets representing several past fiscal periods and budgetary measures inextricably intermingled one with the other, but now we are establishing the practice of projecting budgetary requirements into fiscal years not even yet upon us, with no explanation as to how funds will be spent for future requirements. Under the circumstances it is impossible to attempt to deal logically and coherently with matters before the House affecting the livelihoods of thousands upon thousands of Canadians.

In the middle of this frightful disarray the Government comes into the House with a demand for cash requirements for the next fiscal year but with no accompanying budgetary measures or budget at all. This is a further indication of the extent to which the Government has gone totally out of control. Not only can Government Members not enunciate clear and workable policies, not only have they failed to deal with the problems of unemployment and economic disarray, they cannot even look after such elementary housekeeping duties as bringing down budgets at proper times.

Parliament is now confronted with bits and pieces of three budgets, along with a demand for authority to borrow $14 billion, this being the cash requirement for a fourth budget which we have not even seen yet. That is not financial policy; that is total disarray. How can Canadians expect equitable and reasonable tax treatment from a Government which does not know where its next budget is coming from or where its last budget has gone? How can business or industry have confidence in a Government whose national accounts not only will not balance, they cannot even be found? Never has Parliament in my experience been confronted with such a situation.

Here is a session which has been creaking and groaning along for over three years, the longest single session in Canadian Parliamentary history, simply because the Government has neither the wit nor the intelligence to put together a Throne Speech to tell us what it intends to do. The reason is simple: they are the last to know.

No area of Canada has been harder hit by the incompetence of this Government than the area which I have the honour to represent. The people in Yukon are like the people in any other part of Canada. They like to pay their bills and they like to bring up their families with a modicum of security and stability, yet under the policies of the Government that security and stability have disappeared. When I hear the tragic figures of unemployment in the Atlantic Provinces, when I hear the tribulations which confront the forest and other industries in British Columbia and their tragic unemployment figures, Members will excuse me for suggesting that they might gasp a little if I tell them that the unemployment figures in Yukon are 30 per cent and higher. We have witnessed there the closing of our entire mining industry; every single mine in Yukon has been closed. Employment and investment have dried up entirely. We have felt the heavy hand of Government in an area in which the authorities in Ottawa neither understand nor show any great interest.

Mr. Smith: Have you ever heard about supply and demand?

Mr. Nielsen: The Parliamentary Secretary mentions supply and demand.

Mr. Smith: I thought the Tories believed in that.

Mr. Nielsen: I will convey that very interesting interjection to my constituents of Yukon. That interjection is typical of the hard-hided, uncaring, insensitive attitude typical of the Government across the way. We have suffered a mass exodus from Yukon as jobs have dried up and as incomes have disappeared.

Members of the House know that people pay extra premiums in oil, gas and electricity, extra premiums in food, clothing, medical care, as well as in transportation and shipping, yet we have had notice that the Government will begin now taxing northern benefits accorded to those people who have chosen to live and work in the North. Benefits which have been free from tax for well over 30 years are now being fallen upon by this insatiable, greedy Government, adding one more nail in the lid of the coffin of northern development.

When the former Conservative Government was in office—and I go back to 1957—there was meaning to the northern vision, there was meaning to northern development. It was a vision that was lit by the Conservative Government of the day in the minds of Canadians who suddenly became aware that 40 per cent of the nation lay above the sixtieth parallel, rich in resources. Programs were brought into play to provide the kind of incentive for people to populate that area of Canada and to bring about a realization of the richness of those resources for the benefit of all Canadians. That policy was carried on in the short seven months of the administration of the Right Hon. Member for Yellowhead (Mr. Clark), but this Government is doing everything in its power not to encourage people to live in northern Canada but, rather, to totally discourage them. Indeed, there is that mentality among some who would like to create that part of Canada as a huge national park and leave it unsullied.

The budgetary measures in this Bill represent a continuing saga in Liberal incompetence and in Liberal unconcern. They brought in the first budget of the Deputy Prime Minister (Mr. MacEachen) in November, 1981. It was an exercise in futility. The Minister built castles in the air, and they have all come tumbling down. His budget was so remote and so divorced from reality that it sounded like one of the speeches of the Prime Minister (Mr. Trudeau), those he very rarely delivers in the House of Commons. I believe, in the 15 years he has been Prime Minister, that he has spoken some six times in the debates in the House of Commons. He considers this place a nuisance. He considers all of us nobodies when we are 40 feet off the Hill. In December they tried to put MacEachen's Humpty-Dumpty back together again, back on the wall, and they failed. In June they tried again, practically returning to the status quo. In October the substitute Minister of Finance brought in a new budget—he did not call it that—wiping out the efforts of his predecessor and providing the most emphatic vote of non-confidence in history from one Minister to another in the same Government.

• (1540)

What must concern Parliament and all who are committed to this institution is the cavalier disregard by the Government of the rights and privileges of Members. Surely we have a right to expect to have spelled out a coherent financial policy, carefully set forth in budgetary terms so that Parliament and Canadians will know where we are going. We have not had that. They do not care over there. They do not even participate in the debate on this important measure before us. We have had academic exercises, epistemological experiments, casually arrived at, flung before Parliament almost contemptuously sometimes weeks and months out of date, while the Government goes about its business of pillaging, yes, Sir, pillaging, the Treasury of this nation.

What is also disturbing is that while the House is faced with the detritus of three budgets, the wreckage of fiscal and monetary experimentation, there remains enough of the underlying philosophy to cause grave disquiet. The first MacEachen budget was an exercise in unwarranted, unjustified confiscation. It was based on the premise, clearly spelled out, that all income was the property of the Government to do with as it saw fit.

There has been nothing so approaching the divine right of kings since the demise of Charles I. The philosophy enunciated in that budget would find ready acceptance in any totalitarian dictatorship in the world. In fact, the Prime Minister himself, basking in the sunny breezes of St. Lucia two weekends ago, said that, as for him, he could see no difference between states with Marxist governments and those embracing democracy. Those are not my words, they are his.

Mr. Smith: They are not his at all.

Mr. Nielsen: The Parliamentary Secretary says I am misquoting the Prime Minister. Pray correct me. Let him tell me and Members of the House, Mr. Speaker, in what respect my quote of the Prime Minister's in St. Lucia is incorrect. I challenge him right now. The Parliamentary Secretary does not do so because he knows, Sir, that I quote the Prime Minister correctly. This is something we in the House have been aware of for a long time.

The Prime Minister has to be the focal point of the dry rot in this institution. He and his Government have contributed coldly and deliberately to the deterioration of Parliament by neglecting our procedures, by ignoring our traditions, by undermining the great principles of free expression and free debate, and by treating this institution as an afterthought, as did the Minister of Communications (Mr. Fox) just today by his refusal to say in the House what he ran to a press conference to say. When you undermine Parliament, Sir, you are striking at the freedom of all Canadians.

We have before us a series of tax measures, some of them contradictory, some of them mutually exclusive, all of them incoherent, disorganized, chronologically out of sync, leftovers, bits and pieces of three or four budgets. How does the Prime Minister and his Government expect Parliament to deal intelligently with what is nothing more than a fiscal dog's breakfast? This kind of contemptuous disregard for the House of Commons permeates everything that is done on the other side of the House. While the Government asks this House, which has been sitting, as I have said, longer than any session in our history, for approval of this incredible melange of tax measures, most of which have been overtaken by economic shifts and changes, it goes on ladling out goodies to its friends and former colleagues. Here is a total disregard for what Parliament may think or do.

Former Ministers of this Government, with the ink scarcely dry on their discharge papers, are out making up packages with their friends in business, getting those packages approval at the departmental level by their former employees, and then getting approval by their friends in the Cabinet. In each case, they stand to make profits which would provide the ordinary Canadian with a worry-free retirement program for the rest of his or her life. The Prime Minister has produced a new guideline which he does not talk about. He does not want to talk about it. Perhaps it is between the lines. It is called the "belly up to the trough guideline."

In view of the last two weeks, I have spent some time redrawing the guidelines, not as they should be, not on the basis of analysis of what is there, which is enough for any Minister acting in a proper fashion, but on the basis of what the Prime Minister and his Government are doing. It reads something like this:

> Any former Minister may have unrestricted access to the goodies of his former Department, providing he obtains the approval of his former colleagues who are now Ministers not earlier than two years after leaving the Government. This does not prevent him from entering negotiations with his former Department immediately, nor does it prevent his using his insider knowledge and contacts to set up cosy little packages with friends in industry so as to become eligible for special treatment denied to other Canadians. This can result in quite considerable profits to those involved, as in the Banff townsite case and the coal liquefaction case. There is no problem in bypassing tiresome departmental regulations which are only there to freeze out the uninitiated, or members of the general public and do not apply to former Ministers. Best of all, the whole procedure is entirely within the guidelines. I promised I would not forget you. Bless you, Pierre.

Some Hon. Members: Hear, hear!

Mr. Nielsen: I saw the Hon. Member for Lincoln (Mr. Mackasey) smiling a moment ago because he will recognize the validity of that guideline.

This is the unwritten guideline, so confidential that even Iona has not seen it. This is the perception in the eyes of the Canadian public. And it is this perception, along with the incredible sloppiness of the Government, that is undermining Parliament as an institution of the people of this country. This Government, with the greatest expenditures, with the greatest deficit, with the greatest incompetence in the history of this country, has shown its absolute and utter disdain for Parliament.

In the Coalgate affair—some call it the Lalonde affair, some call it the MacEachen affair and some call it the Gillespie affair—

Mr. Smith: What do you call it?

Mr. Nielsen: I call it the Coalgate affair because it embraces everyone. Rather than admitting error and throwing themselves on the mercy of the House, they have resorted to bitter attacks on those who have dared to question the obviously sleazy activities in which they have been engaged. Day after day, the Prime Minister took refuge in clouds of evasion and obfuscation and, in his own words, misleading statements to the House of Commons. The truth has slowly risen to the surface.

• (1550)

This trail has always led in the same direction—to Gillespie. There were side turns and side branches, carefully hidden in the underbrush, put together by the Minister of Finance (Mr. Lalonde) and his friends. One trail led to the Deputy Prime Minister, who was the Minister of Finance at the time and who also at the time was Vice-President of the Treasury Board, to whom went a couple of submissions concerning this matter. Presumably he acted in his capacity as Deputy Prime Minister and Minister responsible for Nova Scotia. Now he refuses to answer questions, ignores questions or just simply fails to appear. It appears that although he is still Deputy Prime Minister, he cannot, as Minister of External Affairs, give the House an accounting of what he did when he was Minister of Finance.

Mr. Smith: Let's get back to the Income Tax Act.

Mr. Nielsen: The Parliamentary Secretary asks me what this has to do with the Income Tax Act. This Act asks us to tax Canadians so that the Parliamentary Secretary and the friends in his Party, led by those Ministers, can dole out favours, having a potential of $750,000 in profit in Canadian taxpayers' money, or an up front investment of $25,000 by Gillespie which he had already retrieved in the first year of the transaction. I trust that I have clarified, even for his thick skull, what this matter has to do with taxing Canadians. The Minister of External Affairs cannot give that accounting even though he was then, as now, Deputy Prime Minister.

One begins to see the reason for the sudden and bewildering Cabinet shuffle which took place a few months ago, which I described on that occasion as a shuffling of pallbearers, when the Minister of Finance and the Minister of Energy, Mines and Resources were suddenly shuffled to new roles which made it impossible under our rules to question either of them.

It is noteworthy that the present Minister of Finance has accepted his responsibility in this matter. He has made an explanation to the House. I, for one, cannot accept that explanation. I, for one, believe that despite the question of right or wrong, good or evil, he had an obligation under the traditions of this institution to tender his resignation. That he did not do. That obligation, because of the implication of the Deputy Prime Minister, was also upon him, an obligation which he has failed to fulfil. Loquacious enough on other occasions, the Deputy Prime Minister has preserved, in regard to the Gillespie affair, the attitude of Buddha personified. But then, that is his common attitude whenever he or his Government is in difficulty. We sometimes wonder whether he is contemplating his navel or is lost in meditation, but he has shown no sign of following the lead, as shallow as it might be, of the Minister of Finance in making a clean breast of his participation in this whole shoddy affair. His attitude of non-involvement is in stark contrast to the position he took in announcing the project when he was front and centre on the platform at Port Hawkesbury with dear Alastair.

If we were not aware of the purity of his intentions, the unblemished devotion shown in his record, it would appear that his present posture is one of a person burdened with guilt. It appears that he is satisfied to sulk in his tent, or his seat, and allow his colleague, the Minister of Finance, to bear the brunt of public inquiry into these activities. When searching for a reason for that kind of conduct on his part, one does not have to look far when one sees how the present Minister of Finance totally destroyed the credibility of the Minister for External Affairs when he was Minister of Finance in the presentation of that financial statement or budget.

I suggest that that is not the kind of attitude that would endear the Deputy Prime Minister to his colleagues on the front benches.

One has the feeling that if he chose, in his capacity as Deputy Prime Minister which was the capacity in which he acted at the time, he could elucidate many of the troubling issues in the Gillespie affair. Surely the Prime Minister must see that the time has come for the Deputy Prime Minister to break his silence and take the nation and the House into his confidence, as he once took Alastair Gillespie into his confidence. It is he who holds the key to unriddling the conundrum.

By speaking, he can get the Minister of Finance, who has been carrying the can for him, off the hook. He can relieve the Prime Minister of the burden of public criticism which he has been bearing on behalf of the Deputy Prime Minister. He can let the House and the public in on all the little secrets of this matter in an exercise which cannot be but of immense therapeutic value to himself.

Perhaps he could tell us what took place. Who inserted the funds for the synfuels program in the budget under the National Energy Program? It appears that the Deputy Prime Minister's original budget was more artful than it seemed. Perhaps he can elucidate what was in the submission that went to the Treasury Board and which bore the warning of Alastair Gillespie's involvement? He was, after all, Vice-President of the Treasury Board. He was both the Minister of Finance responsible for the budget and, of course, not just a member of the Treasury Board but Vice-President of the Treasury Board. Perhaps he might even go into the methods of persuasion that were used to screw the courage of the Minister of Energy at the time to the sticking point, after he became reluctant to sign the submission.

Everywhere one turns in this affair, one finds evidence of the fine hand of the Deputy Prime Minister.

Mr. Smith: This is the Income Tax Act.

Mr. Nielsen: Again, the Parliamentary Secretary does not really understand the rules of relevance. Yes, I say to him, this is the Income Tax Act. This Government is asking for taxes from the Canadian people so that it can pay off its friends, such as Macdonald, $925 a day, and give lucrative architectural jobs to close friends of the Prime Minister, such as Mr. Erickson, to build an embassy. There is a whole list of them which appeared in the newspaper the other day. I am surprised that the Parliamentary Secretary has not read of them.

The Deputy Prime Minister owes it to himself, to the country and to his Prime Minister to speak.

Therefore, we are brought to today when, under a spurious point of order, the Minister of Finance rises in his place to make yet another correction to his previous statements. He sat there for a week. Even accepting the fact that after the week end's search he knew on February 21 that he had prior knowledge, it was his responsibility then to take half a dozen steps to the Deputy Prime Minister to inform the House immediately that the misleading statements of the Prime Minister were no longer valid. He could have lifted the telephone to do that. It is amazing that all of a sudden Alexander Graham Bell and the technology that he brought to our commerce in this country and to our private discussions went out of style. Ministers started writing letters instead of lifting telephones. The Minister had an obligation to inform us immediately. He did not do that.

• (1600)

I want to say a word or two before sitting down. I have touched on the taxation of northern benefits, and now I want to discuss another Cabinet document which came to my attention a short while ago.

Mr. Smith: It relates to the Income Tax Act, I guess.

Mr. Nielsen: It was sponsored by the Minister of Indian Affairs and Northern Development (Mr. Munro) and relates to amending the Northern Inland Waters Act to make certain regulations which, in effect, would entirely lay to rest the Yukon placer mining industry. The Government has killed, has utterly destroyed, the hard rock mining industry in the Yukon, and now it is about to do the same to the placer mining industry. It will not get away with its intended amendments to the Northern Inland Waters Act. It will not get away with its intention to amend or completely revise the Yukon Placer Mining Act, because we intend to fight that kind of change every step of the way.

However, consider the Government's approach. We hear the Liberals self-righteously rising and saying, "We will abide by the spirit of the Freedom of Information Act. We will tell Members of Parliament more about Government business. We will inform Canadians more about what we do in Government on their behalf".

I will read from a Cabinet document under the sponsorship of the Minister of Indian Affairs and Northern Development concerning amendments to the Northern Inland Waters Act.

Mr. Smith: It is the Income Tax Act we are debating.

Mr. Nielsen: "It is not intended"—the Parliamentary Secretary has interjected. I said in my remarks a few moments ago that the Liberals neither understood nor wished to understand northern Canada. The Parliamentary Secretary obviously does not. I am referring to an industry which produces 93 per cent of Canada's placer gold, and the Government's decision with respect to hearings which are now under way in Whitehorse will cost that industry in Yukon $270 million.

Mr. Smith: I am sure it is important, but—

Mr. Nielsen: Taxes!

Mr. Smith: —it does not relate to the Income Tax Act.

Mr. Lewis: Who cares?

Mr. Nielsen: In keeping with the new bold spirit of the Government in making all this information accessible to Members of Parliament, let me quote from its own Cabinet document, sponsored by the Minister of Indian Affairs and Northern Development, which states, "It is not intended to publicly announce the decision to amend the Act or to convene public meetings to explain the amendments or to obtain reaction and comments". That is the Government's approach.

Mr. Kempling: That's dictatorship.

Mr. Nielsen: It does things in secret, never letting it see the light of day because it might get some good ideas from Members of Parliament as well as public organizations which might like to have some input. This is the Government's idea of participatory democracy. That is why the Government can kiss goodbye any hopes of amending the Northern Inland Waters Act. That is why it can kiss goodbye any attempt to amend the Yukon Placer Mining Act without consultation with industry or with Yukoners, whom the Government has effectively frozen out of the public hearings which have been going on in the Yukon for the last two or three days. Industry is not even allowed input into those hearings which are top heavy with Ottawa bureaucrats and departmental Government figures comprising 70 per cent of those making submissions at the hearings.

I am sorry that I have not been able to convince the Parliamentary Secretary to the President of the Privy Council (Mr. Smith)—

Mr. Smith: At least I have listened to you.

Mr. Nielsen: —that what I have been saying has any bearing on tax measures. I have failed to convince him because he does not want to understand, or he refuses to understand. He has a closed Liberal mentality. He has the mentality so common among all Liberals today. They think, "We sit here by divine right. This institution is ours. We are the only ones fit to govern the country. This should be a unitary state because there is no one else in the country who is competent to govern". With the example of the standard of the Government, particularly as demonstrated in the last two weeks, if Canadians accept the Liberal party's belief that it is the only one fit to

govern the country, all I can say is, God help my country. I will not believe it. We on this side do not accept it. At the first opportunity we will see those rascals out of the Government so that a fresh new breed can sweep into these halls and govern the country.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, it is often said that the sins of yesterday are the taxes of today, and that has probably never been more true than it is now. We have before us a document which is 295 pages long, producing for us the results of three budgets. It tells us that Canadians were deceived once again in the last election when they were told that all they must do is to vote Liberal and all their problems will be solved. They were promised cheap energy, cheaper taxes, a universal system of social welfare and total protection from the ravages of inflation and unemployment. All these promises were given by the Liberals to an innocent public.

The question arises, what is the Government's tax philosophy? What has happened to these principles of equity and fairness which we have the right to expect would be embraced in the tax policy of the Government? No one denies the Government the right to use the Income Tax Act as a leverage to regulate, to stimulate and to slow down an overheated economy. However, the Government has managed to produce a tax system which has very extended leverage to it, one which was designed to pursue certain, now clearly identifiable, ideological goals, these goals being total central control and total control of an economy. It is a system which extends leverage to those who are on the inside and which rewards political friends.

What happens to all the principles of equity and fairness? As soon as they were tabled, I reviewed the proposed changes to the Income Tax Act. I did not see anything which would relieve the plight of the truckers from my constituency who write to me. People who travel in that manner are away from home for two or three weeks at a time, travelling up the Alaska Highway. The Income Tax Act and the regulations allowed them to deduct $18 a day while away from home for income tax purposes. If Your Honour has ever travelled up and down the Alaska Highway, or between here and Montreal, or travelled anywhere in Canada, you know that you cannot live on $18 a day when you are away from home. Donald Macdonald knows that. He needs a stipend of $800 a day in order to live, while a trucker who is away from home on his job is allowed a sustenance deduction of only $18 a day.

It is not necessary to cite such a dramatic comparison, and no trucker travelling up the Alaska Highway wants to compare himself with Donald Macdonald. However, how about considering the bureaucrat who is dispatched from Ottawa to Kingston or to any place else? He is allowed a per diem of $28 for food, but not the trucker. I looked through these 294 pages and I found no relief in there for the trucker. There is no fairness or equity of any kind.

• (1610)

What has happened to the principle of the ability to pay? What has happened to a tax Act based on principles of equity, fairness and the redistribution of wealth, as well as the ability to pay, meaning that you pay a higher rate of tax if you are able?

My Leader just told you about some of the discrepancies that exist in the tax Act as it applies to northern residents. The ability of Canadians to pay taxes differs very dramatically in accordance with where one lives. When you have to pay up to $5 per gallon of gasoline, $400 per month to heat your home, and up to 2.5 times the southern rate for essential food for your family, as do people in the North, your ability to pay tax is less, obviously, than the ability of those who live in Toronto, Montreal or Ottawa. Is that fact respected in this tax Bill? The only reference to it is that northern benefits, which we have allowed northern steelworkers and workers in larger companies with the protection of large unions, are to be phased out over a three-year period. These people have traditionally received northern benefits for housing and for trips outside to civilization. We are now told in this 294-page document that those benefits are to be phased out. Does it contain anything to replace those benefits? There is nothing there. It does not respect the principles of equity, fairness and the ability to pay.

What has happened to the principle of the ability to comprehend? Has the Government made an effort to make this tax Act understandable to the average Canadian? Should I read to you, as some of my colleagues have done, some of the paragraphs in this tax Act that are convoluted and totally incomprehensible?

These people in Government do not do anything without a reason. The reason this Bill is so complicated and convoluted is that it is based not on the principles of the ability to pay, comprehend, or equity and fairness, but rather on the mushroom principle which goes something like this: keep people in the dark and cover them with horse manure, and you can do anything you like. That is the principle on which this document is based.

I could not pretend, and I suggest you could not either, to understand fully our tax Act today. There is a whole new cult of bureaucrats, corporate and tax lawyers. One used to be able to fill out one's own tax form. When it got a little more complicated and you had a little income and wanted to deduct money you sent overseas to help your ailing mother or relatives in a distressed country from which you had come, you could go to a tax accountant in April and ask him to help you make out your income tax return. That is not the case any longer. If you want to take advantage of all the things written into this Act today and you do not want to be shafted, you have to hire a tax lawyer. At one time you used to have a family doctor. Now you need a family tax lawyer.

It is also suggested that the crime of taxation is not in the taking but in the way it is being spent. This Government tells us that the reason it has to come to us for $5 billion in additional borrowing authority, and the reason our tax bill is increasing, as Government spending is increasing this year, by

17 per cent while everyone else's income increases are limited by the six and five program, is that the locked in social programs to which the Government is committed are growing. Naturally when the economy is in a decline the demand placed on these social programs increases. That is a reasonable argument.

This tax Bill also indicates that measures which have been laid before this House have put a cap on the social program. No longer are Family Allowances indexed to the rate of inflation. No longer are old age pensions indexed to the rate of inflation. The Government has protected itself against any unreasonable increases in the demand on our social contracts and programs.

Let me tell you something and make a comparison. It has been estimated that it would cost this country $2 billion to put in place an actuarially sound pension program that would compare with the best in the world, such as that of Sweden and West Germany. In that way when a worker had completed his productive years he would have 80 per cent of his earned wages as a pension. It is estimated that that would cost this country $2 billion. Imagine that.

This Government spent $6 billion buying service stations throughout the country to put in place a National Energy Program which has invited the scorn of everyone, and created a reputation that we will not live down in the next 25 years. That expenditure has not created one new job or found one new barrel of oil. It has done nothing. The Government spent $6 billion, three times what it would cost to put a universal program in place, to secure totally the future of every person who has ever made a contribution to the work base of this country. That is why I say the crime of taxation is not in the taking but in the way it is being spent.

What this Government is doing is to tax the poor. It has capped Family Allowances and old age pensions and it is phasing out the northern benefits. It has not forgotten to reward its friends. Mr. Gillespie will have no problem in coming to grips with the hardships of the times. The Liberals over there know how to reward their friends. Of the 24 million people in this country only a small number are Liberal friends, and that circle is getting smaller and smaller as the just society is becoming more and more just for Liberals.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Corbin): It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The Hon. Member for South West Nova (Miss Campbell)—Fisheries—Allocation of non-surplus stock to European Economic Community; the Hon. Member for York North (Mr. Gamble)—Income Tax—Proposal to pay rent according to income—use of tax returns, (b) Landlords' access to information; and the Hon. Member for Comox-Powell River (Mr. Skelly)—Energy—Request that oil price be allowed to drop, (b) Price of gasoline.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration of the motion of Mr. Lalonde that Bill C-139, to amend the Statute law relating to Income Tax (No. 2), be read the second time and referred to a Committee of the Whole.

Mr. Peter Elzinga (Pembina): Mr. Speaker, of all the Bills which have come before Parliament during the present session of Parliament, Bill C-139 ranks as one of the most complicated. The bulky Bill to amend the statute law relating to income tax, as previous speakers have mentioned, is some 294 pages in length. Yet our Minister of Finance is asking the House to whip it through because he feels the various tax consultants need this legislation so they can fulfil their obligations to Canadians, and it will delay the return of income tax refunds to taxpayers if it is held up here.

The Minister is particularly justified in asking for a decision on this tax Bill. The tax laws have been so muddied by the process of budgets within recent years and subsequent financial statements which amend this and disallow that, that few Canadians, even tax experts, can claim to understand the income tax laws thoroughly. In that sense this Bill is required to clear the air.

Parliamentarians who have been debating this Bill are deeply concerned because it is too difficult to understand; it is simply too cumbersome a document to be swallowed in one bite. The risk connected with this Bill is that out of frustration, while under the pressure of time limitation on debate, Bill C-139 will get the green light from the House without Members being sure of exactly what is in the legislation. The Government's staff required some 389 days to draft this document. It embraces changes in income tax law introduced in budgets, and budgetary statements issued in November and December of 1981, the June budget of 1982, and the October, 1982, financial statement. It represents the work of two Finance Ministers. We need to have a better schedule of producing and debating these Bills. We need to further expand the parliamentary reform that has been established. We are still considering measures that were introduced in budgetary documents in excess of 15 months ago.

• (1620)

As previous speakers have indicated in this debate, I too would ask why the wording in this legislation has to be so complicated. The Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen) and a number of other Members have indicated their concern. I would ask the House to consider this passage referring to taxation to cover an employee being issued a company car. If, Mr. Speaker, you can make sense out of it, you will do a lot better than I. The legislation indicates, and I quote:

An amount that is a reasonable standby charge for the automobile for the aggregate number of days in a taxation year during which it was made available by an employer or by a person related to an employer shall be deemed to be the amount equal to the product obtained when

(a) where the employer or the person related to the employer owned the automobile at any time in the year, an amount in respect of its cost to the employer equal to the percentage thereof obtained when two per cent is multiplied by

the quotient obtained when such of the aggregate number of days hereinbefore referred to as were days during which the employer or the person related to the employer owned the automobile is divided by 30 (except that if the quotient so obtained is not a full number, and exceeds one, it shall be taken to the nearest full number or, if there is no full number, then to the full number next below—

I wonder, Mr. Speaker, whether you or the Minister of Finance (Mr. Lalonde) would be kind enough to explain that phraseology to us. Many individuals are making a great deal of money interpreting tax laws. As the Hon. Member for Prince George-Peace River (Mr. Oberle) indicated earlier, at one time we could fill out our own tax returns, but with complicated legislation such as this, it is impossible.

We oppose the limitation of the indexation factor on personal taxes according to the six and five program. This is nothing more than a sneaky income tax increase. If the Government wishes to increase taxes, let it do so. To slip this through without proper debate and backed up by a massive advertising program supporting the six and five program is pure and simple deceit.

Now is not the time for us as Parliamentarians to increase taxes. The economy is still in decline. Canadians should be encouraged to spend their money. A tax increase to feed the ever-growing appetite of the Government is counter-productive.

If the Government feels so strongly about the size of the deficit, let it cut its own spending. Let it curtail the 50 per cent increase in ministerial travel. Let it cut back on the size of the increase in the Minister's Department, and show it means business. Let it cut back where any businessman would start—on overhead and the administrative costs of running the Government. We have yet to hear why the overhead costs in the 12 largest Departments of this Government will increase by 17.1 per cent. As previous speakers have indicated, what we need is a new tax act, something to which everyday-Canadians can relate and which they can understand. It should be simplified so that tax rules are easily understood. I rather doubt that this will come about with the present administration. Their preoccupation is with the distribution rather than the generation of wealth in this country. They have stifled the growth of every sector in this country.

I wish to share with Hon. Members an article which appeared in *The Edmonton Journal* relating to farm bankruptcies in Canada. It reads:

Bankruptcies continue to reap a grim harvest across rural Canada as another 33 farmers were forced out of business in January, the Consumer Affairs Department reported Monday.

The figure is 32 per cent higher than in January 1982—

I have received, as I am sure all Members have, hundreds of letters relating to the budgetary measures and the legislation before us. Most of it is critical of what this Government is doing. Let me relate the one item on which we receive the most correspondence. It is with regard to the use of company automobiles. The Government did take a step back in this area and withdrew some of the provisions, but it did not go nearly far enough. I would ask the Minister of Finance to give further consideration to this area because this tax is totally unjustified.

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I had not intended to participate in this debate at this time. I am one of millions of Canadians who have come to the conclusion that after a number of budgets and economic statements and other activities of this Government, of the former Minister of Finance, now Secretary of State for External Affairs (Mr. MacEachen) and the present Minister of Finance (Mr. Lalonde), as well as the changes, reversals and hesitations, we should get on with the job and pass something in the House of Commons after so much talk of uncertainty on the part of the Government.

I do not propose to speak at great length. I want to address one or two ideas at second reading stage. This may be of some assistance to the Government in terms of its future activities. In considering future taxation measures, we would like that element of certainty which Canadians require as to the amount of taxes they will be expected to pay. Also, we would like to know the time-frame within which these matters should be considered by Parliament.

When the budgets or economic statements of November, June and October were presented, I am sure Members on both sides of the House had roughly the same experience in their constituency offices. My office was deluged with delegations and representations from a wide spectrum of constituents in every type of occupation, farmers, small-business persons and those in the life insurance industry. God knows we heard from the life insurance industry and those who have life insurance policies. We heard from those who had certain investments which they hoped to use in order to support themselves during their retirement years.

They came into my office to see their Member of Parliament regarding the proposals put forward in the House of Commons. They sought advice as to what they should do in terms of their business and investment as a result of the proposals in the statements and budgets.

It was a preposterous and ridiculous situation. One gentleman who came to my office sought advice on a number of propositions set forth in the budget of the former Minister of Finance. He asked what the proposals meant. I could not tell

him, and I informed him that I could get no clarification either from the Minister on the floor of the House of Commons. I recommended that he ask an accountant what he should do. He said, "I am an accountant". That is the situation in which we find ourselves. Canadians, regardless of their profession, have no idea as to what the Government has in mind.

We cannot get answers from the Government. There is confusion. Business decisions are held up. The Hon. Member for Gloucester (Mr. Breau) and the Minister of Veterans Affairs (Mr. Campbell) know this. They receive as many calls from their constituents as I do asking what this proposal means and how to plan their business.

I wish to relate to the House some of the information which those of us on the Special Committee on Procedure were privy to and were able to obtain on a recent visit to Westminster. We had the opportunity of examining the whole question of accountability and the way in which the United Kingdom, the Parliament of that country, deals with matters such as amendments to the Income Tax Act or taxation matters generally. In that country, Mr. Speaker, the question was raised some years ago as to whether or not taxation measures, once they were introduced in the budget, were effective before the Ways and Means motions and the legislation specifying the exact changes to the Income Tax Act or other legislation of the United Kingdom was passed. That is the same situation which we have now. The question has been raised on different occasions by Hon. Members of the Opposition as to whether or not the people of Canada are expected to pay these taxes which are brought down in the budgets even though we have not yet passed the legislation formally putting into effect the provisions set forth in the budgets.

• (1630)

The matter came to a point of confrontation in the United Kingdom in about 1923. It was challenged by a Member of Parliament there. The matter was to go to the courts for adjudication as to whether or not these taxation measures referred to in budgets were effective as of the date of the budget and were to be applied immediately notwithstanding the fact that Parliament had not yet spoken on these provisions. The resolution on the part of the Parliament of the United Kingdom was to pass an Act which provides for dealing with taxation measures brought down by a budget. And what they do in that country—and maybe it is something we should be looking at in this country as well—is to specify by statute that taxes which are brought into effect by a budget statement become effective on the date specified in the budget. They remain in effect for a certain period of time, within which time it is anticipated that the actual Ways and Means motions, and the amendments to the legislation in question, must be brought before the House and voted upon.

I mention this experience in Britain because of what I believe we have seen over the course of the last two and a half years in terms of the people of Canada, their great confusion and concern over exactly where they stand with respect to the different provisions set forth in the budget, because they were asked to pay taxes which were to be deducted at source with respect to certain benefits, and yet the amendments were not brought down and passed for various reasons, including indecision on the part of the Government.

We have this unfortunate experience, therefore, Mr. Speaker, which has really, I believe, brought home to us a substantial lesson, that sometimes, even though we may object to a particular tax A, B or C, it is more important to have certainty as to what the changes are going to be than to be concerned about the merits of the actual tax provision itself. The reason is that the damage which is caused to the lives of individual Canadians, to the business sector, the effect it has on our total economy, is owing to the indecision which exists in the minds of the people when investment decisions are held back because of the fact that the Government does not know what it wants to do, or is not certain.

Delays in bringing in its legislation, amendments to the Income Tax Act, cause serious problems, and the Minister of State for Finance (Mr. Cosgrove) would fully understand that since he has taken over his portfolio. This situation probably has been one of his greatest preoccupations as he receives complaints from Canadians and questions as to what they can expect in terms of actual amendments, when they can expect the amendments to be passed, and when the Government is going to make a decision about which ones they will keep and which ones they will drop from the budget. He knows the consequences this has had on investment in our country.

I simply say, therefore, by way of general advice to the Government and to Members of Parliament, that perhaps the time has come for us to look at some rules governing the time in which these budgetary provisions have to be dealt with by the House of Commons. There should be some opportunity for Members of Parliament to raise legitimate concerns or make constructive suggestions with respect to the advisability of these measures, but in due course it seems to me that what we have to do is to let the people of Canada know, as Parliamentarians in the House of Commons, where they are going so that they can make decisions about business investments, and when they will have the official decision with respect to budgetary matters.

I share that concern of many Canadians who have written to me. This Government has given me and all Members of Parliament more work in responding to letters of complaint and letters of clarification than any other Government that I can remember. That is saying something, because I have received a lot of letters of complaint with respect to the activities and policies of this Government. This budget has brought me more correspondence than any other single matter because of the way in which this Government has mishandled the matter. Unlike the Minister of State for Finance, I do not have a signature machine in my office. I have to sign all those letters, as well as compose and dictate them. I have to speak to my constituents. I do not have a phalanx of executive assistants to protect me as the Minister has protecting him from his constituents. I have to speak to my constituents, and I am proud and pleased to be able to do so. I do not look for that

kind of work. I try to be constructive and give the Government the benefit of constructive advice, and that is the policy I bring to Government.

Now I say to the Minister that I hope he has learned his lesson in his new responsibility and that he will take my suggestion to his colleagues and bring something before Parliament which would allow us to deal with these matters on a more rational basis.

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

Some Hon. Members: Question.

The Acting Speaker (Mr. Corbin): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed, will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Corbin): Call in the Members.

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

(*Division No. 298*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Garant
Gauthier
Gendron
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Turner
Veillette
Watson
Weatherhead
Whelan—127.

NAYS

Messrs.

Althouse
Andre
Anguish
Beatty
Benjamin
Blackburn
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Cossitt (Mrs.)
Crosbie (St. John's West)
Crouse
Darling
Deans
de Jong
Ellis
Elzinga
Epp
Fennell
Forrestall
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hees
Hnatyshyn
Hovdebo
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss) (Kingston and the Islands)
MacKay
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Ogle
Paproski
Parker
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Rose
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Siddon
Skelly
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Wright
Young
Yurko—116.

● (1800)

[*Translation*]

Madam Speaker: Motion carried. Consequently, the Bill is referred to a Committee of the Whole.

Motion agreed to, Bill read the second time and referred to a Committee of the Whole.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

FISHERIES—ALLOCATION OF NON-SURPLUS STOCK TO EUROPEAN ECONOMIC COMMUNITY

Miss Coline Campbell (South West Nova): Madam Speaker, I realize that seven minutes is not much time in which to try to put down all my concerns about the question I raised on January 31, 1983. The question concerns the allocation of non-surplus stocks by the Government for market accessibility in the marketplace. I should like to define the term "non-surplus".

Mr. Deputy Speaker: Order, please. The Hon. Member for South West Nova (Miss Campbell) has the floor.

Miss Campbell: Thank you, Mr. Speaker. I do not know if *Hansard* got everything that has gone on, it has been so noisy.

It used to be that we talked about traditional and non-traditional stocks. Then we talked about under-utilized and utilized species. Now the Department of Fisheries and Oceans is using the term non-surplus and surplus. For the benefit of Hon. Members I shall explain that the allocation of non-surplus fish stocks is the allocation of stocks that Canadians in the fishing industry can use. It has become the practice over the last year or so to allocate non-surplus stocks for market accessibility.

When I questioned the Minister of Fisheries and Oceans (Mr. De Bané), he said he felt it was a perfectly suitable mechanism since the industry appeared to want it, and that we could allocate non-surplus stocks for market accessibility. This one related to the European Economic Community, last year it related to the Portuguese, and I understand that there will be another one shortly with the Portuguese as well that will double for them the amount of non-surplus stock in our fisheries this year.

I do not think it is a good practice for industry to suggest this, or for the Department of Fisheries and Oceans or the Department of External Affairs to go out and find new market accessibility by using non-surplus stocks.

I would ask Hon. Members to recall the days prior to the 200-mile jurisdiction being declared by Canada. At that time, all of the industry—inshore and offshore fishermen, small and big companies—protested against foreigners being in our waters. With the advent of the 200-mile jurisdiction foreign fishing was eliminated, except when they were going after what we considered stocks surplus to our needs. They were given allocations of surplus stock within our waters. I stress "surplus" Mr. Speaker.

I feel very strongly that to give up fish that we can use for market accessibility is not a good trading mechanism for the Government to be involved in.

I asked the question prior to the publication of the Kirby Report. I had already spoken to the Kirby Commission about this. I realized that one of the main objectives of the Kirby Task Force was that the Atlantic fishing industry should be economically viable on an on-going basis, viable implying an ability to survive downturns with only a normal business failure rate and without Government assistance.

It is very nice to have that type of objective. We find that the Government assistance that will be available as a result of the Kirby Report will be about $198 million. In 1974-75 when the fishing industry was also having problems it was $150 million. Yet the problem that Kirby recognized has not been corrected. On page 49 of his report he quoted from the 1928 Royal Commission on the Maritimes and Quebec Fisheries. I realize that my time is short, but I will read it quickly. It reads:

• (1805)

> The demands of the consumer must continue to dictate—

This was taken from a 1928 report. It continues:

> —the form in which fish are marketed. Consumption always regulates sales, and sales regulate not only production but the particular form of the product.

I say that it is the marketing end on which we are concentrating here. The report further indicated:

> The declaration of the 200-mile limit in 1977 served to heighten interest in selling Canadian fish products.

He accepted that. The only disappointing thing was that he did not go further. He did not allow for the fact that what has gone wrong over the last number of years is that although the industry has gone out and established new markets in traditional stocks, there are also gluts in the catching of that fish which serve to depress established markets. Because of the depressed state of the markets, we had to find new and alternative means to find new markets. This brings me back to the point concerning the use of non-surplus stocks for access to markets.

I say that because it is the wrong form of marketing. The Kirby Report recommended close to $50 million for marketing over the next five years. That is not nearly enough money when we are dealing with a natural resource which is food for the world. Yet this recommendation was accepted. Also it was accepted that the Kirby Report recommended over-the-side sales and non-allocation of surplus stocks for new market accessibility, to go along with the $50 million for new markets.

How much more will we trade of a resource which should not be bartered that way? We should have an effective industry and the involvement of Governments, both provincial and federal, so that we can go out and use the capacity we have built up over the 200-mile limit rather than decrease the capacity because Kirby had said that we will do marketing in the old direction rather than going for a new type of marketing. Perhaps this means Governments and industry getting involved with a natural resource. I do not think this has been considered by the Minister of Fisheries and Oceans when he allowed this non-surplus allocation or in the Kirby Report

which came out after the question arose. I am very disappointed. I realize my time is up—

Mr. Deputy Speaker: Order, please. The Hon. Member's time has expired.

Mr. Brian Tobin (Parliamentary Secretary to Minister of Fisheries and Oceans): Mr. Speaker, I wish I had at least equal time to answer the questions of the Hon. Member for South West Nova (Miss Campbell). She has raised, in an articulate manner, in a very emotional manner and in a manner to which we in the House have become accustomed, the needs and concerns of her constituents. She referred to many of the questions confronting the Atlantic fisheries. She has gone through the whole scope of very important questions in her seven minutes. I will try to address one or two of the main ones.

She talked about the EEC agreement which Canada signed, and her concern that we have not obtained a good deal. I want to tell her, on behalf of the Minister of Fisheries and Oceans (Mr. De Bané) and the Government of Canada, that we are concerned that the EEC has not lived up to the spirit and intent of that agreement.

The deal, which was signed in 1981, provided for a number of areas of co-operation between Canada and the EEC, but primarily, from the Hon. Member's point of view and concern, it provided for the promotion of economic and commercial co-operation. From the Canadian perspective, the supplementary agreement was designed mainly to assist our exporters to diversify and expand sales of their product into Europe. Canada is the world's leading exporter of fish products in terms of value, but we concentrate almost exclusively on the United States market. It was thought that this was a way of breaking into European markets. This is a very important concern for the Government and for Canadian producers.

In order to achieve improved access to EEC markets for Canadian cod and herring products, the cost to Canada would be a limited amount of surplus and non-surplus fish to be caught by European vessels. Regrettably, during 1982, the first year of operation of the agreement, the EEC failed to fulfil its obligations with respect to market access. Canada, on the other hand, honoured its obligations fully in 1982.

Canadian Government representatives have, on a number of occasions, as has the Minister personally, informed the EEC authorities of our strong dissatisfaction with the operation of the long-term agreement. Both the Minister of Fisheries and the Secretary of State for External Affairs (Mr. MacEachen) have recently discussed the matter with senior EEC representatives.

• (1810)

My time is short. Let me say this. Disagreement will be interpreted by Canada in future in so far as it benefits the Europeans in direct relation to their commitment to live up to the spirit and the intent of the agreement that was signed, that is, to allow Canadian producers access to European markets. Perhaps my few words today will improve the situation.

Mr. Prud'homme: Excellent.

Mr. Deputy Speaker: Order, please. The Hon. Member for York North (Mr. Gamble).

INCOME TAX—PROPOSAL TO PAY RENT ACCORDING TO INCOME—USE OF TAX RETURNS. (B) LANDLORD'S ACCESS TO INFORMATION

Mr. John Gamble (York North): On February 11, I asked the Minister of National Revenue (Mr. Bussières) a question that directly related to a practice of which the House became aware earlier in the week. That practice concerned the issuance of tax returns by the Department of National Revenue to individual taxpayers, changing the practice that had existed in the past. The return now discloses the income of the taxpayer for the immediately preceding taxation year together with the identified social insurance number of the spouse of the taxpayer. These returns in blank form for the 1982 taxation year had been dispatched by the Department of National Revenue to all taxpayers. They were mailed in the customary fashion enclosing information which had not previously appeared on blank forms. Canada Post Office, since that date, has indicated that approximately 10 per cent to 15 per cent of blank tax forms dispatched to individual taxpayers go astray.

Members of the House are very concerned about the consequences of the practice of including within blank form information that might be material to others. I asked the Minister, having regard to a statement which had been made by the Minister of Public Works (Mr. LeBlanc) as repeated to a reporter for *The Toronto Star* on February 7, and having regard to the comments he made in connection with the amount of rent that tenants should pay to landlords, whether there was not some indication that this practice of including information on blank tax returns might be part and parcel of an arrangement to see a plan which was approved by the Minister of Public Works put into play. If I may just quote from the article which appeared in *The Toronto Star* on February 7, 1983, it reads:

> LeBlanc told *The Star* he would like to see all tenants pay at least 25 to 30 per cent of their before-tax income for accommodation. This way, he believes, rent controls could be eliminated.
>
> "There are quite a lot of people who are living at quite a bit less than what has been deemed as the norm of 25 to 30 per cent of income for lodging. I think quite a bit less in some cases," he said—

My concern with the issue raised by the Minister is, of course, that the issue of the amount a landlord extracts from a tenant for rent is a matter of provincial rights. Under the Constitution, Section 92 of the British North America Act specifically designates as a power allocated to the Provinces, property and civil rights. Certainly in my Province of Ontario, and I suspect in all other Provinces in Canada, the provincial Government has taken advantage of this unquestioned right granted to provincial Governments and has enacted legislation under the Landlord and Tenant Act which deals with the right of landlords and tenants.

It is completely inappropriate and misguided on the part of the Minister of Public Works to intervene in a matter which is

none of his concern. Indeed, it is not a federal concern at all. It is incredible that a federal Minister of the Crown with so many things which he might direct his attention to, having regard to the economy which is the responsibility of the federal Government and, for instance, the massive unemployment created by this Government's mismanagement, can take his time to deal with matters completely outside of his jurisdiction. That is exactly what the Minister has done in this case.

● (1815)

In any event, there is one further matter which must surely concern us. Who is to indicate what the income before tax of any taxpayer may be for the purpose of affixing the rate of rent that he is to pay? I fear that the Department of National Revenue may well be brought into play to help implement the plan determined to be appropriate by the Minister of Public Works, so that that Department may indicate to landlords the income of individual Canadian taxpayers. How could landlords know of the income of their tenants unless they had some co-operation from the government Department to which I made reference? I fear that the Department of National Revenue may be made a collecting agent for landlords, extracting a commission for their endeavours in order for that money to be handed over in appropriate fashion to the landlords of the nation on behalf of their tenants.

This Government has much to worry about and a lot to deal with. This issue is not one of them, and the Government should recognize that and leave the issue where it belongs, in the hands of the provincial Governments.

Mr. Garnet M. Bloomfield (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, this question arose in the context of other questions regarding information printed on personalized tax returns which were recently mailed for the 1982 taxation year. At that time, the Hon. Member for North York (Mr. Gamble), for reasons which are difficult to fathom, chose to raise questions about rental payments as a percentage of a taxpayer's total income. He appeared to be concerned about the confidentiality of tax information and to be under the illusion that some arrangements had been made to disclose information about taxpayers' income so that it could be used as a basis for determining the appropriate rent for an individual. I do not know if that is a fair statement of his position, but it is all that one can gather from what he said at the time.

Let me assure him and all Hon. Members that the confidentiality provisions of the Income Tax Act remain in place and no amendment is contemplated which would go remotely along the lines that appear to disturb him. Basically, those confidentiality provisions require that information gathered for purposes of administering the Income Tax Act shall be used for that purpose only. Any exception is clearly spelled out in the Act, such as the one that permits the use of income tax information to develop tax policy, which is a perfectly reasonable idea, to be sure.

As the Minister of National Revenue (Mr. Bussières) indicates, his colleague, the Minister of Public Works (Mr. LeBlanc), has expressed a view as to what he thought would be a reasonable share of an individual's income that could be spent on rent. This is a very common sociological concept and it is surprising that the Hon. Member would not be familiar with it. It is certainly a giant leap from these to a belief that there is some kind of plan to make income tax information available to landlords.

ENERGY—REQUEST THAT OIL PRICE BE ALLOWED TO DROP. (B) PRICE OF GASOLINE

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, the question I wish to expand upon this evening relates to the question which was raised in the House today and on numerous other days about the price of crude oil in Canada. What is being questioned at the present time is the issue of an election promise and a commitment made by the federal Government to maintain the price of oil in Canada below the world price.

One of the quotations used from those promises is from the Prime Minister's statement on national television during the election campaign when he indicated that his Party was prepared to keep the price of oil below the world price and that it would not be set by OPEC nations. We find that promise in question today. The unfortunate part of it is that the Government, with its $89 billion in expenditures which it is facing, is in very difficult times. As well, there is an extremely large deficit this year. The fear in Canada is that instead of addressing the economy as a whole, the Government will address only the need for its own revenues as well as again narrowly concentrating on the energy sector. The major concern is that this Government live up to its election promises and commitments under the National Energy Program and allow the Canadian price to remain below the world price and to track downward as that world price moves. If that were to happen, we would find a very large improvement in the fortunes of farmers, fishermen, manufacturers and small businesses. In addition, we would find that Canadian goods were more competitive on the world markets. Beyond that, communities such as the ones I represent would be able to offset generously transportation costs and make general improvements in the quality of life of consumers.

● (1820)

The unfortunate other side of the coin is that if the Government opts to push Canadian prices up to or beyond the world price level, Canadian goods would become non-competitive. As has been predicted by a number of leading organizations and financial analysts, the Canadian economy would continue to recover more slowly than its trading partners. In addition, it would appear that the major and immediate beneficiaries of a move to push up the price of Canadian old oil, or old new oil, depending on how one classifies our present conventional reserves, would be a small number of multi-national oil companies. There would be no direct, beneficial effect on smaller Canadian companies dealing in the frontier areas, holding most of the new oil, which is at world price or higher, and it would certainly do nothing to alleviate the problems of those

organizations which the Government strove to put in business under the National Energy Program.

Ultimately, the major problem facing us today is the fact that the National Energy Program, as devised in 1980, is in a state of collapse. There is no doubt that Canadianization has gone ahead, as the Minister correctly pointed out the other day. Nevertheless, in the present economic circumstances, those companies are in the greatest jeopardy, carrying as they do larger debt loads and dealing with areas of the country, especially Canada lands, where the costs of operation are extremely high. Therefore, those companies are in danger of losing their activities while, in fact, the major multinational corporations, the ones that we tried to deal with, are in a much stronger position in relation to Canadian companies.

The conservation effort has certainly moved ahead, and structural changes have occurred in the economy. However, on the other side of the coin, we are confronted with a severe cutback in the use of energy because of the recession, and the recession does not reflect the true need for appropriate sources of energy.

The next problem, of course, concerns Government revenues and the collapse of the National Energy Program. The federal Government moved ahead in an attempt to concentrate on one single industrial sector, which was probably the greatest single failing of the federal Government. It was a quick cash grab. We have seen the projected revenues drop from $65 billion down to approximately $30 billion, and continuing to drop to $20 billion. In fact, the projections for economic growth and for revenue sharing by the federal Government certainly depict a very difficult situation.

The National Energy Program as it related to economic growth between now and the end of the century was based exclusively on megaprojects which have all gone down the drain. Again, there has been a tremendous failing, not only of the national energy policy but also of our economic policy, or lack of one.

The question with which we are dealing is an integral part of the National Energy Program which has gone amok, and a made-in-Canada oil price is what we have basically considered, and it will have to be maintained. It is a fact that Canadians, if given a slightly beneficial price in relation to the world price of oil, would gain the advantage. There would be an acceleration in economic recovery which would improve the entire country.

The last aspect of the collapse of the National Energy Program which we are attempting to address tonight concerns the agreements between the producing and consuming Provinces. We are in a state of absolute turmoil. Recent events between the Government of Canada and the Government of Newfoundland have been of tremendous concern to the people of Canada and to the people of Newfoundland. The federal Government's role in that process has been less than honourable, I would suggest. Further, a wedge must not be driven between Alberta and Canada. It is very necessary to resolve the problems arising in an attempt to come to an agreement with the Province of Newfoundland in a fair and equitable way.

• (1825)

I think that the sixth point is the necessity of reaching agreements that will develop a unity of purpose between the producing Province and the consuming Provinces, with representation from the federal Government, is vitally important, and the fact that it matters not whether the federal Government is able to exercise jurisdiction through the courts. Ultimately the caring and sharing and the fair approach of the National Energy Program which was outlined in that basic document is not being displayed or adhered to by the federal Government. What we see on the part of the federal Government, particularly in the Newfoundland agreement, is a failure to take into account the needs of certain regions in this country for some control over the pacing and nature of development that occurs there, within the greater context of energy security for Canada as a whole.

Mr. Garnet M. Bloomfield (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, 18 months ago today an agreement was signed between the Government of Canada and the Province of Alberta which established the basis for our current petroleum pricing policy. This policy is that the world price is paid for oil imported into Canada and for newly discovered oil from domestic sources, while a maximum of 75 per cent of the world price is paid for oil produced in Canada that was discovered several years ago. The pricing mechanism administered by the government provides for a blending of these prices and, consequently, the Canadian price of petroleum products paid by consumers is always lower than the international price.

To encourage greater use of our abundant natural gas resources, our pricing policy includes a provision whereby the price of natural gas in the market is determined at Toronto in a 65 per cent price relationship with oil. The prices of oil and gas also strongly influence the prices of electrical energy and other energy sources and, consequently, our entire energy price structure is established at highly competitive levels in relation to energy prices in other countries.

• (1830)

The Hon. Member for Comox-Powell River (Mr. Skelly) in this House on February 22 stated that the U.S. price of gasoline was only 95 cents a gallon whereas the price in Canada is $2 or more a gallon. Even if one makes the generous assumption that he was expressing the U.S. price in terms of the U.S. dollar and the American gallon, and comparing it with the Canadian price in imperial gallons, his apples and oranges comparison is still in error. The fact is that Canadian and U.S. gasoline prices are not greatly different on an average basis. Where Canadian gasoline prices do exceed those south of the border, it is largely due to higher provincial Government taxes in relation to state taxes in the U.S. Heating oil prices in Canada are considerably lower than U.S. heating

oil prices. It should be noted too, that our gasoline prices are very much lower than those in European countries.

As the Minister of Energy, Mines and Resources (Mr. Chrétien) noted in responding to the Hon. Member's question on February 22, the oil pricing policy has not been changed. Under agreements in operation since the latter part of 1981 with the Governments of Alberta, Saskatchewan and British Columbia, Canadians are benefiting from lower oil prices than if our prices were set at international levels.

Representations have been made by those who feel that changes are now needed in the 75 per cent relation to the international level and that the domestic price should be raised immediately, or in steps, to the international ceiling. The Government understands their views but would be extremely reluctant to change the basic policy. In any event, it would be premature at this time of great price uncertainty to take any final decisions. What can be said with certainty is that price and decisions for the future will have careful regard to the interests and concerns of producers and consumers, and to the objectives of regional and economic growth.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 6.34 p.m. the House adjourned, without question, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, March 2, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

AIR TRANSPORT

INTEGRATION OF NORDAIR AND QUEBECAIR

Mr. Marcel Roy (Laval): Madam Speaker, I would like to recall that in the Quebecair case, the plan to merge Nordair and Quebecair fell through as a result of action taken by Minister Bernard Landry. Today, I want to denounce the attitude of the Minister of Transport, Michel Clair, who at the first meeting of the Parliamentary Committee on Quebecair threatened to use nationalization—in fact, the Government already owns 87 per cent—in a bid to save the airline. The Minister preferred to use threats and ultimatums instead of approaching the case from a strictly economic point of view.

Madam Speaker, I feel this attitude is absurd and highly unreasonable, and it is, once again, typical of these frustrated people who base their thinking on the nationalistic principles derived from a separatist, Parti Québécois party line.

Madam Speaker, I think it is positively abhorrent to use the Commission's first meeting to play on people's sentiments this way instead of taking a strictly economic approach. The atmosphere in Quebec is permeated by this separatist virus, and as a result, the death knell is sounding for the economic sector in Quebec. In fact, the same philosophy is reflected in higher sales taxes, the highest gas prices in North America, an uncertain political climate and on top of it all, the highest income taxes in Canada. In this connection, Normand Girard wrote in one of the morning papers: The Quebec tax authorities—

Madam Speaker: Order, please.

* * *

[*English*]

PETRO-CANADA

INCREASE IN ESTIMATES FOR 1983-84

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, in 1979 the then Conservative Government, recognizing among other things the potential loss of parliamentary control that Crown corporations represented, attempted either to justify or to dispose of many of these entities. A month ago the Auditor General made the self same point.

The Government, being interested not in parliamentary control but in its own unfettered power, has chosen to move in the opposite direction. Now it plans to pump another $368 million into our old favourite, Petro-Canada, in the coming fiscal year, which is up 272 per cent over current year spending. So much for six and five. Clearly, six and five is only for employees and pensioners. This will bring Government investment in Petro-Canada up to almost $5 billion. Can anyone here imagine a company in the private sector coming into the marketplace with financing of $5 billion?

What has this $5 billion of taxpayers' money bought? Some new signs for already existing service stations and the muscling in on already existing drilling permits. Can there be any wonder that the private sector, like most of the private citizenry of this once favoured nation, has given up all confidence and even hope in this discredited, tottering Government?

* * *

PENSIONS

WORK OF ALL-PARTY TASK FORCE

Mr. David Weatherhead (Scarborough West): Madam Speaker, yesterday the House of Commons agreed to form an all-party task force on pension reform. It will examine our Government proposals in the Green Paper called "Better Pensions for Canadians", including reference to income protection in private plans, survivor benefits, expanding mandatory pension arrangements, financing the CPP, and overcoming special pension problems of women, including homemakers.

I believe that pension reform is the most essential social reform before us today. Liberal Governments over the last 30 years have brought in Old Age Security, Guaranteed Income Supplement, spousal allowance, and the Canada Pension Plan. They provide an income security base for our seniors, but many difficulties still exist in the public and, in particular, the private pension plans, regarding financing, vesting, portability, income protection and survivor benefits. The task force will examine the Green Paper and other recent reports and proposals on pension reform; will retain expert advisers; will hold hearings in Ottawa and across Canada open to all interested groups, and will report by the end of 1983.

I am confident that our Liberal Government, with the cooperation of the Provinces and private sector, will introduce significant pension reform legislation shortly thereafter.

S.O. 21

HEALTH

HEPATITIS IN NORTHWEST TERRITORIES

Mr. Dave Nickerson (Western Arctic): Madam Speaker, yesterday a CP wire story focused on hepatitis in the Northwest Territories, citing that in Fort Rae, for example, 61 per cent of the people tested showed evidence of infection and 12 per cent of these were active carriers—60 times the national average. This is common knowledge to people who live in the Territories where diseases such as hepatitis and amoebic dysentry, which are more often associated with Third World countrie, are endemic.

Medical experts agree that the battle against these diseases will not be won until public sanitation systems can be upgraded to the standards of southern Canada.

In his speech to the Liberal Convention last November, the Prime Minister said, "We will put in place a national program to rebuild our communities" and "there are roads to be built and sewers to be constructed." Let him now keep to his word and work closely with the municipal and territorial Governments to build these desperately needed sewer systems so that our children no longer will be obliged to play amongst the barrels and bags of human excrement which line the streets of northern communities, awaiting collection.

* * *

HUMAN RIGHTS

EL SALVADOR—CONTENT OF CANADIAN RESOLUTION AT GENEVA CONFERENCE

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I would like to state categorically today that I was amazed at the weakness of Resolution L-18 that was tabled by the Canadian delegation to the Human Rights Commission in Geneva this past week. It is about El Salvador but does not mention the real causes of the problems in El Salvador. It does not call on all foreign Governments to stop sending arms to that country, and it does not call for dialogue and negotiations.

In light of these matters the Holy Father, Pope John II, is visiting that region of the world this week. He is attempting to bring about some kind of peaceful solution to the whole area, but at the same time President Reagan of the United States is calling for $60 million more in military aid to El Salvador, as well as trying to increase the number of military advisers in the country.

• (1410)

Secretary Schultz of the United States has likewise, in a most insensitive way, attacked the Church, and particularly Archbishop Arturo Rivera y Damas, recently appointed Archbishop of El Salvador, for the position that the Archbishop holds which calls for dialogue.

Therefore I call upon the Prime Minister of Canada (Mr. Trudeau) and the Secretary of State for External Affairs (Mr. MacEachen) to make our voices heard in the United States against such action, and, at the same time, to join together with the Governments of Mexico, France and Venezuela, and all others who are attempting to bring about peace in that region.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

SPORTS

CANADA WINTER GAMES IN SAGUENAY-LAC-SAINT-JEAN REGION

Mr. Marcel Dionne (Chicoutimi): Madam Speaker, the 1983 Canada Winter Games closing ceremonies will take place this evening, and I believe that it is fitting that we should draw the attention of the House to the fact that something like 2,000 Canadian athletes from our ten provinces and two territories have taken part in this sporting event. The Saguenay-Lac-Saint-Jean area has hosted the 1983 Canada Winter Games. Close to 5,000 volunteers from the four host cities, namely Chicoutimi, Jonquière, Alma and Ville de la Baie, devoted their time and energy to ensure the success of that great sporting event.

The Right Hon. the Prime Minister of Canada (Mr. Trudeau) attended the opening ceremonies, and he was impressed, as was the public at large, by the show which featured 410 singers, dancers, musicians and entertainers of my region. The 1983 Canada Winter Games were nothing less than the celebration of amateur sports, Canadian unity, and friendship between youths. As well, the Games did contribute to bringing our people closer together while fostering a spirit of cooperation and unity among all public associations of the area. The Minister of State (Fitness and Amateur Sport) (Mr. Perrault) has played a leading role in the organization of the Games. The organizers, the participants and especially the volunteers at all levels are to be commended for their contributions.

Finally, I am convinced that the flame of the Canada Games which will be put out in Chicoutimi this evening will be lit anew in four years with as much—

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[*English*]

AIR TRANSPORT

APPLICATION OF REGULATIONS TO SMALL FIRMS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, following the release of the Dubin Report, the Department of Transport began a campaign to ensure that every regulation which governed the air industry, and especially the helicopter industry, was complied with to the letter. Rather than attempting to ensure compliance from all sectors

of the industry, it is the small operator who is being scrutinized, and special care is given to persecute those in the helicopter industry. As a consequence many are finding themselves in court on charges of a very minor or technical nature for practices which have been followed for years. At the beginning of January alone, there were fifteen such cases in British Columbia.

The situation has deteriorated to such an extent that the viability of small businesses governed by the air carrier regulations is seriously jeopoardized. Why is it that just the small-businessman is being scrutinized, and why is it that the Department only became concerned over possible minor violations after the Dubin Report was released?

To date no progress has been made in reaching a conciliation. The Department, in its mailed first approach, is forcing the independent operator into oblivion. Due to the total insecurity which exists in the industry, applicants cannot even bid for contracts simply because they do not know whether their applications for licences will be approved. Even so, applications are four months behind in processing. As a result the large firms are seizing the small contracts in coastal communities, which were traditionally the preserve of the small operator.

When the economy picks up, these small communities—

Madam Speaker: Order.

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PROVINCIAL AFFAIRS

CONFERENCE BOARD FORECAST OF GROWTH IN SASKATCHEWAN

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, two weeks ago the Conference Board of Canada came out in its latest quarterly provincial economic forecast with the tragic prediction that our economy would grow by only 1.2 per cent in 1983. But even more shocking, Madam Speaker, if you can imagine it, is the fact that the growth rate in Saskatchewan will be 0.4 per cent, or about one-third of the national average. That is lower than any other Province in Canada.

In 1981 Saskatchewan had the highest growth rate in Canada, but after only eight short months of a Tory Government in that Province it has fallen from number one to number ten.

Mr. Epp: Try Manitoba for size.

Mr. Nystrom: Tory times are tough times. I see the Tories are objecting.

• (1415)

Another interesting fact is that bankruptcies are up by 116 per cent in eight months; unemployment has gone up from 4.6 per cent to 7.7 per cent, and that also is in in eight short months. History is repeating itself. The Tories are campaigning in our Province that they are open for business. Ross Thatcher and his Liberal Party did the same thing 20 years ago and those were seven long, lean years of liberalism that made our Province a have-not Province.

I ask, if this happens in eight months, just think what would happen to this country if that Party were in power for four years.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

BROADCASTING

PUBLICATION OF STRATEGY—GOVERNMENT INTENTIONS FOR CANADIAN BROADCASTING CORPORATION

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is directed to the Minister of Communications and it arises from his vague national broadcasting strategy which he announced outside the House yesterday. One can now see why he chose not to announce it in the House; it was because it was embarrassing because it contained so little.

The broadcasting strategy contains nothing on radio, and the Government's policy for the CBC is to tell it to study itself. In view of the fact that it is proposing major new competition to private broadcasters, how does the Government expect private broadcasters to plan for the future when the Government is incapable of making up its own mind about what to do with the CBC?

Hon. Francis Fox (Minister of Communications): In reply to the hon. gentleman I notice, for instance, that the Canadian Cable Television Association labels the strategy a significant turning point and the beginning of a new era for consumers and entrepreneurs alike. Yesterday was a significant turning point, particularly in relation to the development of Canadian programming. The Government announced that it would be making a fund of some $60 million available to the private sector in Canada to produce quality Canadian programming. This in turn will bring another $120 million of production funds into the hands of private program producers. What happened yesterday was not only a major advance in the area of program production for the Canadian creative community, it was indeed a quantum leap.

FUTURE OF PRIVATE BROADCASTERS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, perhaps now that the Minister has unburdened himself of that little speech he can answer the question. How are private sector broadcasters expected to plan for the future when the Government itself is incapable of deciding what it wants to do with the CBC?

Will the Minister also tell the House why did he last fall, on October 7 when he issued a press release, make false threats against bar owners who had TVRO's that were unlicensed, only to flip-flop on the policy yesterday?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I know that there are games that parliamentarians play, and I know full well that if I had come out yesterday with the CBC policy the Hon. Member would have said that I had cast aside the Applebaum-Hébert Report, that I had not allowed sufficient debate to take place in the community, that I had not allowed the Standing Committee on Culture and Communications of the House to pronounce itself on the Applebaum-Hébert Report, and on the models they proposed for the CBC.

I have yet to hear any informed comments by the Hon. Member on how he thinks the CBC ought to develop in the months to come. In the absence of that type of informed comment, I have of course asked the Board of the CBC to let me have their comments on how they see the CBC developing. My own officials are examining the situation, and I trust that during the course of examination of the Applebaum-Hébert Committee Report by the Standing Committee on Communications and Culture, over the next month or so, I will indeed have the advice of that Committee before any hard and fast decisions are taken.

In the meantime, obviously the CBC, which, as I indicated yesterday, is a crucial component of the Canadian broadcasting system, will continue to operate and the private broadcasters will continue to live with a strong public broadcasting component in the Canadian broadcasting system.

POLICY ON LEGALITY OF SATELLITE RECEIVING DISH ANTENNAS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, on this side of the House we will be glad to give the Minister all the advice that he wants. We know that he needs a great deal of it. Will he now answer the question I asked before about his flip-flop on bars and, secondly, can he confirm that in fact he told a reporter yesterday that, on two elements of his policy, the two out of four that required parliamentary action, he did not intend to introduce legislation until September? This would likely result in no action being taken until after the next election. When is the Minister going to get moving?

• (1420)

Hon. Francis Fox (Minister of Communications): Madam Speaker, on the question of dish antennas, the policy statement made by the Government yesterday was to the effect that we wanted to ensure that Canadians who live in remote areas, particularly those who live in the northern part of Provinces such as Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, like their cousins from the south, have access to a comparable range of programming. We feel that because of the type of satellite development we have gone through with Canadian industries over the past ten years in the development of technology, that technology should be made available to Canadians in all parts of the country. Indeed, we have opened to Canadians living in all parts of the country access to what I consider to be one of the finest broadcasting systems in the world.

* * *

HEALTH

CANADIAN MEDICAL ASSOCIATION TASK FORCE—REQUEST THAT GOVERNMENT CO-OPERATE

Mr. Jim Hawkes (Calgary West): Madam Speaker, in the absence of the Minister of National Health and Welfare I will direct my question to the Prime Minister. The Prime Minister will know that earlier this day the Canadian Medical Association announced the formation of a task force to look into the allocation of health care resources. This task force is, I believe, in response, to the lack of action on the part of the Government, and growing concern about the medical care crisis which is expressed by professional groups, including doctors, nurses, physiotherapists, and by lay groups including churches, unions, and so on. Can the Prime Minister tell us whether or not the CMA request that they receive co-operation from the Government will in fact be met? Will the Government be co-operating with that task force?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, but I will be happy to take notice of the question on behalf of the Minister.

FUNDING FOR HEALTH CARE SYSTEM

Mr. Jim Hawkes (Calgary West): Madam Speaker, the crisis in health care is partly a funding crisis. The Prime Minister has announced his intention to hold a First Ministers' conference to deal with the economy. Can the Prime Minister tell us if on that agenda he will be dealing with the issue of money for the health care system before it is too late and too many people die?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the meeting I am planning with the Premiers on the economy is to deal with the middle and longer-term issues. The Ministers of Finance will be meeting next week and they will be dealing with the short-term issues. I think they will be dealing mainly with the economic issues. In so far as health and welfare issues are concerned, they will, of course, be dealt with by the responsible Minister.

* * *

BROADCASTING

GOVERNMENT STRATEGY—POLICY ON CABLE COMPANIES

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question to the Minister of Communications is really

supplementary to the series of questions asked a little earlier. The Minister has assured the House that if you live in a bar or in the bush you can watch a satellite dish, but if you live in a senior citizens' highrise or a co-op apartment, you cannot.

The Minister has obviously come out in favour of cable companies to protect their economic interests. Since he has dedicated himself to protecting the profitability of the cable companies, what plans does he have in mind for the cable companies to contribute to the broadcasting industry in some way through tax incentives, or revisions of the Copyright Act, an amount equivalent to the protection they are getting from the Minister?

Hon. Francis Fox (Minister of Communications): Madam Speaker, the method that we have opted for is one of reinforcing the Canadian broadcasting system as a whole by making a fund available to independent program producers who, having obtained a distribution agreement either from the private sector broadcasters or public sector broadcasting, can then make a draw on the fund.

As far as cable operators are concerned, our general analysis of the situation is to the effect that, in order to meet the competition that will undoubtedly come from dishes, which will really be the competition for the cable operators in this country, the cable operators on the whole will have to modernize their plant. They will have to get into two-way television. They will also have to offer a variety of new services, both programming and non-programming services, to their subscribers. We feel that with that type of situation the cable operators will not only survive but will be able to compete very effectively with any of the new technology.

I would like to add that this is the same analysis that has been made in other countries, to wit, France, which this year is cabling 27 cities, and Great Britain where the Hunt Report recommends that in the face of the new technology, DBS technology, that country should also go cable, as is the case at the moment in Germany and Austria.

FUNDING FOR CBC PROGRAMMING

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, there are a number of comments and questions that a person could ask about the Minister's mythical fund. We really do not know anything about it. It provides loans and partial equity, but we really do not know how it is going to go over, and how it will work. In fact we do not even have the fund. It is all somewhere in the distant future, like the minister's mind and his decision.

The Minister calls upon the CBC to provide more Canadian content, and he knows very well that the necessity for Canadian content is so the CBC can compete with all the other agencies which deliver signals. Since Canadian content is based on the amount of money which the CBC can spend on programming, I would like the Minister to take that quantum leap and tell the House today what he plans to do to improve the viability and financial backing of CBC programming?

• (1425)

Hon. Francis Fox (Minister of Communications): Madam Speaker, the Hon. Member will remember, undoubtedly, the Applebaum-Hébert Commission had a number of far-reaching recommendations concerning the CBC. One of those recommendations was that the CBC make a greater effort to increase the amount of programming which it contracts out to the private sector. If the Hon. Member reads the document which I tabled in the House yesterday he will see that the CBC can indeed have a call via the private production sector on that fund, and that call can be up to one-half of that fund, that is, up to 30 million new dollars.

SATELLITE RECEPTION IN MOTEL PREMISES

Mr. Mel Gass (Malpeque): Madam Speaker, my supplementary question is directed to the same Minister, and it is in respect of his announcement yesterday on satellite dishes and how they will affect hotel owners and so on. I read in *The Citizen* this morning that Item 3 of his four proposals would affect hotels and motels. Would the Minister tell us if hotel and motel owners will be allowed to direct incoming signals into rooms throughout their premises instead of into one central room where guests would have to go to view it rather than in the privacy of their own rooms?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I tabled the document in the House yesterday. If I may be so bold, I suggest to the Hon. Member that instead of simply reading a newspaper account of this he should take the trouble to read the original. If he reads the original, he will see that we have eliminated the requirement for licences for TVRO's which are used for individual purposes. We are also exempting from the licensing requirement certain categories of commercial establishments such as bars, one of which the Hon. Member mentioned before, where the signal is simply displayed for the convenience of the patrons. In the case of redistribution of signals to rooms, or redistribution of signals to various apartments which will be part of a complex, then the MATV rules will apply and would require an application to the CRTC for a licence.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF ONTARIO COMMITTEE ON PROCEDURAL AFFAIRS

Madam Speaker: I would like to welcome to the presence in our Gallery of the Standing Committee on Procedural Affairs of Ontario, which is Chaired by Mr. George Kerr.

Some Hon. Members: Hear, hear!

[*Translation*]

TRADE

UNITED STATES PROTECTIONIST MEASURES—CANADIAN LUMBER INDUSTRY

Mr. Claude Tessier (Mégantic-Compton-Stanstead): Madam Speaker, my question is for the Minister of State for International Trade. Following his meeting on Monday with the American Trade representative, Mr. Brock, and his previous contacts with the Secretary of Trade, Mr. Baldridge, and the Secretary of State, Mr. Schultz, can the Minister assure the House and Canadian lumbermen that the complaint being reviewed to the effect that Canada practices various forms of dumping which are harmful to the American industry is unfounded and that Canada cannot accept undue American protectionism on or any protectionist measures which would endanger the Canadian lumber industry, an industry vital for our economy and essential for meeting American demand?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I met with the American Secretary of Trade, Mr. Baldridge, in Washington last Monday to discuss the forest industry and the proposed compensatory charges. It was the third time that I had met Mr. Baldridge to discuss this matter. The provincial ministers, the industry and the Government of Canada have worked together to meet this threat to our industry. I am confident that our position is correct. There are no subsidies on our lumber exports to the United States. We expect the Americans will announce their decision next Monday.

• (1430)

[*English*]

Some Hon. Members: Hear, hear!

Mr. Andre: Madam Speaker, I assume that applause was for the translator!

Some Hon. Members: Oh, oh!

Madam Speaker: Order.

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THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—REQUEST FOR TABLING OF CERTAIN DOCUMENTS

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. Yesterday, by way of a point of order at the end of Question Period, the Minister of Finance gave one more version of what he knew and when he knew it in regard to the "Coalgate" affair. This represents the fifth or sixth time that we have had a change in the story when the previous story would not stand up to examination. Clearly a cover-up is under way.

On Monday I wrote to the Minister requesting that he make public two documents that were not among those he tabled in the House on February 23, plus all relevant PetroCan documents. Has the Minister asked his departmental officials to check the files of the Scotia Coal Synfuels Project for the January 12, 1981, minutes of the joint management committee? Also, has he had his officials check the July 9, 1981, directive referred to from the Minister to his Deputy which was referred to in a letter by the Deputy on July 14, 1981? Has he asked Petro-Canada for its complete files on this project? In the interest of putting an end to this cover-up, will he table those documents and make them available?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I think I have some technical problems to overcome. In order to table the minutes of January 12, I had to seek the consent of the Premier of Nova Scotia. Apparently he has given his consent, so I will be able to table that.

In terms of the directive of July 9, it was a verbal directive so there is no such document.

In terms of the file of Petro-Canada, some of the correspondence involved private sector partners. In that file there is communication between the Nova Scotia Government and Mr. Gillespie and I have to seek the consent of those two parties before I can table the documents.

I hope that I will be in a position to table everything with the consent of all the parties involved by tomorrow. Of course because some of the documents are commercial in nature, and I have to seek the consent of the Nova Scotia Government and Gillespie and Associates.

Mr. Andre: Madam Speaker, the Minister's contention that that directive of July 9, 1981, referred to in the letter from Mr. Cohen to the former Minister of Energy in the letter of July 14, would not lead one to believe that it is an oral communication. He refers to a directive. It certainly looks as if it is a written communication. I would ask the Minister to have his officials re-examine that situation.

REQUEST FOR COMMITTEE INVESTIGATION

Mr. Harvie Andre (Calgary Centre): Madam Speaker, if we have the final story on the record and the Minister is willing to table all these documents, in the interest of putting an end to the suspicion of cover-up, and in an effort to repair some of the damage that has been done to this institution by the violation of the guidelines and the failure to accept responsibility by the Ministers, will the Minister of Energy, Mines and Resources permit a committee of this House to examine this whole question and look at all the available documentation so that there can be no doubt about what is the complete and true story?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, there has been a lot of debate in the House about this. I have tabled more documents than ever

before, and I will table some others when I have the consent of the people involved. I hope to have all these things ready for tomorrow. I had hoped to have them ready for today, but one confirmation is not in yet. I think Hon. Members should appreciate that I have been extremely open in that fashion.

AWARENESS OF DEPUTY PRIME MINISTER OF SYNFUELS PROJECT

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I should like to ask the Minister of Finance a question that I attempted to deal with yesterday on a point of order. He will recall, and the House will recall, that last Friday he gave an undertaking to the Hon. Leader of the New Democratic Party to ascertain from his predecessor, now the Deputy Prime Minster and then Minister of Finance, when the Deputy Prime Minister first became aware of the existence of the Synfuels project and the participation of Alastair Gillespie. Is he now in a position to fulfil that undertaking, or perhaps the Deputy Prime Minister would prefer to answer directly?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have checked with the Secretary of State for External Affairs. He indicated to me that, although he has not been able to find any particular, clear record in this regard, his view is that he would have been made aware some time in June of 1980.

Mr. MacKay: Madam Speaker, perhaps we can pursue the antecedents of this fascinating affair somewhere else.

CAPE BRETON DEVELOPMENT CORPORATION—PRODUCTION OF DOCUMENTS

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I should like to put a question to the Minister responsible for the Cape Breton Development Corporation, the Minister of Industry, Trade and Commerce. He will recall that he, as well, indicated last Wednesday in response to a question from the Hon. Member for Wellington-Dufferin-Simcoe that he would, I think he said, "look into" the possibility of producing some of the records, documents and correspondence from the Cape Breton Development Corporation. I wonder if he would be good enough to tell the House what progress he has made on this request.

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, immediately after Question Period that day I contacted the president of the Cape Breton Development Corporation and asked him to forward to me any documents with respect to this transaction. At the present time our officials are looking at those documents for relevant information to give to the Hon. Member.

AUTOMOTIVE INDUSTRY

CANADA-JAPAN AGREEMENT—CREATION OF JOBS

Mr. Otto Jelinek (Halton): Madam Speaker, my question is directed to the Minister of State for International Trade. For the past two weeks the Minister has been boasting about his new six-month automotive agreement with Japan. Yesterday he said in this House, as reported at page 23333 of *Hansard:*

—my first responsibility as Minister of Trade is to create Canadian jobs by the export of Canadian goods.

I should like to ask the Minister a clear and simple question and I hope he will answer it just as clearly, instead of going into his usual diatribe. How many new jobs, and I stress the word "new", has this agreement created in Canada?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, the Hon. Member asks a very difficult question and I will tell him in a very straightforward manner why he does. The fact that 11,000 fewer cars will come into Canada from Japan in the first six months of this year than last year would presumably create a considerable number of additional jobs in the Canadian car industry were it not for the fact that we are involved in a common market in cars with the United States. Of the cars sold in Canada that are considered to be of domestic origin, 90 per cent are actually manufactured in the United States, while a great number of cars manufactured here are sold in the United States.

Whether the fact that fewer Japanese cars are coming in will mean that more jobs will be created immediately in the Canadian car factories is a matter for Mr. White and UAW to negotiate with the car companies.

Mr. Jelinek: Madam Speaker, it is very obvious that the Minister is as ineffective in international trade as he was in the portfolio of fitness and amateur sport. He knows full well that that agreement does not create one new job in this country.

SALES OF AUTOMOTIVE PRODUCTS ABROAD

Mr. Otto Jelinek (Halton): My supplementary question to the Minister is to ask him what has he done, or what does he intend to do in the domestic auto industry to create jobs in Canada by way of automotive exports, other than exporting Canadian jobs to Japan? Perhaps the Minister will share with us, with the House and with the industry, figures on the sales he has made of automotive products abroad during his extensive travels.

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I have to conclude that the Hon. Member's condemnation of my effectiveness in various portfolios relates not to my performance but to the fact that he is in the Opposition and wants to have his crowd sit over here. They are not going to make it, but that is the basis for his attitude.

Let me say to the Hon. Member that, while I have only been in the portfolio for five or six months, my predecessor, now the Minister of Industry, Trade and Commerce, did such a fantastic job that the Hon. Member ought to be really jealous of it. Last year Canada achieved a record in relation to exports. I think the Hon. Member knows enough to know that exports mean jobs in Canada. We are going to continue our record performance in exports. That is how we are creating jobs.

I would also point out to the Hon. Member that it is strange arithmetic that says that if we import fewer cars in the first six months this year than last year, that does not mean more jobs somewhere in the North American car market.

* * *

• (1440)

THE ECONOMY

QUERY RESPECTING POLICY ON STIMULATION

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Finance. It concerns jobs. Last November the Prime Minister favoured stimulating the Canadian economy through public investment. Now the Minister of Finance is cooling to that position. Last night he wined and dined himself while the CLC convention of workers got no answers from his Parliamentary Secretary.

Some Hon. Members: Sit down.

Mr. Waddell: Does this Minister of Finance agree that the economy should be stimulated through public investment, or does he intend to rely on the private sector to stimulate the economy and get Canada growing again?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as far as wining and dining are concerned, I want to inform my hon. friend I had dinner last night in the Parliamentary Restaurant with another Member of Parliament and his wife whose birthday it was. Those of us who eat in the Parliamentary Restaurant know there is no great wining and dining there.

Some Hon. Members: Oh, oh!

Some Hon. Members: Shame.

Mr. Clark: Attacking more public servants.

Mr. Lalonde: As far as the allegation of the Hon. Member is concerned, I want to assure him that he should be very cautious about relying on speculation in the press. I said that I will not comment on press speculation about the budget, and I will not comment on the kind of speculation in which the Hon. Member is engaging. There is no basis in fact that I know of for that kind of statement he has just made.

Mr. Waddell: I might remind the Minister of Finance that, while he was dining here, one delegate to the CLC said that his union which operates a clinic in Vancouver was putting bandages on the working casualties but, in spite of that, they were still bleeding. The workers are suffering, Madam Speaker.

REQUEST THAT MINISTER DIVULGE POLICY

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, let me ask the Minister of Finance what is his Government's position? Does the Minister of Finance agree with what the Prime Minister said? Is he going to use public investment to stimulate the economy, or will he rely on private investment? All the Minister has to do is answer the question. If he is going to stimulate the economy, when is he going to do it? When will we see a budget? The Minister is fiddling while the Canadian worker is burning.

Some Hon. Members: Oh, oh!

Mr. Epp: There is an original line.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, knowing the eating habits of my hon. friend, I would like to know where he dined last night and what he ate.

Some Hon. Members: Oh, oh!

Mr. Lalonde: We will leave that to speculation for the time being.

My hon. friend invites me to commit a budget leak. At the present time I am not ready to do that even on the floor of the House of Commons. There will be a budget, and I invite my hon. friend to wait for it. I hope in the meantime we will proceed speedily with the adoption of the Bills that are before the House, particularly the Income Tax Act amendments that have been considered for quite a while now and will be going to Committee of the Whole soon. I hope to present a budget to the House at an appropriate time once consideration of these Bills has been concluded.

PROPOSED VANCOUVER PUBLIC WORKS PROGRAM

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, this is a serious matter and the workers want some answers. Let me give a concrete example of a workable and an affordable program to the Minister of Finance.

The Mayor of Vancouver suggested this morning that the City of Vancouver was prepared to go with a $236 million public works program to computerize traffic signals, to build bridges, to build sewers, streets and so on. The City will pay $136 million, about which a plebiscite was taken. Will the Minister of Finance commit himself right now to this form of public investment in the amount of $100 million for the City of Vancouver in this instance, and in general for the Federation of Municipalities across the country?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Mayor of Vancouver has some very good ideas. Many other mayors across the country have very good ideas for their

cities, and many provincial ministers have very good ideas for their provincial Governments.

Mr. Lawrence: What has happened at the federal level?

Mr. Lalonde: And many federal Ministers have very good ideas on how to spend federal money in federal areas of responsibility. Each order of Government which has great ideas and wants to do things has a way of doing them. Every order of Government has a financial market available in this country from which it can borrow money, just as the federal Government has. The financial borrowing requirements of the Government, as the Hon. Member knows, are around $26 billion to $27 billion. That is a fair amount of borrowing in which the federal Government is engaging. I invite my hon. friend to invite his colleagues, his friends or even his enemies at the local municipal or provincial level, to do what the federal Government is doing, that is, to go out into the market and borrow to finance a lot of activities across the country. That is the responsibility of all orders of Government, not only of the federal Government.

Mr. Epp: Do not encourage them to borrow more.

* * *

[*Translation*]

AIR TRANSPORT

ACCUSATIONS MADE IN QUEBEC PARLIAMENTARY COMMISSION ON QUEBECAIR SITUATION

Mrs. Eva Côté (Rimouski-Témiscouata): Madam Speaker, my question to the Minister of Transport refers to the allegations or rather the accusations which were made in a Quebec parliamentary commission concerning the Quebecair situation. Could the Minister of Transport advise the House of the way in which the negociations were conducted between Nordair and Quebecair and the Quebec government in July 1981 which resulted into the plight which Quebecair faces today?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this would require a great deal of explanations, but one thing is certain, and it is the fact that the more Mr. Clair enjoys talking about my beating about the bush, the less I enjoy talking about his conceited attitude. This government, just like the one before, has experienced much difficulty in trying to amalgamate these two corporations. In spite of their efforts my colleagues, the hon. member for Joliette and the hon. member for Végréville, have failed. In 1981, however, a concrete proposal was made to the Quebec government, which, for nationalistic reasons, was turned down. That was the situation then.

The situation now is that Mr. Clair would like me to get involved, ahead of time, in the administration of Quebecair which we are trying to get back on track. I refused to do so before seeing its auditor financial statements. I believe it was the only safe thing for me to do.

* * *

[*English*]

FISHERIES

EUROPEAN COMMUNITY BAN ON CANADIAN SEAL PRODUCTS—REQUEST THAT FISHERIES AGREEMENT BE ABROGATED

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is for the Minister of Fisheries and Oceans. Now that the European Economic Community has formally banned the importation of Canadian seal products into the Community, thereby killing the Canadian seal industry and bringing hardship to Canadian fishermen and the Inuit people in the Eastern Arctic of Canada as well, does the Minister intend to recommend to his Cabinet colleagues that Canada abrogate the Canada-European Fisheries Agreement which has given little benefit to Canada? All one-way benefits have gone to the Community.

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, first let me tell the Hon. Member what I have said. The European Community has been hypocritical all along on the question of the seal hunt. Every time I meet any Minister from the European Community I have been told that their scientific community fully agrees with our scientific advisers that the hunt is well regulated and there is absolutely nothing to do.

On the substance of the issue, I think my hon. friend is wrong. Yesterday the European Community did not impose any formal ban. The Community said there will be a ban starting next October if, in the meantime, there is no agreement between Canada and Norway about a study. Canada has been proposing for years that international scientists study the whole matter. We know that our hunters, our fishermen, have nothing to fear from any inquiry not done by Brigitte Bardot and Brian Davis but by reputable scientists.

Some Hon. Members: Hear, hear!

Mr. De Bané: On the question of the LTA with Europe, as I have said, my duty is to the Canadian fishermen, not to foreign fleets. If we give fishing allocations to foreign fleets, they will be for past performance. That was the policy I announced two weeks ago. Foreign fleets must buy Canadian fish before expecting access to Canadian waters. My colleague, the Secretary of State for External Affairs, and his Department jointly with my Department will announce a decision on the matter very shortly. I am already on record that I am not at all satisfied with the way Members of the European Community behaved last year. While they had access to Canadian fishing waters, they did not open up their country's markets to our fish. Obviously, they will have to bear the consequences of that action.

• (1450)

Mr. McGrath: I thank the Hon. Minister for his answer. I hope he will make it loud and clear to the Europeans, now that they have effectively killed this old Canadian industry, that there will not be one metric tonne of fish for them in our zone. That is the message that has to go to them.

KIRBY TASK FORCE REPORT—REQUEST FOR REFERRAL TO COMMITTEE

Hon. James A. McGrath (St. John's East): Madam Speaker, a few weeks ago the Minister released the Report of the Kirby Task Force on Atlantic Fisheries. That Report has not been referred to a committee. The Fisheries Committee will be meeting this afternoon, and indeed there will be a delegation of fishermen from Nova Scotia and Newfoundland appearing before that Committee.

Will the Minister formally refer the Kirby Report to the Standing Committee on Fisheries and Forestry so that we can deal with very critical questions, one of which is the incomes of inshore fishermen which are, in many instances, I am ashamed to say, well below the poverty level?

[*Translation*]

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I shall certainly consider the Hon. Member's suggestion. I also happen to know that Dr. Kirby will be appearing before the Parliamentary Committee very shortly.

As for the Hon. Member's question, we must ask ourselves who is going to be hurt if tomorrow, we cancel our agreement with the Common Market countries. Are they going to be hurt or is Canada?

What comes to mind is that most of our fish exports go to the United States, and it is therefore in Canada's interests to diversify its markets. Provided the EEC is prepared to settle the fisheries and seal hunt issues to our satisfaction, Canada would certainly be very pleased to enter into an arrangement on fisheries that will be satisfactory to both parties.

* * *

[*English*]

THE ADMINISTRATION

RESPONSIBILITY FOR ACTIONS BY MINISTERS AND OFFICIALS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Prime Minister. On February 17, in answer to a question from the Hon. Member for Provencher, the Prime Minister said, as reported at page 22938 of *Hansard:*

> Yes, Madam Speaker, we are collectively responsible for the policies of this Government—
>
> The Government as a whole is not collectively responsible for some individual agreement—

Does the Prime Minister stand by that statement and, if so, what are the limits of either mismanagement or chicanery performed by officials of the Government or Members of his Cabinet before the Government feels that it is responsible for them?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I did not quite understand the final part of the Hon. Member's question, but I believe that in the quotation of me that he was citing, I was talking of agreements which are made by individual Ministers or sometimes by officials under the authorities they have by statute or delegation. If someone acts improperly in such circumstances, it is not the whole Government that is acting. If a Minister is acting improperly or illegally, he has to be taken to task. However, one could not condemn the whole Government for some act by an individual, unless the whole Government itself had been part of the decision, much as on the other side of the House, if one Tory Member behaves illegally the whole caucus does not stand condemned.

GOVERNMENT MANDATE

Mr. Benno Friesen (Surrey-White Rock-North Delta): Is the Prime Minister saying that if there is some kind of serious mismanagement or chicanery in the upper levels of his administration at the beginning of his mandate, the Government has a four-year mandate and can go on its merry way until the next election before it is held responsible?

Right Hon. P. E. Trudeau (Prime Minister): Not at all, Madam Speaker. If the Hon. Member is talking about the meaning of responsible government, literally, it means that the Government of the day is responsible to Parliament and can only continue exercising its powers with the authority of Parliament, that is, with the support of the majority of the Members of Parliament. That is what responsible government means.

* * *

BANKS AND BANKING

SEIZURE OF FARMS BY ROYAL BANK OF CANADA

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I have a question for the Minister of Finance. We have learned that the banks have been up to their usual skulduggery. The Minister of Finance would only be too sensitive to the fact that Canadian industries have long been forced to be tenants on their own land, and the recent crisis has forced many Canadians to be tenants as well. We learned yesterday that the Royal Bank of Canada has decided to introduce a policy to force farmers off their land, confiscate their land and lease it back to them. It is, in a sense, the twentieth century version of Canadian sharecropping. Is the Minister prepared not to talk but to take action with the Royal Bank of Canada and stop this policy before it proceeds with it any further?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is aware that according to banking practice—in fact, it is the practice of all lenders in our society—if the borrower defaults on his payments, the lender is entitled to take possession of the property that was given as collateral. Is my hon. friend suggesting that we should have a situation in which we would not only prohibit the lender from allowing the former owner to continue to occupy, for instance, a farm, but also oblige the lender to sell the property to someone else? I think that solution would be far less humane than the one being considered at the present time. This approach, while leaving the lender's rights intact, authorizes the lender to make certain adjustments and eventually, if and when the borrower's economic situation has improved, the latter can be given a chance to buy back the operation he was running before.

[*English*]

MEASURE TO REINSTATE FARMERS' CREDITORS ARRANGEMENT ACT

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I agree with what the Minister has to say in terms of the technicalities of the situation, but he says that he is interested in helping and he hopes that the situation will improve. It is within his ability to improve the situation immediately by promoting Bill C-653, the Farmers' Creditors Arrangement Act, which would prohibit the banks from foreclosing on farmers, in an effort to leave the family farm in place and the food producers of Canada in place, yet make an equitable adjustment between the borrower and the lender. That ability is now before the House, if the Minister simply takes action with his Cabinet colleagues and has that Bill brought forward.

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I think I have already made it clear that the Government is very sympathetic to the Bill that was tabled in the House but there are a number of technical problems that arise in connection with the implementation of the Bill, and that by trying to help people who are in difficulty, we may be creating further problems for a great many farmers, and that is why the implications of such measures must be examined very carefully. I would therefore say to the Hon. Member that before we take the action he is suggesting, it is better to be fully aware of its implications.

* * *

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—MEMORANDUM SEEKING FORMER MINISTER'S COMMENTS

Right Hon. Joe Clark (Yellowhead): Madam Speaker, the Minister of Energy, Mines and Resources will know that the document dated January 15, the memorandum from Mickey Cohen to the then Minister of Energy, Mines and Resources, had a memorandum in handwriting to Mr. Michael Phelps appended to it which asked for the Minister's comments directly. Can the Minister tell us what comments the then Minister of Energy made in relation to that request, and what action the then Minister of Energy took, having been brought to a state of knowledge that the conflict of interest guidelines had been breached? What was said by the former Minister of Energy? What was done by the former Minister of Energy?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I was not present at the discussions, so it is difficult for me. I did not question the former Minister of Energy about all the meetings he had, and about what he did or did not say. The House asked me to table documents and I tabled them. It is impossible for me to transmit verbal communications.

REQUEST FOR REPORT TO PARLIAMENT

Right Hon. Joe Clark (Yellowhead): Madam Speaker, since the question concerns when exactly the present Minister of Finance came to the knowledge that conflict of interest guidelines had been breached, since that is an important question, and since it is important for us to know what he did when he knew that the conflict of interest guidelines were breached, will the Minister of Energy, Mines and Resources find out what the former Minister of Energy said, what his comments were, and what he did after the conflict of interest had been brought to his attention? Will he report to the House at the earliest possible time?

• (1500)

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I do not believe the question was well put, because in the minds of those who sit on this side of the House, and in the mind of the Minister of Finance, the former Minister of Energy, Mines and Resources, there was no conflict of interest and there were no guidelines broken. Everything has been done above the table.

Some Hon. Members: Oh, oh!

Mr. Chrétien: Everything was made public. Hon. Members opposite might disagree with that fact, but I just say that there was no breach of guidelines. The Hon. Member may say that, but the House of Commons, in a vote last week, rejected his view.

Mr. Clark: There was a conversation earlier as the definition of responsible government. An honourable Government is one which honours its own conflict of interest guidelines, which this Government consistently refuses to do.

Some Hon. Members: Hear, hear!

Point of Order—Mr. Munro (Esquimalt-Saanich)

REQUEST FOR INVESTIGATION OF FORMER MINISTER'S ACTIONS

Right Hon. Joe Clark (Yellowhead): Let me direct a supplementary question to the Minister of Energy, Mines and Resources. Since he knows that his documents have made it clear that there was a request for comment and for action by the former Minister of Energy, Mines and Resources, and since he has been prepared to table other documents, will he also please come clean concerning the question as to what the former Minister of Energy, Mines and Resources, Mr. Lalonde—

Some Hon. Members: Order.

Mr. Clark: —did when he was asked for comment, and what actions he took as a result of the memorandum which very clearly demonstrated the fact that Alastair Gillespie was exerting pressure on the Government in a way which broke the conflict of interest guidelines applying to former Ministers?

Some Hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, we held a thorough debate on this subject last week. It was clear that we tabled all documents available and that for months there was discussion with the Government of Nova Scotia, with private sector partners and so on. Everything was made known to the public. The Hon. Member should get out of the House because he is missing the point, trying to gain a few more votes he will need next June.

* * *

[*Translation*]

PETITION

MR. ROBINSON (BURNABY)—CANADIAN MERCHANT MARINE POLICY

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the four hundred and fourth report of the Clerk of Petitions stating that he has examined the petition presented by the Hon. Member for Burnaby (Mr. Robinson) on Tuesday, March 1, 1983, and finds that the petition meets the requirements of the Standing Orders as to form.

* * *

[*English*]

POINT OF ORDER

MR. MUNRO (ESQUIMALT-SAANICH)—NOTICE OF POSSIBLE POINT TO BE RAISED

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I rise on a point of order. During the Question Period we heard enunciated a principle about parliamentary ministerial responsibility based on a majority that Cabinet can command. If I may, I would like to reserve my submissions on this particular point of order until I check the *Hansard* blues to ensure that this is what I actually heard. Surely the principle of moral responsibility—

Madam Speaker: Order. The Hon. Member knows that is not a point of order. He may check *Hansard* and then ask questions the next day if he has some query. It does not necessitate giving notice.

Mr. Munro (Esquimalt-Saanich): Madam Speaker—

Madam Speaker: Order.

ROUTINE PROCEEDINGS

[*Translation*]

MISCELLANEOUS PRIVATE BILLS AND STANDING ORDERS

PRESENTATION OF ELEVENTH REPORT OF STANDING COMMITTEE

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, I have the honour to present the eleventh report of the Standing Committee on Miscellaneous Private Bills and Standing Orders, in both official languages.

[*Editor's Note: For above report, see today's Votes and Proceedings.*]

* * *

SUPPLEMENTARY ESTIMATES (C), 1982-83

A message from His Excellency the Governor General transmitting Supplementary Estimates (C) of sums required for the service of Canada for the fiscal year ending March 31, 1983, and in accordance with the provisions of the Constitution Act, 1867, was presented by Hon. Herb Gray (President of the Treasury Board) and read by Madam Speaker to the House.

REFERENCE TO STANDING COMMITTEES

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, pursuant to the provisions of Standing Orders 62(15) and 63, I move, seconded by the President of the Treasury Board (Mr. Gray):

That the Supplementary Estimates (C), 1982-83, tabled earlier this day, be referred to the several Standing Committees of the House as follows:

Because the list is rather long and there is a detailed allocation of the estimates to the committees, if it is agreeable to the House, I ask that the list be printed in *Hansard* as if it had been read. I wish to inform my colleagues that earlier today, I gave the list to the House leaders of both opposition parties.

Madam Speaker: Is it agreed?

Some Hon. Members: Agreed.

[*Editor's Note: List referred to above is as follows:*]

To the Standing Committee on Agriculture

Agriculture, Votes 1c, 5c, 10c, 15c and 16c

To the Standing Committee on Communications and Culture

Communications, Votes 2c, 5c, 10c and 15c

Secretary of State, Votes 1c, 15c, 20c, 30c, 35c and 40c

To the Standing Committee on External Affairs and National Defence

External Affairs, Votes 5c, 10c, L19c, 25c and 35c

National Defence, Votes 1c, 5c and 10c

To the Standing Committee on Finance, Trade and Economic Affairs

Finance, Votes 1c, 11c and 20c

Industry, Trade and Commerce, Votes 10c, 25c, 45c and 60c

National Revenue, Votes 1c and 5c

To the Standing Committee on Fisheries and Forestry

Environment, Votes 1c, 15c, 20c, 25c and 30c

Fisheries and Oceans, Votes 1c and L11c

To the Standing Committee on Health, Welfare and Social Affairs

Consumer and Corporate Affairs, Votes 1c, 2c, 3c and 6c

National Health and Welfare, Votes 1c, 5c, 15c, 25c, 30c, 35c and 40c

To the Standing Committee on Indian Affairs and Northern Development

Indian Affairs and Northern Development, Votes 1c, 15c, 30c, 35c and 45c

To the Standing Committee on Justice and Legal Affairs

Justice, Votes 5c, 20c and 50c

Solicitor General, Votes 1c, 5c and 15c

To the Standing Committee on Labour, Manpower and Immigration

Employment and Immigration, 1c, 5c, 15c and 20c

Labour, Votes 1c and 5c

To the Standing Committee on Miscellaneous Estimates

Privy Council, Votes 1c and 2c

Science and Technology, Votes 25c and 30c

Supply and Services, Votes 1c and 15c

Treasury Board, Votes 1c, 11c and 30c

To the Standing Committee on National Resources and Public

Energy, Mines and Resources, Votes 1c, 31c and 55c

Public Works, Votes 10c, 11c, 30c, 40c, 55c and 60c

To the Standing Committee on Regional Development

Regional Economic Expansion, Vote 35c

To the Standing Committee on Transport

Transport, Votes 10c, 11c, 12c, 35c, 45c, 60c, 65c, 75c, 76c, 80c and L95c

To the Standing Committee on Veterans Affairs

Veterans Affairs, Votes 1c and 25c

Motion agreed to.

[*English*]

PETITIONS

MR. SKELLY—TELEVISION PROGRAMMING POLICY

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, today I have the honour to present a petition to the House from the residents of Port Hardy, British Columbia, comprising some 40 pages of signatures, outlining a very serious problem resulting from the Government's removal of access to television programming choice in the Port Hardy area. It is an indication that the Government has discrimated against rural communities in terms of many leisure time activities.

In their petition, the people of Port Hardy wish to point out, and ask for relief from, rulings of the CRTC and policies of the Government which would prohibit their access to programming of their choice, and they ask that the quality of television and radio communications in the northern part of Vancouver Island be improved in general.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

Mr. Pinard: Madam Speaker, I just want to inform the House that the business for tomorrow will be the consideration in Committee of the Whole of Bill C-139.

[*English*]

Mr. Lewis: Madam Speaker, that information gives us an opportunity to plan for tomorrow. I wonder if the President of the Privy Council would give us some idea as to the business for Friday.

Mr. Pinard: Madam Speaker, as my hon. colleague knows, I told him in advance, earlier today, that we were to deal with Bill C-139 tomorrow because that is a change from what was to have been considered tomorrow. However, as usual, tomorrow I will be in a better position to confirm what the business will be for the remainder of the week and as far into the coming week as possible.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,662.

Order Paper Questions

[*Text*]

VIA RAIL CALENDAR

Question No. 4,662—**Mr. McKnight:**

1. Did VIA Rail distribute a 1983 calendar and, if so (a) to whom (b) what was the total cost of the calendar (c) how many copies were printed (d) who authorized the decision to print and distribute the calendar?

2. Does the cost of the printing of the calendar positively enhance passenger rail service in Canada and, if so, in what manner?

3. Are there any plans to print VIA Rail calendars for the next year?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The management of VIA Rail Canada Inc. advises as follows:

1. Yes. (a) The calendar was distributed in Canada to recipients of VIA's annual report, business leaders and business contacts, media contacts and travel writers, VIA appointed travel agents, and to similar groups in the United States and Europe. (b) $22,950. (c) 8,000 English, 5,000 French. (d) Vice-President, Marketing.

2. In the opinion of VIA management, the calendar is a valuable part of VIA's campaign to maintain a positive public image for passenger train service in Canada. VIA requested a Canadian artist to paint five scenes of Canada, as seen from a passing VIA train. The paintings represent each region of Canada at a different season, plus one "Pan Canadian" scene representative of the country as a whole.

3. A 1984 calendar is under consideration.

[*English*]

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

[*Translation*]

Madam Speaker: The question indicated by the Hon. Parliamentary Secretary has been answered.

[*English*]

Mr. MacKay: Madam Speaker, very briefly, could I ask the Parliamentary Secretary whether he would expedite the answers to my Order Paper Question No. 4,704, involving CMHC, and particularly the Corporation's mortgage porfolio management system. I know that the Corporation is aware of the question. I also know that an audit is being carried out. I would like to have the answers as soon as possible so that I would not take up the time of the House unnecessarily in asking unduly detailed questions of the Minister.

Mr. Smith: Madam Speaker, I would be delighted to review the matter on behalf of the Hon. Member.

Mr. McKenzie: Madam Speaker, I would also like to ask the Parliamentary Secretary about Order Paper Question No. 4,175, which I placed on the Order Paper on March 24, 1982. The question asked whether there was correspondence between an R. W. B. Bailey, chairman of the subgroup, and a Mr. R. Gagnon, Assistant Deputy Minister to the Department of Consumer and Corporate Affairs, dated February 17 and 19, 1982, respectively, on the subject of the hiring team to recruit francophone employees.

Apparently they were hiring teams to go into universities and schools in Ontario and Quebec to hire strictly Francophones for jobs in the Government. I would like to know if the Government has sent any hiring teams into universities and schools in any other Provinces, such as the University of Winnipeg or the University of Manitoba. With the record high unemployment rate, it would certainly be beneficial for us to know if these hiring teams are going across Canada or whether they will be restricted to the Provinces of Ontario and Quebec. I would appreciate it if the Parliamentary Secretary would come back with an answer for me, because I raised this matter on a number of occasions, and the question is a year old.

Mr. Smith: Madam Speaker, I am sorry that I do not have the answer available today.

Mr. McDermid: You never do.

Mr. Smith: However, I will look into the matter on behalf of the Hon. Member.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

* * *

• (1510)

[*English*]

MOTIONS FOR PAPERS

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

PRIVATE MEMBERS' BUSINESS—MOTIONS

[*Translation*]

Madam Speaker: Shall all orders listed under Private Members' Notices of Motions preceding No. 61 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

INCOME TAX

AMENDMENT TO ASSURE SURVIVAL OF CREATIVE ARTISTS

Mr. Robert Gourd (Argenteuil-Papineau) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act to increase to $20,000 the basic exemption for creative artists (craftsmen, authors-composers, choreographers, film-makers, photographers, writers or any other creator of original works of an acknowledged cultural or artistic nature) in order to alleviate the financial difficulties threatening their survival and the survival of the Canadian culture to which they contribute.

He said: Madam Speaker, first of all I wish to thank my colleague from Ottawa-Vanier (Mr. Gauthier) who agreed to second this motion. Among his friends and in his riding, the Hon. Member is known as a friend of the arts, and he was therefore pleased to support the motion.

When I presented this motion on October 15, 1981, some of my colleagues, especially those on the opposite side, told me: You are wrong, because this is going to create a special class of citizens. Your motion wants to make craftsmen, authors, composers and artists a privileged class. I feel, however, that in Canada we have already created a number of privileged groups. Members of the Bar Association are a privileged group; the members of the College of Physicians are a privileged group; architects are a privileged group; engineers are a privileged group; and farmers are as well. Therefore, I fail to see how, now that we are about to review the Applebaum-Hébert Report which concerns that very important issue of Canada's cultural policy, could review cultural policy and ignore the people who create our culture.

Madam Speaker, when I presented my motion, I was thinking of Francine Périard, an artist in my riding, who in the course of her career will probably sell about $20,000, $25,000 or maybe $50,000 worth of paintings. I am not mentioning famous artists or famous Canadian authors. I am thinking of Jacques Lamarche for instance, author and citizen of La Petite-Nation who is barely making a living. That, Madam Speaker, is Canadian culture.

And why am I saying all this? Why am I asking for concrete action today? For the simple reason that for sixty years the Government has been examining the feasibility of amending the Copyright Act, legislation which formerly was the responsibility of the Department of Agriculture, although I am sure I do not know why. Today, the legislation is being revised, and the two Ministers involved, namely the Minister of Communications (Mr. Fox) and the Minister of Consumer and Corporate Affairs (Mr. Ouellet) have assured me that the revised version would be tabled in the House very shortly.

Mr. Speaker, I told the Applebaum-Hébert Commission that the rights of our creative artists were being abused. We have a system in which the State subsidizes artists, and as soon as we have the State acting as a patron of the arts, there is a form of prostitution involved. Our artists and authors have to go begging for grants. Instead of making beggars of our artists and authors and photographers and all those who create our Canadian culture, we could make them proud and happy to be artists. So many young people cannot participate as creative artists because they have to make a living some other way, in other words, get a job, and give up all hope of ever being an artist.

Mr. Speaker, this brings me to another aspect of the same subject, namely, communications. Yesterday, I attended a press conference given by the Minister of Communications (Mr. Fox), when he presented a document bearing the title: *Towards a New National Broadcasting Policy*. Well, now we have the Appelbaum-Hébert Report, we can probably expect a new cultural policy as well.

I now wonder whether, since the Government has announced that we can expect a new national broadcasting policy, it has also decided to establish two classes of citizens, namely, those living in densely populated urban areas and those living outside those areas. I wonder whether the Government, in connection with the new policy it is announcing, is prepared to make use of an existing program, namely, the Northern Communications Assistance Program in which CN and Bell Canada are involved and which provides for telephone communications in remote areas. Since the Government has that program, I suggest that it be extended to all rural areas. In my own riding, which is scarcely 50 kilometers from our national capital, the towns of Papineauville and Saint-André cannot get something urban Canadians are now getting, namely, pay television or even cablevision to get all their favorite programs. This is incredible in a country where all citizens are supposed to have exactly the same privileges. Why do people in towns like Thurso which is right near Ottawa, towns such as Sylvan Lake in Alberta or Wartime in Saskatchewan or Cocksiscoe in Newfoundland, why can't they get the same services? Aren't these people Canadian citizens as well? Aren't they all paying the same taxes?

Mr. Speaker, if these people are paying the same taxes, I think the Government should consider providing them with the same services, and in this case, it should consider making an arrangement through its existing program and broadening its scope to cover telecommunications and audio-visual services as well. The Government should consider setting up such programs immediately, especially since this is International Communications' Year, and I hope that in his reply, the Parliamentary Secretary will let me know whether or not the Government intends to take this route.

Mr. Speaker, let me get back to our creative artists. They represent the very basis of our cultural policy in Canada, but what have we done for them since the Massey-Lévesque Commission reported? We have conducted more studies, and we now have the Applebaum-Hébert Report which unfortunately does not deal extensively with copyrights.

Mr. Speaker, it is indeed with great reluctance that I am now begging the Government to encourage Canadian artists

rather than merely making grants available to them. Canada is a young country with a promising future, but to what extend do we help our artists? I am seeking the support of the House so that our creative artists, our photographers and our composers may find their place under the sun in Canada and live normally above the threshold of poverty without having to rely on grants.

To those who would ask me how many artists there are in my riding, I would say quite a few, and many people in my riding can indeed become creative artists, writers and great performers. Still, what are we doing for them? All we have are grant programs, which I am suggesting should be abolished. I am urging the Government to consider the possibility of changing those programs with a view to making it possible for any creative artist to earn an honest living.

• (1520)

[*English*]

Mr. John Bosley (Don Valley West): Mr. Speaker, let me start by congratulating the Hon. Member for Argenteuil-Papineau (Mr. Gourd) for bringing forward this motion, and I congratulate the Hon. Member for Ottawa-Vanier (Mr. Gauthier) for his concern in seeing that it was brought forward.

I have no doubt what the Government's response will be to the motion. I am sure the Government will invent, as usual, any number of reasons for rejecting decent consideration for the artists of this country. It should be clear that the value of the motion is not necessarily the actual language of the motion. Both the mover of the motion and I would agree that the symbolism of pointing out how little has been done in tax policy vis-à-vis our artists is the important issue. There will be those who will argue that a basic exemption for artists different from other Canadians might be inappropriate. On its face, that is a plausible argument; but the point that has to be reiterated in any cultural policy discussion is that, in a way, it does not matter whether you increase the exemption to $20,000 or $100,000 because the average, struggling, full-time artist in Canada has an income of less than $10,000. The Writers' Union of Canada will tell you that people who write for a living, those who do nothing else but attempt to be creative writers in this country, earn on average $7,000 a year.

The Hon. Member for Argenteuil-Papineau knows this motion will not increase their income. I do not think that is the purpose of his motion. I would not pretend that he is trying to kid anybody. What he is trying to say, and what I want to be very clear on, is that our artists have had their issues represented by others to this Government for a long time. I think specifically of the Disney report in 1977 which set out that for the artists in the Canadian community there are different problems than for the average Canadian worker. Therefore, a tax treatment of the way and of the circumstances under which our artists work is absolutely mandatory.

We are entering an era where productivity will be a buzz word. We are increasingly being told that if we are to survive in international trade and in international affairs, we will have to find ways to use our human resources to get more for less and to be more competitive. There is no other sector in this country as competitive and productive as the artistic community. Ironically, it is the most labour-intensive community in Canada. It is a labour force that works as much for love as for money. As a consequence, it accepts wages, remuneration and treatment from a Government that no other community, organized or unorganized in the labour field, would accept. It is long past the time we recognized that.

I am not going to speak for very long. By making a short speech, I want to say that Members on this side hope that the Government will see that a motion which says "It is advisable to consider change", which is what the Hon. Member's motion says, is overdue for adoption by this House, as is change in the treatment of our artists by this Government. I encourage the Parliamentary Secretary, who I presume will be speaking, to say very clearly that the Government accepts the advisability of the intent behind this motion, and that it will let this motion be adopted by the House of Commons. Our artists will then know that proper treatment, both in fiscal and tax terms, which they have asked for and have needed for so long, will finally be available to them.

Mr. Neil Young (Beaches): Mr. Speaker, I do not intend to speak for very long on this motion either. While I do not necessarily agree with the statement made in the motion that it would necessarily help the vast majority of people engaged in the arts in this country, I certainly agree with the intent of the motion. It is a matter that requires extensive examination by Members of this House to find the best ways that Members of Parliament can assist those engaged in the arts through what I consider to be necessary legislation. That kind of examination has never been done.

Why I say that I do not think that the actual language used in the motion would be of significant benefit to those engaged in the arts is that, to my knowledge, and certainly to that of people I am acquainted with in my riding, there are very few artists who earn anywhere close to $20,000 a year. In fact, if many of them had the opportunity to earn an income of $20,000 or more, I am sure they would be delighted, but that certainly is not the case.

I am supported in that by some of the statements in the Applebaum report. I want to quote a few of the sections. They point out that the well-being of the visual and applied artists in Canada has tremendous weaknesses in terms of the initiatives that have been given to the artistic community by Government. The Applebaum report speaks about women in particular who are engaged in the visual arts field. They earn a gross income from their art of only $6,000 to $10,000 annually. I know many artists in my community of Beaches who do not have an income of $6,000 a year. That is for a number of reasons.

Several months ago my colleague for Broadview-Greenwood (Ms. McDonald) raised this point in the House in a question to the Minister of Communications (Mr. Fox). She insisted, indeed demanded, that it was time the Government took

concrete initiatives to help that segment of the arts community.

While Private Members' motions rarely, if ever, pass through this House, as I said earlier, I would like to see this one go through the House and referred to a committee. From what I could see before I got up to speak, with the number of Liberals jumping up and down trying to catch the Speaker's eye, I doubt very much that will happen this afternoon.

• (1530)

I would like to say a few words about the important roles which artists play in Canadian life. Workers who are engaged in the arts and are essential to the cultural life of Canada often have earnings which make it difficult for them to provide for the necessities of life. In addition to these difficulties, there is the fact that public access to the arts is being eroded by inflationary pressures and the high unemployment we have in our country today.

If that were not enough to contend with, there is an increasing tendency on the part of Government at all levels to reduce its support of the arts; and as the Estimates which were tabled in the House recently show, this Government has again restricted its own level of expenditures to the arts. Surely it is in the interest of our country that policies be brought forward to ensure that professional workers in the arts receive a just remuneration for their work.

It is equally important that artists receive adequate protection for their creative products by assisting them with information and resources to improve the business aspect of their work. In that regard, Mr. Speaker, the time has long passed when there should have been measures brought before this House to strengthen the Copyright Act and provide real protection for those engaged in their field of work.

Despite its many statements to the contrary, this Government's commitment to promoting the artistic community over the years has been relatively non-existent in reality. It has failed miserably to develop an industrial strategy for the publishing industry, for broadcasting, films and recordings. It has done virtually nothing in the area of increasing Canadian ownership of production and distributing facilities, let alone increasing the share of the Canadian market for Canadian productions. We are still awaiting policies, Mr. Speaker, which would clarify and strengthen the definition of Canadian books and of what Canadian programs mean. The same applies to films and recordings. If those policies were brought forward they would go a long way toward expanding and improving employment for Canadian workers in the cultural industries.

Surely the time has come when Government should adopt taxation policies which would encourage and expand Canadian cultural creations and their subsequent availability to the public. If Government were clearly to indicate it had a serious commitment to the arts, then it would clearly be seen to be doing something rather than simply talking about it. Passing this motion today would be a strong indication that the Government at long last is prepared to make that kind of commitment.

However, the responsibility rests not only with the federal Government but also with other levels of Government. The federal Government can initiate discussions with provincial Governments; for example, there is a need for a greater degree of co-operation with the cultural agencies of provincial Governments to fund community artistic endeavours. In my own constituency there is a burning need for improved facilities and training in the visual and performing arts. At present, there are numerous groups experiencing difficulty because of a shortage of on-going operating funds. I am sure that many, if not all, Hon. Members in this House know of similar situations.

If there were improved co-operation it could not but help increase opportunities for people to attend exhibitions and performances in their own communities. I might add that it would contribute to the strength of the community. Greater co-operation would also provide the opportunity to make adequate funding available, so as to provide grants which would keep admission prices at affordable levels. It could also bring the arts into the schools and make the arts more accessible to smaller communities in the country.

The rights of performers in film, television, radio and audio recordings are not protected under the Copyright Act. The only rights these workers have to ensure their art is protected is that which is provided under collective agreements negotiated by their unions, such as the Association of Canadian Television and Radio Artists and the Musicians' Union.

With the advent of new technology for distribution of reserved performances such as video discs, satellite transmission spanning the globe, home video recording machines and the like, it is becoming increasingly clear that monitoring such use of performance materials would present major problems for the unions. Enforcing performers' rights certainly would require the support of legislation.

For all those reasons, Mr. Speaker, I would hope that this Private Member's motion would find its way into a committee where we could examine it more thoroughly.

Mr. Jack Burghardt (Parliamentary Secretary to Minister of Communications): Mr. Speaker, it is indeed a pleasure to take part in this Private Members' discussion. First of all, I would like to congratulate the Hon. Member for Argenteuil-Papineau (Mr. Gourd) for his foresight back, I believe, in the fall of 1981, when he brought to the attention of this House through this Bill his concern for the artists of Canada. This concern has been brought to bear as well by the importance which the Federal Cultural Policy Review Committee, or the Applebaum-Hébert Committee, has placed on the status of artists. Indeed, the matters raised by my colleague in 1981 and by the motion which we are debating today are crucial to the well-being of Canadian artists, to the state of Canadian culture as a whole, and thus to the quality of life of all Canadians.

Canadian artists do not just help us understand our culture, they create it. Whether it be in the visual or performing arts, in the heritage area, or in the cultural industries such as film, sound recording or book publishing, the federal Government,

to the extent it can, must identify and resolve the unique financial problems faced by our artists.

The previous speaker, the Hon. Member for Beaches (Mr. Young), mentioned his concern that the federal Government has not done enough in the fields of broadcasting, television in particular, as it relates to artists and performers. Obviously, he has put his thoughts and notes together without reading through the policy which was tabled in this House yesterday by the Minister of Communications (Mr. Fox) with respect to a new national broadcasting policy which, of course, states very emphatically that the federal Government intends to set up in one area, at least, a program production fund which would enable private independent television producers to produce better and more Canadian programming. This would, of course, help the entire artistic industry in Canada today.

The plight of the artist has always been with us. It has been acknowledged by international forums such as UNESCO, and by virtually every Government in the world right down through history. Often this plight is reduced to simple financial duress, but no less important are the lack of adequate facilities, the lack of appropriate training facilities and the lack of meaningful public involvement and recognition, as noted by the Applebaum-Hébert Committee.

The Canadian public has recognized that Canadian artists face financial difficulties. For example, in a recent poll analysed by the Department of Communications, three-quarters of respondents favoured Government financial support for artists. Indeed, the Government has over the years evolved a number of mechanisms to deal with a variety of the most urgent problems. Through the Canadian Council, a portion of the core costs of most of our "national treasures" in the arts are directly subsidized. Project grants are available to individuals and a number of sectoral assistance programs are in place.

• (1540)

Efforts have also been made over the years to recognize and compensate for the dysfunction of marketing and distribution systems for our cultural products. The Department of Communications administers a major program of assistance to Canadian publishers, as well as a postal subsidy for books and periodicals, on the principle that it is a basic right of Canadians to have access to Canadian writing. I might also mention in this context the special program of cultural initiatives which assists the cultured community in Canada with the construction of facilities, improvement of management skills, and special projects of national cultural significance.

I remind Hon. Members of the papers that were tabled by the Minister of Communications yesterday, wherein he stated that we were setting out a definite financial program to assist private and independent television producers, which in the long run will affect the entire artistic life in Canada.

Before dealing with the particular problems facing the artist in Canada today, I will like to concentrate on some of the larger issues we must consider in this context. Most important, we must not forget that to a large degree the hands and minds of our artists shape Canada's international reputation and our shared sense of ourselves as Canadians with a unique history and a promising present, together occupying a very distinctive and sometimes challenging piece of terrain called Canada. We can and to take pride in a successful European tour by the Royal Winnipeg Ballet and the many international awards won by the National Film Board. As a matter of fact, the current controversy which is going on in the United States has been created by films produced and supplied by the National Film Board. They have won many awards on the international stage.

We learn something about ourselves and our country when we gaze at a Group of Seven painting and its startling representation of the Canadian landscape. Our heritage lives and evolves through the continuing work of individual researchers who explore, discover and reconceptualize our past. In many ways, Canada is what it is because individual artists have crystallized new insights into the Canadian reality and communicated them to us, all of us. In short, art is the collective memory of our civilization and, in fact, any civilization.

But what status, what support, do our artists enjoy? Their lives and their families' lives to a great extent are riddled with uncertainties as to employment. They face high costs for training and materials, as well as related expenses for management, promotion and the like. And the financial reward?

The actual statistics are dramatic. Revenue Canada, in its 1982 edition of Taxation Statistics, ranks the average income of self-employed artists and entertainers fourteenth in its 15 occupational categories. Only pensioners lag behind artists, though they pay proportionately more income tax than fishermen, farmers, investors and pensioners.

Most artists lack the basic protection provided by pension plans and Unemployment Insurance. The Hon. Member for Don Valley West (Mr. Bosley) earlier referred to the salaries or fees earned by Canadian artists. According to data supplied by the joint Department of Communications-Statistics Canada Cultural Statistics Program, only 23 per cent of Canada's 3,000 or so professional actors were employed full time in 1979. Around 35 per cent reported a total income from acting of less than $5,000. Nearly 60 per cent earned less than $10,000. These figures portray not just a financial crisis, but an artistic one. In order to supplement their incomes, these artists must spend time and energy on activity outside their chosen profession, time and energy which cannot be spent trying to achieve artistic excellence.

The situation is essentially the same for writers. A Department of Communications study on Canadian freelance writers revealed that one half of full-time writers earned less than $7,000 from their craft in 1978. Similar figures can be cited for every artistic discipline. Overall, individual artists earn on average an income which is below the poverty line for a family of four. This is why I feel it is so important that we discuss in detail and in all seriousness the motion before us presented by the Hon. Member for Argenteuil-Papineau.

With the accumulation of data from different studies, different sources and even different countries, it becomes clearer and clearer that artistic and cultural activity is most heavily subsidized by the financial sacrifices of individual artists. Artists, in short, do not receive a financial return which is commensurate with their contribution to the quality of Canadian life and, quite possibly, to the Canadian economy. Something obviously must be done.

The Federal Cultural Policy Review Committee, the Applebaum-Hébert Committee, was established in 1980 to examine the totality of the cultural scene in Canada and make recommendations to the Government for its enhancement and growth in recognition of the fact that, while we have done a good deal in this field, we were certainly not doing all we might, as efficiently and usefully as we might. One of the major areas the Committee was asked to address was specifically the problem of the status of the artist in our society.

They took that challenge to heart and examined the question thoroughly. One of the major conclusions they came to dealt specifically with the tax treatment of artists. I will quote it direct, since it speaks for itself:

> Tax provisions respecting the employment status of artists and such matters as the calculation of their costs against income, the valuation of works given for public use and enjoyment, and their entitlement to income averaging must afford equitable treatment in comparison with those applicable to other classes of taxpayers.

All of these concerns are now the subject of continuing study, but there are other broader issues as well. For example, should Government support take the form of direct grants to artists, or should Government expenditures focus on supplying facilities or special services which would constitute indirect support?

Certainly consideration must be given to tax issues to ensure fair treatment for artists, but these issues are complex and careful consideration is needed from a number of different perspectives. For example, if artists are to be treated as self-employed persons so that they can claim expenses, should they also be eligible for Unemployment Insurance? The easy answer to such a question may not be valid when it comes time to implement a policy. Careful deliberation is essential.

The development of new tax provisions for artists also cannot ignore the Federal Culture Policy Review Committee's diagnosis of the main problem as "not one of excessive tax burden, but rather of inadequate income". Yet the Canadian Conference of The Arts made an important point when it noted that our taxation system had not been used systematically to stimulate cultural, as opposed to economic, development.

The Department of Communications is now exploring these matters on a number of fronts. It is currently studying the impact of federal financial policy on the cultural sector and examining ways to bring specific financial policies into line with cultural policies. To this end, departmental officials are holding on-going meetings with the Department of Finance on possible amendments to financial legislation to improve the economic situation of artists. These discussions are serving to clarify a variety of complex issues.

The motion now under discussion was placed before this House in October, 1981. Since then, a strong, concerted effort has been made through the Federal Cultural Policy Review Committee and elsewhere to examine the problem and propose solutions.

• (1550)

As I indicated at the beginning of my remarks, this motion highlights a prime area of concern of both the Federal Cultural Policy Review Committee and the Department of Communications, namely support for the creative artist. I want to congratulate the Hon. Member for Argenteuil-Papineau for defining so clearly and recognizing the importance of these key elements of the arts and culture environment. His focus on the artist, his recognition of the artist's plight, his emphasis on changes to the tax structure—all these represent significant contributions to the on-going debate on Canada's cultural future.

Mr. John Gamble (York North): Mr. Speaker, within a period of 24 hours we have witnessed a perfect illustration of why Parliament has become irrelevant. Last evening, at 5:45 p.m., the House was called to vote on Bill C-139 which, as we all know, provides for substantial amendments to the Income Tax Act. We are now confronted with a motion in the name of the Hon. Member for Argenteuil-Papineau (Mr. Gourd) who apparently urgently believes that it is important that some relief of a kind I shall describe later be offered to creative artists. One would have thought that if the Hon. Member really believed strongly in his motion, he would have stood in this House and voted against Bill C-139. There is no provision in that Bill for the motion he has brought before the House.

We have just listened to the Parliamentary Secretary to the Minister of Communications (Mr. Burghardt). He has praised the Hon. Member for Argenteuil-Papineau and at the same time has in no way indicated that it is the position of the Government to support the motion of the Hon. Member. We have, unfortunately, become a useless debating society where Members of the House are afraid to do what they say they wish to do. I lament the fact that Hon. Members take the time of the House to deal with issues in this fashion without substance and without the determination to see that their will is made part of the legislation of this country.

If I may pass on and deal with the provisions of the motion itself, I will say in advance that I am opposed to it, Mr. Speaker. The motion deals with the creation of additional tax exemptions for a select group in society. If the motion were adopted it would have the effect of amending Section 109 of the Income Tax Act which grants to ordinary, individual Canadian citizens a basic exemption with respect to which no tax is imposed. Last year that exemption was in the neighbourhood of $1,700 for an individual unmarried taxpayer. The effect of the motion before us would be to increase that basic exemption to $20,000. It would cover a group identified in the motion as follows:

—craftsmen, authors-composers, choreographers, film-makers, photographers, writers or any other creator of original works of an acknowledged cultural or artistic nature—

It is certainly true that Parliament has used the provisions of the Income Tax Act on a number of occasions to promote industrial or commercial communications activities. For example, there was the tax exemption for commercial mines on income generated during the first three years of operation, with the view of promoting the development of mines in Canada.

From the standpoint of culture and communications we can look to the special advantage for film-makers who are entitled to a 100 per cent write-off of the investment made in Canadian productions. One would suspect that this motion is designed to accomplish the same purpose, but I draw to the attention of the House that both of those other provisions were designed to promote the creation of industrial or commercial development.

There is nothing in this motion that would have the same effect. If you give an operator of a mine an exemption from tax on all the income generated within the first three years of operation, you would imagine that every mine that was operated would produce as much ore as it could during that three-year term. With respect to the film industry, the concept of the capital cost allowance deduction to the extent of 100 per cent obviously generated funds for the film industry.

One would be inclined to believe that the effect of this motion would be to lead to the creation of new artists. It has nothing to do with the actual creation of income for the artists. I would presume, having regard to the statistics given today, that artists are performing to the maximum of their achievement and financial return. What this would conceivably do would be to draw people out of other income-producing activities into activities of the creative artist so that they might benefit from the $20,000 exemption which is not available to the ordinary citizen. I did not know that artists can be created in this way. Either people are or are not able to produce artistic works. It seems unrealistic to turn to a dentist and say: "If you become a creative artist you can have a tax advantage that is not available to you as a dentist". The same might apply to every other walk of life in which Canadians find themselves.

Since the motion would have no effect on the creation of new wealth, I do not believe it is an appropriate undertaking for the House. I would add a further caveat to my examination of the motion, Mr. Speaker. On examination of the categories of artists to which it would apply, I cannot help but think, specifically having regard to the complex provisions of Bill C-139, that there is not any reasonable way that draftsmen can create the category of privileged artists entitled to these special benefits without writing an entirely new Income Tax Act.

One of the great tragedies of the Act as it stands is that it is too voluminous and too complex. The masters of the Department of Finance and the masters of the Department of National Revenue—the Deputy Ministers—would have a heyday playing with the words used in the motion. It would take page upon page to define a film maker. Should that include some of the large production facilities such as Paramount Studios in the United States, should it undertake activities in Canada? Of course not. It would have to be excluded. What would happen then? They would talk about public corporations which could not qualify, about individuals who incorporated themselves who could not qualify, about groups of artists who got together to undertake projects which would not qualify. If you want to have some fun with the kind of definition that would appear, Mr. Speaker, I urge you to exercise your mind and think how they would deal with the word "photographer".

• (1600)

I suggest that the undertaking of this task by the various Departments that would inevitably become involved in the drafting of the required legislation would render, in its final product, an absolutely confusing, burdensome and useless piece of legislation. That has been our experience in the past. There is no reason to believe that the Department of Finance in conjunction with the Department of National Revenue would treat this particular recommendation by the Hon. Member any differently.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, it is a real pleasure for me to comment on this motion, for two reasons. First, I think the Hon. Member for Argenteuil-Papineau (Mr. Gourd) has, as usual, done a very good job of raising an important issue for our attention. All of us are grateful to him for doing so. He has a reputation as a wise and hard working Member of Parliament. I am pleased to rank him as one of my friends and to have his advice available.

Second, for the past 15 years I have been a businessman in the book publishing industry. I understand something about problems facing writers, editors and other artistic people involved in that industry. My own business is on the commercial side. We are distributors and I am a salesman by training. I have seen people spend long hours trying to create a book, to take a vision of the world and to communicate it to readers. I hold these people in the highest regard. I look on this Bill, therefore, with some nostalgia and approval.

One of the toughest ways to make a living is that of writing books. It is not something which will make an ordinary individual into a rich person. There are exceptions, and we are grateful for them. I am thinking of people such as Pierre Berton, Margaret Atwood, Farley Mowat and so on. They are probably in a position where they can earn a comfortable living from their writing. Unlike American and British writers, Canadian artists are usually dependent on some kind of outside income to give them a decent standard of living. Those of us who know something about the industry are always looking for ways to provide extra support and help to people who play such a vital role in our lives.

I have worked in the industry for a long time. I was a publisher's agent for a while and I have seen what it means for an individual to spend six months on a book and then earn only

a few hundred or a few thousand for the effort. Obviously, the individual has to find another way to make a living.

Having said all that, I do not personally agree with this technique for supporting artists. It seems to me it is always attractive to single out a special group in society and say that they are worthy of special tax treatment. I look around this House and see people here at the moment who have said that farmers should get special tax treatment because they are engaged in the vital activity of producing food. I am sure we could extend the list to include social workers who are increasing the happiness in life for people who otherwise might be suffering from emotional or social difficulties—

Mr. Althouse: Liberal MPs.

Mr. Fisher: —doctors and nurses who are involved in the vital question of personal health, teachers and professors who help us to expand our horizons and bring important training to everyone. All of these people can be described as important groups, people who have more than just a commercial pursuit in life. They are people who leave extra in the world rather than taking from the world. I guess in a way it is tempting to say that we should look at them as potential beneficiaries of special tax treatment.

Obviously, as we begin to draw up such a list the grey areas become more and more apparent and the list gets longer and longer, until we get to the point where no one would be paying any tax at all. That is not a bad idea, but it is not too practical. We always have the temptation to define a special group of people and give them special tax treatment.

On the other hand, we might take a look at a more practical way to go about achieving the same goal. Over the past few years the Government has more and more actively tried to bring in grants as a system of paying people instead of using the tax system.

Mr. McDermid: The big "L" in the corner.

Mr. Fisher: I hear my good friend and colleague, the Hon. Member for Brampton-Georgetown (Mr. McDermid), making some comment. I might say that the use of grants by the Ontario Government, certainly in the artistic area, has been very constructive. The Ontario Government has used grants rather than tax deductions as an excellent way to reach out to the artistic community. The Ontario Arts Council has often been a pioneer in grant techniques. I remember the system it devised in the early 1970s to pay grants directly to Canadian authors through Canadian publishers, thereby giving the individual target group the maximum amount of help without any government strings attached.

Mr. McDermid: Where does the money come from?

Mr. Fisher: I find that grants are usually much more flexible. They allow us to get right to the group of people we want to support. In this case it would be artists. I suspect that we would look at nationality as well. We would want to have either Canadian citizens or landed immigrants as recipients, and I suspect we would also want Canadian-owned companies to be involved. That has been the thrust of grants at the federal and provincial levels for the past decade.

Grants are also much more accountable. When the Government gives out a grant it is called upon quite regularly to explain why the grant was given to the particular recipient.

Mr. McCuish: What about Alastair Gillespie?

Mr. Fisher: I recall we had a debate of this nature in the House some time ago on charitable donations. The topic got around to tax deductions versus grants. One of the Members from Halifax stood up, waved a newspaper advertisement and said he wanted to know why a grant had been given to a particular group. That is a very accurate illustration of what I mean. Grants are easily identified and, therefore, the Government is easily called upon to account for their distribution.

I would draw to the attention of the House a report prepared by Mr. Paul Audley of the Canadian Institute of Economic Policy, a private research group based here in Ottawa. He has urged that we move away from tax exemptions and get into a direct grant and tax credit system for artists because he sees the current deduction system as too broad and too open-ended.

Quite rightly, the Hon. Member for Brampton-Georgetown also wants to know where the money comes from for grants. I remind him that expenditures on grants are much more easily controlled than expenditures through the tax system. That is one of the big problems with tax deductions; they are wide open. Anyone can get a tax deduction if they fall into the general category.

The Hon. Member for York North (Mr. Gamble) gave us a colorful description of the problems involved in defining categories. Once you are in the category you get the deduction, whereas a granting system is not open-ended in that fashion. It is a distinct and definable amount of money.

• (1610)

Perhaps the best way to consider this problem is to imagine ten people living on a desert island. The cost of running the Government on the desert island is $100. If one person demands a tax deduction, then that $100 has to be paid by the other nine. Instead of each person paying $10 they then pay $11 and change. If it is a grant, the grant will then be discussed among all of them and everyone will pay the same amount of tax. There will be a discussion about priorities and whether or not the grant should be paid out of the $100, whether the $100 should be increased or another system implemented. In fact, they might even find that the desert island should get into a deficit.

Overall, one will find that the granting system has been used in this area instead of tax deduction because it is more easily targeted. In fact, since grants are not open-ended, they are much more accountable. They are a distinct amount of money that can be spent within a predefined sense of affordability.

I would urge the Members of the House to applaud the Hon. Member for Argenteuil-Papineau. He has devised a good idea. From my own experience, I know that he is describing a group of people who are very worthy and have added considerably to our national life. I hope that he will take his ideas on tax deductions and further study the possibilities inherent in a grants system. I do not agree with the particular techniques suggested in the motion but I do agree very much with the spirit behind it.

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

* * *

[*Translation*]

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Blaker): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill S-34, an Act to revive Polyventreprise Ltée and to provide for its continuance under the Canada Business Corporations Act, to which the concurrence of this House is desired.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Blaker): Shall all orders listed under Private Members' Public Bills preceding No. 474 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

INTEREST ACT

AMENDMENT RESPECTING MORTGAGE PAYOUTS

Mr. Paul Dick (Lanark-Renfrew-Carleton) moved that Bill C-674, to amend the Interest Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, there has been some degree of interest shown about this issue in my constituency. The reason I introduced this Bill is that I was approached by two people from the area of Almonte in my riding. One is a farmer and the other is a householder. They were inquiring about their mortgages and the high interest rates that they were locked into for a long period of time.

In supporting this Bill C-674 which I have introduced, I ask my fellow Members of Parliament to forget about their Party affiliation and to think squarely about the needs of their constituents. At a time when Canadians, if they have not already lost their homes, continue to risk the loss of their homes, it is incumbent upon Members of this House to do what they can to be of help to their fellow citizens.

This Bill will not cost any Government money whatsoever. The proposal is to change one word in Section 10 of the Interest Act. That Section has not reflected any of the changes which I have proposed in this Bill since at least 1906. However, our practice in mortgages and their interest has drastically changed.

This Bill is designed to benefit Canadians. According to CMHC research, a little over 700,000 Canadians have mortgages at 17 per cent or higher. If this Bill is passed, those Canadians might be able to refinance after one year with the payment of a three-month penalty, thus taking advantage of the presently lower interest rates.

If this Bill is talked out, it will be by those Members who favour the financial institutions and their profits rather than the average Canadian citizen who is unfortunate enough to be caught by the greatest increase in interest rates in history.

I have sought and received agreement from my Party that we will only put one speaker up, which is myself, for a very short period. I have spoken to the NDP and they have agreed to put only one speaker up for a short period of time. I have spoken with the Minister of Consumer and Corporate Affairs (Mr. Ouellet) who has 50 per cent responsibility in handling this legislation. He is quite happy to let the Bill go to committee.

Last week, we postponed this Bill until this week to see whether the Minister responsible for the other 50 per cent would let it go to the committee as well. Today, the Minister of Finance (Mr. Lalonde) is non-committal. I will be interested to see whether the Liberals talk this Bill out and thus favour the corporations and their profits over Canadian citizens who are having some difficulty at the present time.

Even if this Bill passes second reading today and goes to committee, it will not become law. At the committee stage, the mortgage companies will be able to make their representations as to whether or not this Bill is out of order due to the deposits which they may have locked in. I only hope that this Bill will be approved or perhaps amended and approved at the committee stage after it has received appropriate scrutiny. We can then help those Canadians who are suffering from high interest rates.

I have noted in the last 12 to 16 months the great increase in the number of people who are on Unemployment Insurance, whose ability has been lessened to finance their homes, whether they be rented or, more pertinent to this Bill, mortgaged.

I have also noticed in the business sections of newspapers that some financial institutions are predicting that there will be more foreclosures this year than last year, due to the fact that people will be exhausting their Unemployment Insurance. Therefore, their ability to finance their homes will be less than it was when they were on Unemployment Insurance.

My proposed amendment to the Interest Act is very simple. It will cover approximately 700,000 Canadians who have mortgages at a rate from 17 per cent to 21 per cent and who have to worry about their next payment. They see mortgages today at 12 per cent. My Bill proposes a method for these home owners to take advantage of today's lower rates. Quite simply, it will allow the borrower the privilege of paying off their existing mortgage with a three-month penalty after one year rather than the five years which is presently the law under Section 10 of the Act. After one year they would then be able to reapply.

It is interesting to note that until about 14 years ago, Canadians could get a 25-year mortgage. The provision of Section 10 allowed them to pay it off after five years with a three-month penalty, which is in one-fifth of the time. In the last 12 years, mortgage companies, or those people who grant mortgages, have unilaterally cut out the 25-year mortgage and reduced the maximum term on residential mortgages to one of five years. Therefore, by proposing this amendment, I am actually staying in step by asking that it be possible to pay off a mortgage in one-fifth of the term, one year, which is one-fifth of five, whereas the Act is now outdated. Mortgages could be paid off in five years, being one-fifth of 25, apropos to a time when 25-year mortgages were possible.

• (1620)

The Bill meets the needs of our times. No longer are 25-year terms the norm. With the advent of the interest rate chaos we have witnessed in the past few years, shorter terms became the norm. In fact, a year ago one could not obtain a mortgage for five years. One might be able to obtain one over three years, but in many cases it was reduced to a maximum one-year term. However, our Interest Act never did react to this change of circumstance.

Today, let us get on with this overdue change to the Interest Act and forward the Bill to committee. The Bill changes one word, the word "five" to the word "one".

The Canadian Catholic Bishops' statement has been much discussed, but I dare say it has yet to really influence the actions of the House. Oh, there has been much talk about the statement, but as yet there has been no action. Here is the opportunity for action. Here is the opportunity for Hon. Members who rose from their seats on all sides of the House of Commons to praise the Bishops' statement to think and act in favour of the interests of those Canadians we represent.

I have noticed that I am not the first Member of the House to raise this issue. In fact, the issue has touched upon all sides of the House. Indeed, the Hon. Member for Vaudreuil (Mr. Herbert) spoke on a similar amendment to the Interest Act only two weeks ago, which Bill was talked out. After having read all the material concerning events of that day, I found there was much talk but not much sense. It was just talked out for the sake of being talked out. I hope that will not happen today.

I also noticed that on January 31, 1983, as reported on page 22340 of *Hansard,* the Hon. Member for Hamilton Mountain (Mr. Deans) asked a question which reflected a similar interest. Indeed, this merely goes to show that whether one is a Progressive Conservative, a Liberal or a Member of the New Democratic Party, it makes no difference. We all receive correspondence from our constituents seeking a change such as the one I have proposed.

It is with this in mind that I call upon Hon. Members, in the spirit of parliamentary reform, in the spirit of acting on the sentiments of the Bishops' statement, to pass this Bill to the committee for further study today.

Some Hon. Members: Hear, hear!

Mr. Derek Blackburn (Brant): Mr. Speaker, I am particularly pleased to enter into the debate very briefly this afternoon because I want this Bill to pass just as much as the Hon. Member for Lanark-Renfrew-Carleton (Mr. Dick). I commend and congratulate him for bringing the Bill to the attention of the House. Nothing could be more timely, since interest rates have been so high, in fact I believe the highest in the history of this country, particularly in 1981 and 1982.

One of the greatest concerns expressed in my constituency of Brant is, of course, the extremely high cost of shelter, of home ownership. As we all know, when interest rates soared from around 8 per cent, 9 per cent or 10 per cent to as high as 20 per cent back in late 1981 and into 1982, thousands of people across this country and many in my own riding were forced to give up their homes. It is not that difficult to lose a car because of lack of money or to even lose a refrigerator or furniture. However, when one loses a house because one cannot afford to maintain the mortgage payments, that is indeed an extremely serious matter; often the family begins to disintegrate, and the family is still the social basis of this country. Without the family as the basis for our society, we are indeed in trouble.

As the Hon. Member for Lanark-Renfrew-Carleton has already explained, this Bill, which is under his name, will in a general sense allow persons to "buy down" their mortgages after a minimum of one year. The reason for this proposal is obvious. It is because a year and a half ago many home owners were forced to renew mortgages at rates in excess of 19 per cent or 20 per cent, and were locked in for perhaps two or three years. Now that the mortgage rate is down to around 12.5 per cent, if they could buy down their mortgages they would, of course, be afforded considerable monthly savings. For example, a $50,000 mortgage amortized over 20 years at 10 per cent would entail a monthly payment of about $475 a month, but at 19 per cent the monthly payment would be $818.69, or virtually double. There would be a tremendous saving to the average of middle-income home owner if this Bill were allowed to pass second reading and go to committee.

As the Hon. Member who introduced the Bill has very forcefully argued, it will not cost the Government one cent if the Bill passes second reading. It will not become law this afternoon; it will go to a parliamentary committee where the banks and mortgage companies will have their "day in court", so to speak, to present the alternative arguments.

As it is very relevant and cogent to the discussion this afternoon, I would like to remind Hon. Members that last spring the banks, which we in the New Democratic Party have argued never lose in this country, were crying "foul" and pleading poverty before the appropriate House Committee on Finance, Trade and Economic Affairs which was studying bank profits. Our Party, when it came through with a minority report criticizing and indeed condemning the banks for their exorbitant profits during very tough times, was laughed at or scorned by the business sector and certainly by the banking institutions, yet in last night's news and in today's newspapers we were informed that in 1982 the banks indeed had an excellent year. On average, they had a 30 per cent increase in profits over 1981, which was their best year in history. I believe it was the Scotia Bank which had a 62 per cent profit. The Royal Bank had a 39 per cent profit in 1982 over 1981.

Something must be done about the exorbitant profits of the banks. We in the New Democratic Party have stated that, as in some other progressive countries, the banks should be used in part, not in total, as an extension of social policy. In other words, there should be pools of capital which the banks should be forced to set aside for such groups as farmers, who are extremely important producers in a country such as Canada, for small businesses that are viable but are having short-term cash flow problems, for fishermen, and for low- and middle-income earners with respect to home mortgages. This impacts directly upon the Bill which we are discussing this afternoon, Bill C-674.

In the long term it would help to overcome even the necessity for this kind of Bill if we were to go back to long-term mortgages and to stabilized interest rates over at least a ten-year period. This would also stimulate as well as stabilize the home construction industry and eliminate or certainly reduce a considerable amount of the rip-offs or questionable practices in the residential development area which were formerly evident across the country, to some degree because those in the development industry, the builders and real estate agents, looked ahead and saw crests in their industry of two or three years and then troughs of two or three years. Thus they could not adequately plan ahead. Therefore they tried to grab as much as they could in terms of profit, while the grabbing was good.

• (1630)

There are many aspects to this legislation that we commend to the Government. I see no reason why this Bill cannot go to committee, and I warn Hon. Members opposite that if they talk this Bill out this afternoon they will be deliberately assisting the banks, which made a fantastic profit in 1982 compared to almost every other sector of the economy; they are helping out the mortgage companies, whose profits are also high in comparison to the other sectors of the investment community, and they are directly hurting 700,000 Canadian homeowners—which was the figure used by the Hon. Member who introduced the Bill—who hold mortgages the interest rates of which are in excess of 17 per cent. They are hurting those 700,000, most of whom could reduce their mortgages to more reasonable interest rates and more manageable monthly payments.

I put this to the Liberal Members opposite: put aside partisanship this afternoon. It is not going to bring down the Government, it is not going to force a snap election, it is not even going to result in Bill C-674 becoming law. We are simply asking the Government Members to let it go through to committee for further study. And if that happens this afternoon, that will be a triumph for backbenchers of all Parties in this House. It will be a gigantic step forward in showing the Treasury benches as well as the banking and money-lending institutions that we ordinary MPs still have some clout, as well as compassion for our constituents.

Mr. Robert Bockstael (St. Boniface): Mr. Speaker, I am happy to address this Bill C-674, which has been proposed by the Hon. Member for Lanark-Renfrew-Carleton (Mr. Dick), to amend the Interest Act.

The idea behind this Bill has been around for quite a while. At first blush it is natural to have considerable sympathy for what it attempts to achieve. The intent of this proposal is to be retroactive, to go back on contracts that have been established and to amend them after the fact.

It was pointed out by the two previous speakers that we used to have 25-year mortgages, and they lamented the fact that we do not have them any more, that they have been reduced to one-fifth, or five-year mortgages. The very process they are proposing this afternoon is to take five-year mortgages and cut them in five slices and therefore make them one-year mortgages for all future mortgage-holders. My central concern is that it would lead to a very undesirable result. The consequences would be more serious than the benefits that might be achieved, and we would end up in a situation where not only mortgage lenders but also homeowners who want to finance a mortgage would find themselves in a worse position than under the present legislative arrangements.

As I said, the purpose of the Bill looks good on the surface. It is only natural that when mortgage interest rates decline, a homeowner with a mortgage at higher rates would want to take advantage of the reduced interest rates. One can envisage circumstances where, even at a cost of three months' interest, this would be to the homeowner's advantage. I suppose it is the equivalent of having one's cake and eating it, too. Why was such a change not written into the Interest Act years ago? There is a good answer to that rhetorical question. One can begin to get a clue to the answer if one looks at the present terms of the Interest Act. This law allows mortgage borrowers with long-term mortgages of, say, 25 years, to redeem the mortgage at the five-year anniversary date. In effect, they can refinance the mortgage at the current interest rate. The result of this arrangement has been that the normal maximum length of mortgages is, effectively, only five years.

Of course there are times, such as we have passed through recently, when financial markets are in difficulties and shorter terms prevail. Not many homeowners were willing, in the fall of 1981, to tie themselves to five-year contracts at the then

interest rates of nearly 22 per cent. So the one-year mortgage or even the six-month term, has prevailed recently. But we are beginning to see the return of five-year mortgages. And the important point to understand is that the prevailing maximum term is five years, not six years or four years, because of the provision in the Interest Act allowing mortgages to be paid off at the end of five years.

In considering this Bill before the House, we must appreciate that it would bring about a fundamental change in the mortgage market. The bottom line is that it would, in all likelihood, result in mortgages which would have a maximum term of no more than one year. Why is this? Well, it takes two to make a mortgage—a borrower and a lender. And under the mortgage structure which this Bill would impose, it is clear that the risks for mortgage lenders would increase. They would be quite unwilling to expose themselves to the dangers of a five-year mortgage if the borrower could, at any time when interest rates dropped, pay off their mortgage.

Mortgage lending institutions place great importance on the need to match the term structure of their mortgage assets with the maturity dates of their deposit liabilities, such as the guaranteed investment certificates, term deposits and debentures through which these institutions raised the funds to lend, in turn, in mortgages. Obviously they would not want to be in a position where their own liabilities are tied in for three or five-year terms at fixed interest rates while their earnings from mortgage interest are liable to decline in the event of a decline in interest rates on the market.

That is why the enactment of this Bill would produce a very quick change in the way mortgage lenders do business. It is clear that they would not want to issue mortgages with terms of more than one year. Because of the need to match that term with their own deposit liabilities, the mortgage lending institutions would no longer be offering the option of three or five-year terms for deposits and other investments. We would end up hurting both homeowners wishing to finance mortgages and also Canadians wishing to place their savings for reasonably long terms at a guaranteed interest return. We would, for example, greatly narrow the investment options open to retired persons. It is important for older Canadians to be able to count on getting a fixed return on their savings for a period of years. Under this system they would, instead, be forced into a situation of having their incomes fluctuate each year with changes in the level of interest rates on the market, and they would also face the problem of having to reinvest their funds every year.

A similar problem would face the homeowner with a mortgage. He would have to renew it each year, with the resulting burden of extra paperwork and legal costs. In effect, he would no longer have the benefit which this Bill seemed to promise: namely, the option of taking advantage of a drop in interest rates. He would, instead, be exposed to whatever the market offered at the end of the one-year term of his mortgage, instead of having the assurance of a five-year loan at a fixed rate.

Therefore, the change proposed by this Bill, rather than achieving the good intentions of its sponsor, would end up being self-defeating; and our position would be worse than when we began. Indeed, it is probable that the harmful results would be felt not only in financial markets. It would lead to increased uncertainties about the availability of mortgage funds to finance the house-building industry. Naturally this uncertainty would translate into problems for the construction industry, and probably a reduced level of housing construction.

• (1640)

The importance of stability in our mortgage markets—in interest rates and in the flow of savings into mortgages—can be seen in our experience of the last two years. The wild fluctuations of interest rates in recent years have created severe problems for lenders, borrowers, and house builders. It was less than two years ago, in the autumn of 1981, that conventional mortgage rates hit a peak of nearly 22 per cent. The average mortgage rate for the full year was 18.2 per cent. It is not surprising that the rate of housing starts fell off sharply, and would-be home buyers were scared off by the high rates. That situation continued into 1982, compounded by the effects of the recession which created uncertainties and fears for the future among people who might otherwise have been in the market for a house.

Last year the main activity in the mortgage market involved mortgage renewals, which were at the remarkably high level of approximately 650,000, but the flow of new loan funds into mortgages fell off quite sharply. Indeed, many of those who were renewing mortgages did their best to reduce their indebtedness by paying off as much as they could of their mortgages before renewing.

Since the middle of last year, however, there has been a welcome turnaround in the housing and mortgage situation. Three important factors have been at work: lower interest rates, government assistance programs, and lower housing prices in many areas. Since last June, mortgage rates have dropped by more than 7.5 percentage points. The rate on one-year conventional mortgages has dropped below 12 per cent. This means that the average monthly mortgage payment on a typical $50,000 mortgage, amortized over a 25-year period, has dropped by more than $250 since last June.

The lower rates combined with government assistance programs have helped greatly in improving access to home-ownership, especially for first-time buyers. All of these factors have helped to restore consumer confidence in housing as a viable investment. Most important, there are growing signs that a recovery in residential construction is imminent. Housing starts have been increasing steadily in recent months, and forecasts indicate that 1983 will be a much stronger year in the homebuilding industry than was 1982.

At the same time we have seen a strengthening in the mortgage market. There are increasing reports from lending institutions that borrowers with expiring one-year mortgages are switching to longer-term loans of three or five years. A few months ago it was hard to find a bank which offered five-year

mortgages; now these longer-term loans are available at most of the major banks.

That welcome development has been made possible because Canadian investors are increasingly willing to put their savings into longer-term deposits and investments. Thanks to the decline in interest rates, they are moving to lock in current interest rates for three and five years. As a result, the supply of funds for mortgage lending is more than adequate to meet the prospective demand.

So our prospects in housing are more promising than they have been in some time. I feel it would be wrong to put all of this at risk by adopting the proposal in this Bill which, as I have indicated, would create far more problems than it would solve.

In fact, it is fair to say that market forces have not been doing a bad job of solving some of the problems which we faced. The mortgage market has proved itself remarkably adaptable, despite the turmoil and uncertainty of the financial situation in the last couple of years.

We have seen an increase in the number of open mortgages, which give the borrower the option to take advantage of a future drop in interest rates, provided he is prepared to pay the necessary premium for the privilege.

Another adaptation is variable rate mortgages, where monthly payments are fixed for a period of one or two years and then subject to adjustment in light of current interest rates in the market. These instruments are taking a substantial share of the market among some lending institutions which are promoting them. In addition, some lenders have adopted a plan whereby the borrower can renegotiate his mortgage at a predetermined cost. What this means in effect is that the homeowner who still has, perhaps, four, five or six months remaining on his current mortgage term, can switch to a new mortgage, locking in current favourable interest rates, at the cost of a pre-set premium.

One major trust company allows a mortgage borrower to switch to a lower interest rate in cases where the market rate has dropped within 30 days after having renegotiated a mortgage.

I believe that in view of this kind of adaptability in the mortgage market, it would be most unwise to attempt to impose a new rule by way of legislation. While recognizing the good intentions of the sponsor of this Bill, I think we must conclude that its adoption would be a mistake and that the market would prove this very quickly.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I appreciate the comments made by the Hon. Member for St. Boniface (Mr. Bockstael). This Bill attracts attention from a lot of people both here and in my riding. In Mississauga there are thousands of new homes which have just been completed. The people are rolling over their mortgages. There are subdivisions in my constituency where the mortgages came due block after block, street after street, all at the same time. With the astonishingly, incredibly high interest rates of the past two years, there have been difficulties in whole neighbourhoods. It has had a very dispiriting effect on the people living in those homes.

Equally, there are hundreds of small businesses in my riding. The people there are looking for ways to carry on their normal activities, using normal borrowing during a period when profits are down and interest rate costs have skyrocketed. The recent experience with skyhigh interest rates created a very difficult situation for these people. There is not a responsible political person who would not understand the impact of these high rates on our constituents.

In my constituency, and in carrying out my job as Parliamentary Secretary, I have had a lot of conversations with people faced with these difficulties. Last night I attended the meeting of the Canadian Labour Congress. There was an open question and answer period. There is no doubt that the workers represented at that Congress are deeply concerned about the impact of high interest rates on their jobs and on their personal lifestyles.

I was deeply impressed by the interest these people showed in finding some kind of alternative or some relief to the burden we all face. I would like again to extend to them my congratulations for what I thought were responsible ideas and, in many cases, well-expressed alternatives. But, Mr. Speaker, the intention in Bill C-674 will not work. The real answer is to lower interest rates. The real cure in the long run for all of us is to have interest rates back to levels we can all afford.

• (1650)

If we look at major structural changes such as the one recommended by my hon. friend in this Bill, we see that he is really suggesting that we turn over the whole financial system, and I am not sure it would have the results which he hopes for. However, it is the kind of approach toward which we can all be sympathetic. We would like to see one magic answer which we can impose on the whole financial system in the hope that this horrible problem will go away. Contrary to the opinions of the Hon. Member for Brant (Mr. Blackburn), those of us who have some reservations about this Bill are not promoting higher profits for our financial institutions. What we are trying to do is to find a long-term legitimate cure, not some instant cure which is going to cause even greater difficulties in some other way. The Hon. Member for Brant, for example, has suggested that we go back to the kind of mortgage patterns which used to exist in the fifties and sixties. He would like to see mortgage terms of ten years or longer so that people can have some security in their home mortgages. I agree with the desire to find some security for these people. I would, however, want him to remember that not everyone in that period could get a mortgage when they wanted it. The mortgage market then was not as wide open or as readily accessible as it is at the moment.

Mr. Blackburn: Make it available by law.

Mr. Fisher: I believe I heard some advice shouted at me from across the way, but I could not make out what the Hon. Member said.

Mr. Blackburn: Make it available by law.

Mr. Fisher: Yes. The Hon. Member for Brant says, as I was afraid he would, that we should take his idea and enforce it by law. Again we see the pattern which begins to develop here, that one change in the law, as the one recommended in this Bill, must lead to a second change which would enforce some kind of mortgage pool into existence. I presume that if that does not work, we would then have to pass an additional law, an additional regulation. All of these kinds of regulations and interference in the financial market can be avoided if we get back to the real cure for high interest rates and the long-time cure toward volatile interest rates.

There are no magic answers. You cannot come up with an instant cure and slap it on top of a highly mobile situation, such as that of the capital markets in Canada. Last night at the CLC, for example, someone asked me why we did not have exchange controls. If our interest rates were reduced, and if the reduction in interest rates resulted in a flood of capital going out of the country, then we should cure that by bringing in exchange controls. Yet, Mr. Speaker, exchange controls would simply be another magic answer and, again, I am not very sure they are a workable answer.

Mr. Robert Bryce was the official in charge of exchange controls during World War II. In his recent writings his advice has been very cautious about exchange controls. He warns us that Canada is a wide open country. It is a place where we pride ourselves and we prosper on our trade and our openness. To bring in exchange controls on top of this kind of open situation would really not work. There are hundreds of ways in which individuals and corporations could avoid any exchange control if we were to bring it in. Over these past couple of years the Minister of Finance (Mr. Lalonde) and other Hon. Members of Parliament have given thorough consideration to exchange controls. We have rejected them because they do not fit either the best part of our national economic character or the reality of our economic system. We would have to impose them and then would find that in their imposition they probably would not work. And so another magic answer, another magic solution, would have to be rejected. Just as we have rejected the idea that you can enforce or legislate a mortgage pool, in the same way I would reject the idea that exchange controls could be enforced.

I believe the main problem which we would face in all of this is the nature not only of the Canadian economy, but the nature of capital. Capital will move out of these areas very quickly, will move out of this country very quickly, if the Government appeared to be threatening. I believe the advice we received from the Lortie Commission indicated very clearly how fluid capital really is, and anyone who has worked at all in trying to raise funds will know that the capital market does not have any restrictions on it at this time and capital will move away from any situation which looks too threatening. Therefore, long before we are able to put this kind of suggestion into effect, we would find that the funds available for mortgages had disappeared.

The Hon. Member for St. Boniface (Mr. Bockstael) gave us a very good description of the need for balance in this area. For every borrower there has to be a lender. We are not doing the borrowers any good if we drive away the lenders or if we frighten away the money. This is not an abstract problem. This is not an unfair favouring of capital over the needs of the consumer or the needs of the businessman and the worker. This is in fact a realistic assessment of the existing capital market in North America and, indeed, around the world.

We only have to take a look at the French experience after the Mitterand election to see that attempts to change interest rates away from world trends do not work. Attempts to apply magic solutions do not work. The French had to abandon those attempts after the first unsuccessful experiments. We need to remember that there is a fair balance in this part of life, that every borrower has to be matched by a lender, and the lender has to feel that the arrangement is fair and that the money which is lent will be repaid in a proper way.

I have strayed from my topic, a little, Mr. Speaker, because I feel it is important to give that kind of background periodically whenever I hear comments about mortgages or high interest rates. It is important to talk about the background of the capital market and the nature of the Canadian economy within the North American economy, because to do otherwise is to mislead people.

I began my remarks by saying that the real cure for all of this comes in the form of lower interest rates, and the real way to cure the high interest rate problem is to follow the approach which the Government has taken, and that approach is twofold: first, we have said that the over-all high interest rate problem is going to be solved when the inflation level comes down. We cannot reach out into every Canadian's life and magically produce low interest rates for every Canadian, so we must deal with the causes of high interest rates. We have to attack the high inflation rate; second, we also have to react to American interest rates. Those are the two magnets which pull at our interest rates in this country, the U.S. rates and our own domestic inflation. As I tried to explain a moment ago, we would have to increase our interest rates if the Americans increased their rates, but we cannot automatically reduce our interest rates when the Americans do. We must lower our inflation rate at the same time.

• (1700)

As abstract as those ideas seem, they have an important bearing on our lives. Interest rates will come down when we clean up our own act here in Canada by lowering our own inflation. They will also come down when the American rates come down. I am happy to say that we have seen some very good news on those fronts in the past few months.

I should like to refer to a few statistics. The official Bank of Canada rate today is at 9.48 per cent. The one-year mortgage rate is at 11.5 per cent to 11.75 per cent. The prime rates are at 11.25 per cent. Those are record low levels. We have to go back about four years before we find rates that low. In the United States we see the same trend happening. There are now

major movements among important American banks to lower their prime rates. Their prime seems to be settling in this week at about 10.5 per cent. Again we would have to go back about four years to find a rate that low.

With our low inflation rate we know that we will be in a position to take advantage of these declining American rates. Our inflation has been showing very good trends over the last six months. In May, our rate was at 11.8 per cent. Today, on a 12-month year-over-year basis, it is 8.3 per cent. In the last six months it has been at 6 per cent. We can see not only that it is lower, but that recent experience will pull it down even more. In January, prices fell by .3 per cent. We have lower prices in our economy. We have lower inflation, combined with lower American rates. The two factors together will give us lots of room to get Canadian interest rates down and to leave them down.

There has been much talk on the other side about Government deficits and how the Government will crowd out other investors in the market. I am reminded of a story appearing in *The Globe and Mail* today that indicated that federal bonds which were put on the market this week have sold very, very quickly; in fact, they sold at a premium. The bond market seems to be in a very good position.

Mr. Dick: Perhaps you set the interest rate too high.

Mr. Fisher: If we look at the availability of funds, there is plenty of room for the federal Government to go out and borrow money without crowding out private sector borrowers. I know that Conservatives like to claim otherwise, but it is important for us to reassure Canadians that federal Government borrowing at this time will not crowd out the private sector, nor cause any kind of resurgence in interest rates.

Today it seems we have the ingredients for some better long-term response on the interest rate front. We have lower inflation. We have lower rates abroad. We do not have a lot of competition on the market for money. We can anticipate that interest rates will be a little more favourable for consumers, home buyers and business people over the next few months. Let us welcome that as a sign that our recovery is on the way.

We can see a few results from all this. The Hon. Member for St. Boniface pointed out, quite rightly, that mortgage rates have come down dramatically ever since the Government introduced its six and five program.

Some Hon. Members: Nonsense!

Mr. Fisher: For example, an average $55,000 one-year mortgage is now $250 cheaper every month since the six and five program came in. Housing starts all across Canada have responded to those lower rates. In my own City of Toronto, housing starts in the last month were 75 per cent higher than they were a year earlier. People are getting back out on the market because houses are affordable and because they know that they will be affordable for a longer period of time. We can see through Christmas retail sales patterns that consumers are coming back out on the market and that consumer confidence is reviving.

If people took the time to read it, an interesting story appeared in yesterday's edition of *The Toronto Star* which quoted a man named Douglas Peters from the Toronto-Dominion Bank who indicated that the consumer response in this period of short inventories will have an immediate impact upon factories and manufacturers. This revival of consumer demand can indeed lead to people being recalled to the job and to a return of greater economic activity. Lower interest rates and the six and five program generally have given us some confidence.

However, we have not forgotten the individual who is in trouble. We have not forgotten the person who has really been pressed by high interest rates. In November, 1981 and in June, 1982 we continued the program of $3,000 grants for people with high mortgages who had to renew them. The people in the greatest despair, the people who were spending more than 30 per cent of their total family income on mortgages, were eligible for $3,000 grants to reduce those carrying costs to a more affordable level. We did that for a category of people who needed the help the most, the people who were spending 30 per cent or more of their family incomes on their mortgages. We want to help those people carry those mortgages and stay in their homes. In the same way we renewed the small business bond and we increased Farm Credit Corporation funds by $400 million.

The Acting Speaker (Mr. Corbin): Order, please. The Hon. Member's time has expired.

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Mr. Speaker, I am pleased to have the opportunity to speak for a few minutes on this Bill. I must say that on reading it I am somewhat ambivalent about it. I feel it contains some good things, but also some that I question.

The Hon. Member for St. Boniface (Mr. Bockstael) said that it created more problems than it resolved. I am not sure whether I agree with that, because in general I support lower interest rates and the idea of paying off a mortgage as early as possible.

I should like to refer to the Explanatory Note which in part reads as follows:

> The Interest Act at present grants mortgagors the right to pay out a five-year mortgage at the expiration of the five-year term, subject only to a penalty of three months' interest in lieu of notice.

It says, "in lieu of notice". Actually that term is usually written into the mortgage, and I understand it. I think it would be most unfortunate to have a one-year mortgage and still have to pay the same bonus, whether it is in lieu of notice or whether it is written in the mortgage papers that one is required to pay three months' interest bonus. As I understand it, if the interest rate were 12 per cent, the three months' interest bonus would probably bring it up to 15 per cent. Thus one would be really paying a very high rate of interest, almost a usurious rate, to pay off the mortgage at the end of the one year.

Also I understand that some credit unions have been giving out funds at a flexible rate which fluctuates from month to month, and also that they have been prepared to accept weekly payments. It has been a real boon to their success and to the mortgage payer to have a fluctuating rate and to be able to pay them off weekly, with the payments being calculated weekly not monthly, at six-month intervals or even yearly as some mortgages are.

One matter which concerns me is the cost involved in a mortgage transaction, particularly if one has to refinance or renew it after one year. Today I find that many mortgage companies are not prepared to renew mortgages in the usual way in which it was done over the years. In many cases they say that we no longer want to accept this kind of risk. Usually it is because some people have been in some difficulty with their mortgage payments. They may have been in arrears. They may have brought them up to date but are still having difficulty making their payments from month to month. The mortgage companies, in their wisdom or lack of it, in my view, should assume some of the risky transactions or risky mortgages the same as anyone else, but rather than do that and act as good corporate financial citizens, they are prepared to say to their mortgagees, "We will not renew your mortgage". The individual must therefore look for a new mortgage. It may be very difficult, and in some cases impossible, to find a new mortgage or to get the mortgage that you need if you do not qualify financially.

• (1710)

With regard to mortgage costs, not only the cost paid to the mortgage company is involved or the cost of taking out a new mortgage with another financial institution but there is the whole question of the legal costs. It means another search of title, checking for mechanics' liens, executions and all the legal work that is required in such a situation.

Although interest rates are lower today than they were recently, they are nothing like the interest rates that were in effect just after the war. At that time National Housing Association mortgages were available at 6 per cent for 35 years. Some of those mortgages have matured just recently. They were a Godsend at the time, and rates have been much higher ever since. It is too bad that we do not have some way of guaranteeing a particular rate of mortgage interest over a number of years. I hope that in the Speech from the Throne which will be coming down shortly, the Minister will offer something of that nature.

We are all concerned about lowering interest rates and paying off mortgages as soon as possible at the least cost possible.

I would suggest to the Hon. Member that he change his Bill to indicate that people should be able to pay off any mortgage after one year, without notice and without bonus. That would be an improvement on the Bill and it would be much more likely to obtain the agreement of all Members of the House.

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, I do not think there is very much time for me to make even a brief comment. As the Hon. Member for Lanark-Renfrew-Carleton (Mr. Dick) said in his remarks, I introduced a similar Bill two weeks ago. Hon. Members are well aware of what is going to happen to this Bill in the minute or two remaining.

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

Shall all orders listed under Private Members' Public Bills preceding item No. 469 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

CANADA ELECTIONS ACT

MEASURE TO EXTEND RIGHT TO VOTE TO CANADIANS ABROAD

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved that Bill C-669 to amend the Canada Elections Act (civilian Canadian Forces electors) be read the second time and referred to the Standing Committee on Privileges and Elections.

He said: Thank you, Mr. Speaker. My interest in this matter arose several years ago when we discussed in the House extending the law to give teachers and administrators on National Defence posts outside the country the right to vote in federal elections. At that time several of my constituents asked that the law be amended to include employees who were not on military lists or, for that matter, on teachers' lists but were people who worked for the Armed Forces on the bases as advisers, professionals in the service sector, or in administration. They worked on contract but were not public servants under the law.

At that time I was told that this was a complicated subject and should probably be referred to the Chief Electoral Officer. Correspondence continued to come in to me, and so I decided to present a Bill.

This is a very simple and straightforward Bill which proposes to extend the right to vote to all Canadian citizens working for the Canadian Armed Forces outside Canada in any capacity whatsoever. Essentially, that is the purpose of the Bill.

I have written several letters to different Ministers—The Minister of National Defence (Mr. Lamontagne) and the President of Privy Council (Mr. Pinard), as well as to the Chief Electoral Officer. I have received—

[*Translation*]

—a variety of opinions, Mr. Speaker.

The purpose of this Bill, which we shall be discussing for the remainder of the day, is to grant voting rights to some 850 Canadians who are working abroad for the Canadian Forces. At the present time, the only civilians employed by the

Canadian Forces to have those rights are teachers, as I mentioned earlier, and members of the administrative support staff in Canadian Forces schools. This exception was made in the House in 1977, when we amended the Act to include this group.

If passed, the Bill would eliminate a provision which I consider to be discriminatory, and which allows certain civilian electors to exercise their voting rights, while prohibiting others from doing so. According to my information, a large proportion of the individuals to be affected by this Bill are now eligible to vote, but only as dependants of a Canadian Forces elector. This is why, Mr. Speaker, my comments will be on matters of principle rather than on electoral accounting problems. It would be easy to argue that there are not 850 people—perhaps there are only 300. I did not go to the Canadian Forces bases to count them, so I am not going to concentrate on figures but on the principle involved.

To understand the injustice of the present situation, I think Hon. Members should imagine how they would feel if they were a doctor, for instance, who has left his province to practise his profession in Europe on a Canadian Forces base. He reads the Canadian Charter of Rights and Freedoms which became effective last spring, a document that has been given wide circulation by the Government. He notices Section 3 of the Charter, which reads as follows, and I quote:

> Every citizen of Canada has the right to vote in an election of Members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

Our doctor says: Great! The Charter is absolutely clear, and I am a Canadian citizen. Even if I happen to be on a Canadian Forces base in Europe, surely I will have the right to vote. When general elections are called, he finds out that he, his wife and his daughter who is of voting age, do not have the right to vote, whatever the Charter says, because of the present wording of the legislation. Our doctor is not a member of the military, nor a teacher nor a dependant of a Canadian Forces elector. He is very disappointed, especially since both his military neighbour across the way and his next-door neighbour who happens to be a civilian teaching elementary school, can take advantage of the mechanisms provided under the Special Voting Rules and vote by mail in federal general elections.

I have heard three arguments which attempt to justify this discriminatory state of affairs. One was that the civilians who would stand to gain by this Bill had been abroad for a long time and, as a result, would have lost interest in Canadian politics. On the other hand, members of the Armed Forces and teachers are, in many cases, people who have been abroad for a number of years. But they have the right to vote.

In fact, that Canadians who stand to benefit from this Bill are still interested in voting was amply proven by the mail I received from these people at my office, and they are still interested in the political life of their country and in the Government because they are entitled to exercise their voting rights in general elections by casting a vote to show their approval or disapproval of the Government's activities, and in a democracy like ours, it is essential that everyone be allowed to exercise his voting rights.

Another argument was that the people affected by my Bill were not subject to the Code of Service Discipline and were therefore excluded and thus subject to the laws of the country where they were living, not Canadian law. As a result, it would be impossible to prosecute them in case of any violations of the voting rules. I admit there is a problem, but it seems to me it could be overcome. For instance, Canadians working abroad for the Canadian Forces as civilian employees could be declared subject to the Code of Service Discipline but only for the purposes of the Canada Elections Act.

• (1720)

[*English*]

Third, there is the need for administrative arrangements to put this Bill into effect. Here again, I have received from the people to whom I have written various opinions with regard to the administrative difficulties at hand. I want to read the opinion given to me by the Minister of National Defence. His letter, dated December 6, 1982, is addressed to me, and reads as follows:

> To extend the voting privileges beyond members of the Canadian Forces and career members of the Public Service of Canada would require the establishment of permanent lists of electors or continuous electoral rolls. At the moment, both the Department of National Defence and the Department of External Affairs maintain permanent lists of Canadian Forces and Public Service electors based on the information available on personnel departmental files; this information is not available in respect of locally engaged Canadians employed by this Department outside Canada.

The letter goes on:

> Administratively it would be extremely difficult and, at times, impossible to maintain permanent and accurate lists of electors and also to ensure that they are afforded the opportunity of voting at federal general elections throughout the world.

Miss MacDonald: Australia does.

Mr. Gauthier: That is the opinion of the Minister of National Defence.

I wrote, as I said before, to the President of the Privy Council. His answer to me, dated November 18, 1982, reads, in part:

> Your suggestion about the possibility of the civilian personnel office producing a list of its employees at the time of a federal election is a reasonable one, if this office keeps the personnel records of all public employees abroad. With the co-operation of the Defence Department, the votes of these employees could be forwarded in a similar manner to the votes of the members of the Armed Forces and their dependants.

As you can see, Mr. Speaker, there is a difference of opinion between these two Ministers. I want to come now to the Chief Electoral Officer's letter to whom I wrote on the same point asking the same question. His answer dated November 22, 1982, and it reads in part:

> From an administrative point of view, I do not believe that such an undertaking would present any difficulty, providing the Department of National Defence is in a position to process the statements of ordinary residence of such employees,

which is the basic requirement for voting under the Special Voting Rules, which form Schedule II of the Canada Elections Act.

As Hon. Members can see, there are divergent views as to the administrative challenge of putting this Bill into effect.

I do not want to take too long to discuss the fourth reason. I think the Charter of Rights speaks for itself. I do, however, want to quote again from the letter written to me by the Minister of National Defence. His point to me on the question of the constitutional right is worth having in our records.

I refer again to his letter of December 6, 1982 on the question of the constitutional right, Article 3. It reads:

Whether or not Article 3 of the Constitution 1981 will override the provisions of the Canada Elections Act and the Special Voting Rules, schedule II to that Act, is a matter which will have to be considered by officials in the Department of Justice and most probably eventually by the courts.

Will the Constitution of this country be a matter for consideration by officials in the Department of Justice? I do not understand, Mr. Speaker. The Minister goes on as follows:

—it would be difficult to recommend that a group of Canadian citizens employed locally by the Canadian Forces outside Canada, who are not subject to the Code of Service Discipline, should be given the right to vote at federal general elections without extending that same right to other Canadian citizens also employed outside Canada by other Government departments or agencies.

To that last point, I would like to add my support for a broader Bill. Possibly this Bill is too narrow in its application. It directs its impact toward Canadians working in Canadian Forces bases overseas. It could be that a committee, which would get a reference of this Bill, would want to extend that privilege to all Canadians, whether they are travelling on business or on pleasure outside of Canada at the time of an election. They would have the process at hand where they could go either to a consul or to an embassy to register themselves and be eligible to vote in a Canadian general election.

Miss MacDonald: Right on.

Mr. Gauthier: I do not think it is impossible for us to do that. I do not know that it would be difficult to have a permanent list that would allow us to do that. But I do think it would be a subject matter which would be of interest to all in the House and on which it would be interesting to hear the committee pronounce itself.

I do not want to take too much time because I would like to see the Bill referred to committee. In closing, I would like to thank those constituents and the people living in Lars who have written to me on this subject over the years. I hope for their sake that come the next election they will be able to exercise the democratic right of all Canadian citizens, namely, the right to vote in elections.

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, it is a pleasure to rise to speak to this much needed Bill. I want to compliment the Hon. Member for Ottawa-Vanier (Mr. Gauthier) for presenting it. He is getting a reputation for doing some thinking on his own, a rare commodity on that side of the House, and I want to congratulate him.

Mr. Dingwall: Oh, come on.

Mr. Munro (Esquimalt-Saanich): When did you last have a thought?

Mr. McKinnon: This Bill will help considerably the lot of people who are serving their country overseas. At present those who are on the voters' lists external to Canada are the Canadian Forces themselves, their dependants, and also, to my recollection, External Affairs employees. Their names are all recorded on various voters' lists which are very well and capably handled in each election that I have seen. I simply cannot understand why on earth, if External Affairs can put their Canadian employees on a voters' list in an embassy in a foreign land, the Armed Forces cannot do the same thing.

There are many people serving with the Armed Forces, for instance, in Germany, besides their dependants. Many of the senior positions are civilian positions. There are accountants and newspaper editors. There are people who operate the Maple Leaf services, the shopping centres. They have managers and purchasing agents. There are people who operate automobile agencies. These people are all Canadians and they should be entitled to vote according to the Bill of Rights, if nothing else, which, incidentally, allows all Canadians to vote and makes no discrimination at all, even to age.

The present Act has been improved over the years but obviously it needs some further improvement. Each Member of Parliament now gets a special list of service voters and dependants, and the External Affairs people who mark themselves down as wishing to vote in the Member's constituency. I would like to see that extended to these other employees as well.

• (1730)

While talking about that list, I am sure many Members wonder along with me why the Department of National Defence cannot refer to Navy personnel by their ranks and save us all the embarassment when we send something to a Major McKinnon, for example, who might be listed as being on HMCS *Gatineau*. When it is sent to Major McKinnon, it turns out he is a Lieutenant Commander. Not only is he mad, but you may have lost a vote. I am sure all Members would agree that this is an improvement which could be made to the Bill when it goes to committee, as I hope it does.

I agree with the Hon. Member who introduced the Bill that to say it is administratively extremely difficult to do something is not a good enough reason to disenfranchise Canadians who are serving their country. I hope that this Bill will not be talked out by the Liberals and that it will go to committee.

Mr. Laverne Lewycky (Dauphin): Mr. Speaker, it gives me great pleasure to speak on Bill C-669, which is an Act to amend the Canada Elections Act. I too would like to commend the Hon. Member for Ottawa-Vanier (Mr. Gauthier) for his independent thinking and his persistence with regard to this particular issue of extending the vote to those who are serving our country overseas. I would certainly echo the sentiments expressed by the previous speaker that, hopefully, the Government Members will not talk this Bill out, although I know they will.

I would like to refer to the Charter of Rights as it concerns this Bill. It is a Charter that our Parliament agonized over for a long time, the better part of a year. This is one of the first opportunities that the Government has had to demonstrate the importance of the Charter of Rights, particularly with respect to Part I, Section 3 which concerns the democratic rights that every citizen of Canada has. Our new Constitution says that every citizen has the right to vote in an election of Members of the House of Commons or Legislative Assembly and is qualified for membership therein. It is a pity that this right has not been extended to our citizens who are, in this case, serving with the Canadian Armed Forces, even though they may be employed in civilian categories.

Another part of our Charter concerns the whole question of mobility rights that ought to be recognized. Part I, Section 6 says that every citizen of Canada has the right to enter, remain in and leave Canada. If we recognize the right to vote and the right to be mobile both inside and outside of Canada, it is certainly very puzzling why the Government would want to talk out a Bill of this nature when we should be ensuring that all Canadians have that opportunity, wherever they are or from whatever background. The Charter states that they do have that right.

Aside from the fact that the Constitution indicates that we should support a Bill such as this, we also have to keep in mind the democratic principles under which we operate. On other occasions I have cited the famous quotation of Henry Emerson Fosdick who said that democracy is based upon the conviction that there are extraordinary possibilities in ordinary people. The people whom we want to include under this particular Bill may be considered by others as ordinary people overseas, but in some respects I think they are extraordinary. They are extending the service of Canadians not only here but overseas. They are making sacrifices in many ways by living in countries where they do not have the same kind of amenities that we have in Canada. It is a pity that they are not recognized.

I am pleased that this Bill seeks to extend this right to vote to all. I believe it concerns the basic question of citizenship. It has been said that the most important office is that of a private citizen. Why should certain private citizens be deprived of their opportunity and right to vote? I believe that citizenship is a demonstration of service to the country. One of the best ways to demonstrate citizenship is to allow people the right to vote. I would emphasize the importance of this fact.

Fortunately, the Hon. Member for Ottawa-Vanier has recognized the importance of voting. Perhaps the other Government Members have not recognized the importance of that right. It has been said that voting is the least arduous of a citizen's duties. He or she has the prior and harder duty of making up his or her mind. Therefore, when people vote, that is an outward manifestation of an inward act which they must perform. I do not understand why the Government wants to talk this Bill out and thereby deprive people serving overseas of the ability to make up their minds. I suspect the Government is fearful that when they do make up their mind their ballots will not be cast in the same way they have been in the past.

I do have some reservations about this Bill. I feel that it does not really go far enough. It seems to be limited purely to civilians who are working with the Armed Forces. I suggest that there must be an extension of this to anyone who is working in another country. Many of these people have sacrificed much to go abroad. They are still vitally interested in what is happening in Canada, but they are being deprived of a vote. I think, for example, of those working for CUSO. As well, there are those in non-government organizations such as the Mennonite Central Committee. They could also be missionaries who are in other countries.

Our Charter of Rights talks about the fact that we should not discriminate against individuals on the basis of religion, race or age. There should be a basic equality among people. This Bill should take into account all those Canadian citizens who have the right to vote under the Charter that we fought for.

The problem of administrative difficulties should not be of any concern. The previous speaker talked about the fact that we already receive lists of those in the Armed Forces overseas who are entitled to vote. We get their names regularly so that we can send them our "householders" and other information. What is stopping the Government from enfranchising all those overseas who can vote?

This Bill certainly merits the attention of the House. At least the contents of the Bill should be referred to the committee, and therefore I am somewhat disappointed that the Government will talk it out. The fact that the Government talks Bills out in some ways makes a farce out of Parliament. The fact is that this is a good idea, it will be raised in the next session, either in a Speech from the Throne or through proposals from the bureaucracy. I would like to expand on that point. The philosophy of this Bill will be brought forward by the bureaucracy as one of its own ideas. It will receive approval in the next session of Parliament. Here we have something which has been brought forward by Members of Parliament, people who have been elected to present their views. But no, that idea will not be accepted because it came from a Member of Parliament, even though it happened to be a Member from the Government side. However, when it comes from the bureaucracy, it will be accepted the next time around. I know that this is exactly what will happen in this particular case, and the Government is making a farce out of Parliament at this stage. I see the Parliamentary Secretary shaking his head, but this is unfortunately the way we are seeing things operating in the House.

• (1740)

I would therefore urge Hon. Members opposite to think this through, not to talk this Bill out, and at least to refer the subject matter to the Standing Committee on Privileges and Elections which may study it and bring us some recommendations to restore to Members of Parliament the power that they really deserve to have.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I would first like to congratulate my colleague and

good friend, the Hon. Member for Ottawa-Vanier (Mr. Gauthier) for bringing forth the Bill today. I think it is a Bill of extreme importance. I am sorry that the Hon. Member for Dauphin (Mr. Lewycky) could not address himself to the contents of the Bill rather than making a series of rash judgments about other Members of Parliament. However, it is the kind of thing we have come to expect from Members of the Opposition, particularly in the last ten days or so when rash judgment seemed to be about the only act of which they were capable.

Miss Jewett: Why didn't you listen?

Mr. Kilgour: How long are you going to speak?

Mr. Dionne (Northumberland-Miramichi): As long as I must in order to express my thoughts, and if some of the—

Some Hon. Members: Sit down.

The Acting Speaker (Mr. Corbin): Order, please. I wish Hon. Members would address their remarks to the Chair, please.

Miss Jewett: We want the Hon. Member to sit down.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I will be happy to address my remarks to you and to remind you that the rash judgments are still occurring. The importance of the Bill cannot be exaggerated, because the right to vote is the most fundamental of rights, next to the right to life, in my opinion.

Miss Jewett: To coin a phrase.

Mr. Dionne (Northumberland-Miramichi): I would certainly hope that the Government would accept the Bill.

Some Hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): The Hon. Member, in speaking to the Bill, said he had written to a number of Ministers and to the Chief Electoral Officer, and he quoted from some of those letters. I must say that whoever composed the letter from the Minister of National Defence (Mr. Lamontagne) was certainly making some long grasps, it seems to me, because the reasons given were not very valid. In fact, they were hardly rational. It seems to me that it should be easy to establish the mechanisms by which Canadians overseas may be able to vote.

Some Hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): I see only one major flaw in the Bill, it being that it is too narrow in scope. The mover of the Bill himself has recognized that fact. However, why should we not include the dependants of people who might be working overseas?

Mr. Lewycky: And the spouses.

Mr. Dionne (Northumberland-Miramichi): Why should it apply only to dependants of those in the Canadian Armed Forces? Why should it not also apply to those who, while they may not be public servants, may be employed by the Department of External Affairs or by CIDA? What about volunteer workers in fields such as medicine, education or social work? Because they are serving humanity outside of Canada, why should they be denied their votes? Why could they not go to the nearest Canadian embassy or high commission and swear a standard affidavit stating that they had not voted in Canada and therefore are eligible to vote in any federal general election? What about missionaries, for instance, as the Hon. Member for Dauphin mentioned? It seems to me that rather than putting roadblocks in the way of people's right to vote, we should be doing everything possible to make it easy for them to vote.

Miss Jewett: Refer it to committee.

Mr. Dionne (Northumberland-Miramichi): Therefore, because the Bill is, in my opinion, too narrow in scope, I should like to move:

That Bill C-669 be withdrawn and the subject matter thereof be referred forthwith to the Standing Committee on Privileges and Elections.

The Acting Speaker (Mr. Corbin): Order, please. That motion requires a seconder.

Mr. Lewycky: I will second it.

The Acting Speaker (Mr. Corbin): Mr. Dionne has moved a motion, seconded by Mr. Lewycky. Such a motion would require unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

An Hon. Member: No.

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

Miss Jewett: David Smith said, "No".

Mr. Smith: They said it was me.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I am sorry to see that the motion as put forth by the Hon. Member for Northumberland-Miramichi (Mr. Dionne)—

Miss Jewett: Nice try.

Miss MacDonald: —did not receive the consent of the Parliamentary Secretary to the President of the Privy Council (Mr. Smith).

Miss Jewett: He is just a nobody.

Miss MacDonald: It is a shame that a matter of this significance could not have been referred to the Standing Committee on Privileges and Elections for study, for detail and for passage

because a number of matters could have been raised and discussed at that time, matters which really need correction involving our Canada Elections Act, matters which are anachronistic now. I want to congratulate the Hon. Member for Ottawa-Vanier (Mr. Gauthier) for having brought the Bill forward to the House, for having vented the need for changes to the Canada Elections Act.

I would certainly support what the Hon. Member for Ottawa-Vanier is proposing today. I was interested to note that he and others feel that perhaps the whole issue should go much further. It reminds of the time some years ago, long before I became a Member here, when I appeared before the parliamentary Committee on Privileges and Elections to put forth a proposal that we introduce absentee voting in this country and that we have a continuous electoral role system in this country such as there is in Australia. There is no problem in Australia managing to have absentee voting and extending the franchise to everyone who is a citizen. I do not think that Canadians are any less competent than Australians to carry that out. I feel that had we been able to send the subject matter to committee, as the Hon. Member for Northumberland-Miramichi suggested, we would have been able to discuss that broader issue.

Miss Jewett: That's right.

Miss MacDonald: However, I want to suggest to the Hon. Member for Ottawa-Vanier, who has brought this very valuable piece of legislation before us, with regard to Schedule II of the Canada Elections Act, that extending the vote to persons whom he has designated would be one improvement we could make. There is another under Schedule II which he has mentioned, and I am sure that he and other Members of the House have heard this matter raised, as the Hon. Member for Victoria (Mr. McKinnon) has raised it both as Minister and again as an Hon. Member of the Opposition. I would refer particularly to the dependants, the spouses of Armed Forces personnel and public servants serving abroad who indeed have the vote.

It is clear to everyone here that the Canada Elections Act allows members of the Armed Forces and members of the diplomatic service to declare their place of residence in Canada in January or February of each year. They can designate the constituencies in which their votes will be cast. What I find repugnant and anachronistic is that the spouses who, by and large, happen to be women, must accept such designation of residence for themselves. Those women are not allowed to declare where they will vote in Canada. A spouse must accept the designation of the constituency declared by her husband even though she may never have lived in the riding when in Canada or met any of the candidates for the election, and may not have any connection whatsoever with the particular constituency designated for the vote.

I have raised this matter with the Minister of National Defence (Mr. Lamontagne). In fact, I raised it with him in questions on May 10 of last year, and suggested that this was something which could very easily be changed. In fact, when I raised it with him I suggested that the Election Act could be changed so that in January and February of each year the spouse, at the same time as the member of the Armed Forces is permitted to designate his constituency, could designate the constituency where she had formerly resided and where she had had in the past some connection from the point of view of residence. That is really a very anachronistic situation.

• (1750)

I raised that with the Minister of National Defence. In his reply he undertook to follow it up and said that he would bring it to the attention of the Chief Electoral Officer, but nothing has been done. Months have passed, and nothing has been done. There is an anger and frustration among the wives of the Armed Forces personnel serving abroad who, under the Canada Elections Act, are considered merely an extension of their husbands. They do not exist in their own right.

I would hope that when this Bill goes to committee, as I pray that it will, that will be another aspect of Schedule II, that is, the independent nature of spouses of Armed Forces and diplomatic personnel living abroad, that that subject matter can also be addressed, and that the very much out-of-date section of the Canada Elections Act will be corrected.

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Mr. Speaker, I want at the outset, as did some of my predecessors who have been speaking today, to congratulate the Hon. Member for Ottawa-Vanier (Mr. Gauthier) for bringing forth a very timely Bill. It happens to be a matter that he has been working on, as I understand it, for some ten years, and it must make him feel very good at least to see it come before Parliament once again.

The difficulty, however, is that many people in effect are disenfranchised because the Bill does not go far enough. It is noted, however, in the explanatory note, that in 1977 the Canada Elections Act was amended to grant the right to vote to Canadian citizens teaching outside Canada in Canadian Armed Forces schools or employed as administrative support staff in such schools. However, this Bill only extends that privilege to Canadian citizens working for the Canadian Armed Forces outside of Canada. At the present time we merely have teachers being accepted. The civilians working for the Canadian Forces are not accepted at this time, but would be in this Bill.

I agree with my colleague from the NDP that the Bill does not go far enough. It should include all personnel, all Canadians at all missions, embassies, high commission offices, trade offices, immigration offices and so forth, wherever they might be in whatever country. It should include Canadians working on projects and contracts in various countries. For instance, we have a big contract coming up to build a Canadian embassy in Saudi Arabia, and we will have a number of Canadians there. They should have the right to vote in any elections that take place while they are working on that project. At the present time they would not be able to.

A number of Canadians are working on CIDA projects that we have in Africa, South America, Central America, the Caribbean and so on. They too should not be disenfranchised and should have the right to vote in elections. Some methods have been suggested as to how this can be done, and I think they make sense. I would go even further than that. I believe all Canadians throughout the world, even if they are on vacation, should have the opportunity of attending at the embassy or the high commissioner's office to fill out the necessary forms so that they can vote in a general election in Canada.

Although the Government tends to agree with the purpose of this Bill, it would be premature to go further at this stage since Mr. Hamel's report, to be tabled at the beginning of the new session, is going to discuss the problems related to the voting rights of those living outside Canada.

As a matter of fact, this problem has been discussed many times since 1963. But it has to be reviewed again, now that the Canadian Charter of Rights and Freedoms guarantees the right to vote to each Canadian. Section 3 of the Charter reads as follows:

Every citizen of Canada has the right to vote in an election of members of the House of Commons—

The Justice Department is presently studying the meaning of this right for Canadians who happen to be outside the country on polling days and who cannot vote. They can be classified as follows: the students; the CIDA cooperants; the private corporations' employees; the travellers; and the permanent expatriates, as I have suggested before. At the same time, the office of the Chief Electoral Officer and the office of the President of the Privy Council (Mr. Pinard) are assessing the technical problems involved here.

To grant voting rights now to one sub-group, the civil employees of the Armed Forces abroad hired locally, is to open the door to all the other groups at a time when the studies referred to above are not yet completed. A comprehensive review of "absentee voting" by the Standing Committee on Privileges and Elections should follow Mr. Hamel's report, to be tabled soon.

At the moment, both the Department of National Defence and the Department of External Affairs maintain permanent lists of Canadian Forces and Public Services electors based on the information available on personnel departmental files. Such an information is not available in respect of locally engaged Canadians employed by the Department of National Defence outside Canada. Therefore, the Chief Electoral Officer would have to keep and maintain a permanent register of electors, like as they do in countries with absentee voting systems such as the U.S.A., Australia and France. In Canada also, in the Province of British Columbia, I understand they keep a voters' registry.

But one must understand that, with regard to absentee voting, there is only one acceptable security offered, that is, a permanent list or continuous electoral rolls in which you have a registration card signed by each elector which is in the Office of the Returning Officer of the elector's constituency.

More than a year or two may be required before this could be put in place, and certainly there are some 15 million people in Canada who would be able to take advantage of it. Whatever the cost might be, and it might be considerable, I think it is important that Canadians world-wide have the opportunity of voting in elections.

I may say that although there may be some administrative difficulties, it is not something that could not be overcome. The Bill that we have before us, I would say, is somewhat inadequate in that it does not go far enough, and all Canadians should be included. I would suggest that it be referred to the Committee on Privileges and Elections at the appropriate time, probably today if this Bill goes through without having been talked out.

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, it is with mixed feelings that I rise and continue discussing this subject. I must, first of all, compliment the Hon. Member for Ottawa-Vanier (Mr. Gauthier) for his excellent presentation, for the amount of research work that he has done, and for his good judgment in selecting this particular issue. It is particularly applicable because it must be remembered that school teachers and administrative support staff in the Canadian Armed Forces schools have officer status and are subject to the Canadian Forces Code of Service discipline as contained in the National Defence Act and may be tried by a special general court martial. Therefore, they have a status very close to that of a member of the Canadian Armed Forces and have, by law, been deemed Canadian Armed Forces electors.

This shows that the Hon. Member has done a very thorough job in researching this particular issue, except for the point that has been brought out by the Hon. Member for Dauphin (Mr. Lewycky) and by other spokesmen that it just does not go far enough. For that reason, it should be thought out and worked out carefully. As far as I understand, from the information that I have, it is in the process of being considered. It is being researched and will be brought forward by the Electoral Officer, Mr. Hamel, and in that form will be then considered properly in the proper committee and will undoubtedly come forward as an improvement in the Electoral Act.

I only hope that the Hon. Member will receive the credit that he deserves for the work that he has done, and I hope that this will be signified—

The Acting Speaker (Mr. Corbin): Order.

[*Translation*]

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

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

HOUSE OF COMMONS

Thursday, March 3, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

House in Committee of the Whole on Bill C-139, an Act to amend the statute law relating to Income Tax (No. 2)—Mr. Lalonde—Mr. Blaker in the chair.

Mr. Lewis: Mr. Chairman, I rise on a point of order concerning the procedural acceptability of certain Clauses of Bill C-139. It is our contention that the Government, in at least two instances, has attempted to exceed the authority granted to it in the Ways and Means motion. With your indulgence, Mr. Chairman, I would like to spend a few moments explaining my case, and then if you feel that the argument is valid, I suggest we postpone consideration of the affected Clauses until such time as the deficiencies can be corrected.

Mr. Chairman, I would like to draw your attention to Citation 518 of Beauchesne's Fifth Edition, which forms the basis of the procedural argument. Citation 518 states:

(1) A bill, related to a Ways and Means resolution, must be based on, but need not be identical with, the resolution. The taxing power of the Crown is limited by such resolutions, but relatively minor widening of exemptions from taxation may be allowed.

(2) The most desirable practice is for the Bill to adhere strictly to the provisions of the resolution, and departures if any, ought to be subject to the strictest interpretation.

We contend that in Clause 1 and Clause 109 the Government has attempted to extend its taxing power beyond that which is authorized in paragraphs 1 and 151 of the income tax motion. In a 1974 ruling, to which reference is given in Citation 518(1) of Beauchesne, Mr. Speaker Jerome outlined the five basic principles which apply to the question of how closely an income tax Bill should conform to the Ways and Means motion on which it is based.

With your permission, Mr. Chairman, I will review those five principles which may be found at page 224 of the *Journals* for December 18, 1974. Mr. Speaker Jerome's ruling reads in part as follows:

First, that the Ways and Means motions which follow the budget presentation are by virtue of time honoured practice and tradition, the very expression of the financial initiative of the Crown and therefore a most important aspect of our procedure.

Second, S.O. 60(11) establishes the relationship between the Ways and Means motion and the bills which follow. "The adoption of any Ways and Means motion shall be an order to bring in a bill or bills based on the provisions of any such motion."

Third, the critical words are "based on". It must be assumed that if it was intended that the bills be required to be identical to the motion, the rule would say so.

Fourth, I am further unable to find any support, either in the Minutes of the Procedure Committee of 1968 which recommended the rule changes, the debates on those new rules, or even in analogous precedents, for the proposition that the bills must be identical to the Ways and Means motions.

It is equally clear that the taxing power of the Crown is limited by the Ways and Means motion, and any bill which sought to extend such power beyond the provisions of the Ways and Means motion would be out of order.

There can be no doubt, Mr. Chairman, as to the meaning of this ruling. The provisions of the income tax Bill must fall within the four corners of the Ways and Means motion. Mr. Speaker Jerome reiterated this position on subsequent occasions, including July 14, 1975 at page 707 of the *Journals* and May 19, 1978, at pages 784 and 786 of the *Journals*.

• (1110)

In rising on this point of order, I noted that there are at least two Clauses in the Bill which are before us today which do not appear to fulfil the requirements laid down by Mr. Speaker Jerome and by Beauchesne. The first instance in which the Bill exceeds the taxation authority granted to the Government may be found—and this is unfortunate—in Clause 1 of the Bill, in the provisions relating to the automobile standby charge. Paragraph (1) of the income tax motion reads as follows:

(1) That for the 1982 and subsequent taxation years, the provisions of the Act relating to the monthly standby charge for an automobile made available by an employer, a person related to the employer, or a corporation

(a) be applicable in any case where an employee or a shareholder or a person related to the employee or shareholder made personal use of the automobile, and

(b) be modified to increase the minimum monthly standby charge to 2 per cent of the automobile's capital cost or 2/3 of its leasing costs, as the case may be,

except that, where it is established in prescribed form that the number of kilometres that the automobile was driven in the year for personal purposes is less than 1,000 kilometres per month, the amount that would otherwise be determined under subparagraph (b) be proportionately reduced.

That is paragraph (1) of the Ways and Means motion and I submit that accounting firms and others looked at the standby charge only. For example, in Thorne Riddell's review of the 1981 budget, under "Use of Company Automobiles" it states, and I quote:

The present law requires a taxpayer to include at least a "minimum standby charge" in income which is 12 per cent of the cost of the car if owned by the employer or one-third of its lease cost.

Starting in 1982, the budget proposes to increase this minimum charge to 2½ per cent per month or five-sixths of the leasing costs, and to apply it in all cases where personal use is made of a company car.

Coopers & Lybrand made the same interpretation of what the Government was trying to do in the budget, and I quote from their budget report on page 16:

Where any personal use is made of a company car by an employee or someone related to him the minimum taxable benefit after 1981 will be either 30 per cent of the automobile's cost (where owned) or 5/6ths of its leasing cost.

When the Bill came down and the explanatory notes came out, Thorne Riddell, Coopers & Lybrand and other experts, and also the Canadian people, found that the Canadian Government went further than that, because page 1 of the explanatory notes to a Bill amending the Income Tax Act said that paragraph 6(1)(e)(iii) clarifies that the operating costs of an automobile used for personal purposes, which are paid by the employer, must be included in income.

As I pointed out, up until now what we have been dealing with is a Ways and Means motion referring to standby cost which is a fixed percentage of either the capital cost of the automobile or the lease cost. That is the motion. When the Act was brought in, it sought to extend the taxing power to the operating costs. In Section 1 the Government seeks to tax the benefits received by a person as it relates to the operation of an automobile, and nowhere is that found in the income tax motion on which the Bill, as I pointed out, is supposed to be based. The income tax motion modifies the application of the standby charge. It does not propose, as the Government has proposed in this Act, to tax the Canadian people on the operating costs of a company car. Furthermore, Clause 1(4) increases the standby charge for automobile sales persons, although no mention is made of this tax increase in the income tax motion.

• (1115)

This charge, I suggest, is particularly curious. It not only increases the tax rate for automobile sales persons, but it makes a substantive change in the Income Tax Act by changing the standby charge for automobile sales persons from three-quarters of 1 per cent to one and one half percent of the automobile's capital cost. Although the charge for sales persons remains in the same ratio to the general charge, for the first time it becomes a set charge rather than a percentage of the general automobile standby charge. We submit authority for these changes cannot be found in the income tax motion.

The second case that I refer to is the corporate distributions tax, Part II, which is found in Clause 109 of the Bill and relates to paragraph 151 of the income tax motion. As noted at page 5 of the January 11, 1983 edition of "The Canadian Taxpayer", this tax will "penalize companies in provinces where the tax rate is more than 10 per cent, but will give a bonus in Provinces where the tax is lower". The publication goes on to note that the anomaly results from the fact that the preferred earnings amount, PEA, to the measure of income to which the tax is applied is structured on a norm of a combined 25 per cent federal and provincial tax. Where the actual rate varies from this norm, the formula does not work accurately. If the rate is higher than 25 per cent, the preferred earnings amount cannot be eliminated by paying out all active business income. This in turn means that the 12.5 per cent tax will be levied on other income of the company, such as investment income when dividends are paid.

While the federal Government may in fact apply taxes differently across the country, and although a minor widening of exemptions from taxes may be allowed, according to Mr. Speaker Jerome's 1974 ruling the Government does not have the specific authority to increase taxation for corporations operating in Newfoundland beyond the level of taxation that is imposed as a result of the calculation of the preferred earnings amount of corporations operating in other Provinces. No provision for such an increase can be found, we submit, in paragraph 151 of the income tax motion.

The remedy that is suggested to the problem which we have posed—that is, the inadequacy of the relationship between the ways and means motion and the income tax Bill—is to postpone consideration of Clauses 1 and 109 until those Clauses can be amended so as to satisfy our objections, or until a Ways and Means resolution can be passed to permit the Bill as written to be passed. We submit that this remedy is consistent with the rulings delivered by Mr. Speaker Jerome in 1974, 1975 and 1978, as noted in Citation 519 of Beauchesne's Fifth Edition, and I quote:

If any of the provisions of the Bill should be found to go beyond the Ways and Means resolutions as agreed to by the House:

(a) a further motion must be passed by the House before those provisions in the Bill are considered in committee;

(b) or the Bill must be amended so as to conform to the motions to which the House has agreed.

Mr. Cosgrove: Mr. Chairman, I rise on the same point of order. I am somewhat disappointed that I did not have prior knowledge of the technical objection raised by the Hon. House Leader for the Loyal Opposition.

• (1120)

The Bill and the Act have been available to Hon. Members of the House and to the public for quite some time. As a matter of fact, the Hon. House Leader, in support of his argument, has used an analysis of the Bill by two firms of chartered accountants and, therefore, obviously many people in the country have had some time to consider this matter. I would have hoped, Mr. Chairman, if the Hon. Member felt that there was such deficiency in the motion tabled before the House, that for the sake of expediting consideration of this Bill, which all Hon. Members in discussion on second reading have considered to be important to Canadians, this could have been brought to the Government's attention for analysis months ago. I am, as I said, somewhat surprised that this technical objection to the first Clause would be raised at this point.

I am prepared to argue, on the basis of the authorities quoted by my hon. friend and as stated by the Hon. James Jerome, a former Speaker of this House, and the test which he did apply in the case cited, that in fact Clause 1, which is

really the only Clause we have dealt with thus far, although my hon. friend has dealt with Clause 1 and Clause 109, really does meet those tests. The gist of my submission to the Chair is that, if we accepted the argument of the House Leader of the Official Opposition, we would be meeting the test which says that the Bill and the motion have to be identical. That really is the logical extension of what is argued by the Hon. House Leader for the Opposition. He makes reference to the substantial change in the tax, but admitted that that was a technical matter, the difference between the increased rate for sales persons, and then admitted that that was a small matter.

On his second point, he argued that because of a variation in tax rate and the calculations of rates which are used in the calculation of tax in so far as it applies to the standby is different in different Provinces. In my respectful submission, that is a matter which is dealt with in those Sections dealing with the calculation of tax from the different Provinces and does not bear directly upon the adequacy of the Bill; and it is parallel to the motion.

As the explanatory notes indicate, Mr. Chairman, Section 6(1)(a)(iii) is a clarification. It has always been the case under Section 6 of the Act that, except for explicit exceptions, all benefits from employment are treated as income for tax purposes. The amendments stipulating that automobile operating expenses paid for by an employer are benefits simply confirm and clarify, in my respectful submission, what the law has been for many years.

Therefore, I argue in rebuttal that the variation between the Bill and the motion in effect argues a rule which Speaker Jerome said did not apply, that is, that the two had to be identical.

In so far as automobile salesmen are concerned, Mr. Chairman, the amendment increases their standby charge rate to 1½ per cent from 3/4 per cent. This motion says 2 per cent. Therefore, the amendment is clearly within the motion. I have argued that it is a technical matter to begin with, that the variation is not great but because it is less than the amount, it is included. That is the thrust of my argument.

• (1125)

The position of the Government is that a careful reading of the four standards applied by Speaker Jerome would lead you to the conclusion that although there are minuscule differences in the formula for calculation of the standby charge as it affects people generally, or salesmen specifically raised in the example of the House Leader, the motion meets the three other tests and is sufficient to have the matter proceed. I would suggest, Mr. Chairman, that consideration of Clause 1 is validly before the House and reflects the provisions of the Bill.

[*Translation*]

Mr. Pinard: Mr. Chairman, it would be difficult to add to the excellent points made by the Minister. In fact, I do not intend to continue in the same vein, because it seems to me that he has covered the subject quite adequately and that there are sufficient grounds for you to deny the Hon. Member's point of order. However, I would like to point out to the Chair that the Notice of Ways and Means Motion was not opposed at the second reading stage, which would have been the appropriate time to do so. Since the House has adopted the second reading stage, I submit that there is no case for raising a point of order again at this time, since it should have been done before, when the Notice of Ways and Means Motion was tabled and the House was considering the second reading stage. Since the second reading stage has been passed, I do not think a point of order of this kind can be raised now, and even if the Chair were to conclude that it still can be done, and we disagree, the Minister has submitted sufficient grounds to justify the Chair's denying the point of order.

[*English*]

Mr. Lambert: Mr. Chairman, I am not aware whether at second reading this point was raised. If it was raised, when did the Chair deal with it? I suggest to you, Mr. Chairman, that the Government must still clean up its act.

Mr. McDermid: That is impossible.

Mr. Lambert: The Standing Order indicates clearly that a Bill will be introduced based on a notice of Ways and Means. The Minister says the amendments cited by my colleague were merely technical. I suggest to the Minister that he is applying his interpretation of "technical" much the same way as his colleagues were applying their, shall we say, elastic consciences to guidelines on conflict of interest during the past ten days of debate in this House.

On this particular point, a change of rate is not a technical change. There is only one tolerance allowed, I suggest to you. I refer back to the ruling of Speaker Lamoureux at the time I raised objection to the Bill that was tabled following the Ways and Means motion in the budget of 1970, which was a tax reform. There were 39 changes, some of them of the nature to which the Minister and my colleague adverted. The Chair disclaims any responsibility and I agree. It is not up to the Chair to "comb" the relative Ways and Means motions and the Bill. The Chair will insist that the Government keep its act clean. This is not a matter of tolerant interpretation.

• (1130)

As far as the Bill is concerned, we are not going to hold up the business of the House while the Government files a Ways and Means motion. The Government can do that later. It can substitute the Ways and Means motion to conform wth the Bill since the Bill represents the final decision. During the time when the Ways and Means motion is approved by the Department of Finance and the Cabinet Committee and the Bill is drafted, all sorts of differences can occur. There has been plenty of time between December 7 and calling the Bill for second reading for debate. People in the tax Department have admitted to me privately that many of these sections are totally incomprehensible. The Government can claim that Members should have noted all the inconsistencies between the Ways and Means motion and the Bill by the time second

reading debate commenced. If my memory serves me correctly, that was for one day prior to Christmas. It was then abandoned until recently.

To use a popular expression, the Minister is "out to lunch" on that point. This is the time to say that the Minister and the Government must file an amended Ways and Means motion to conform with the Bill or reprint the Bill to conform with the Ways and Means motion.

We are not going to hold up proceedings, Mr. Chairman, but the Government must keep its act clean.

Mr. Gamble: Mr. Chairman, the significance of this deficiency in the Bill in failing to conform to the provisions of the Ways and Means motion lies in the fact that the Ways and Means motion made no reference to the additional tax to be imposed upon automobile salesmen as a result of the standby charge changes that are now in the Bill before us. It is not a matter of a technical change; it is a matter directly related to the imposition of an additional tax.

I draw to your attention that while the former provisions of the Act dealing with standby charges in connection with automobiles referred to the imposition of a standby charge which would be at least equivalent to the amount determined under this rather complex section, the Bill now provides that that standby charge, the reasonable amount thereof, is the amount definitely determined under the provisions of Clause 3.

The difficulty that confronts taxpayers generally is that this Bill in its entirety, and more particularly as it deals with standby charges, applies to the entire 1982 tax year. We are talking about individual taxpayers, so it applies to the period from January 1 to December 31, 1982, at which time, if you should have reference to the nature of the compliance in prescribed form referred to for the keeping of accurate records of automobile use, it will immediately become apparent that this Clause will have the effect of obliging people to maintain in prescribed form records of automobile use—on the basis of kilometres—from the beginning of January to the end of December.

There was no knowledge in the general community that automobile salesmen would be required to maintain those records. How can we now properly impose a new tax that did not exist in the form it will take now upon those people when they were not aware that such would be the case, having regard to the fact that the Bill was introduced on December 7, 1982, during the last month of the taxation year of the individuals covered by the provision.

The Minister refers to this as a technical change. If there was a circumstance where basic inequity is built into the imposition of a tax, it is certainly the case here. It is for this specific reason that the rule with respect to the compliance of Bills directly with the provisions of the Ways and Means motion becomes most critical. This is the imposition of an additional tax upon taxpayers. That tax can only be applied in the way provided in the Ways and Means motion.

Mr. Lewis: Mr. Chairman, in reply to my colleagues on the Government side, I would say that perhaps a Government which operates without notice should not always expect to receive notice.

When I referred to Thorne Riddell and Coopers & Lybrand's interpretation of the standby charge, it was as set forth in the original budget and the original Ways and Means motion, not as set forth in the Bill.

I suggest that debate on second reading is on the principle of the Bill. That is fair. We are now dealing with technicalities and suggesting that it is up to the Government to draft the Bill in accordance with the Ways and Means motion.

Citation 518(2) of Beauchesne reads as follows:

> The most desirable practice is for the bill to adhere strictly to the provisions of the resolution, and departures, if any, ought to be subject to the strictest interpretation.

We are not suggesting that an increase in tax is merely clarification or that we should go home, quit for the day or scrap the entire Bill. We are just suggesting that we have made a point regarding Clauses 1 and 109 and that consideration should be stood until the Government can draft a Ways and Means motion which adheres to the Bill, or vice versa.

Mr. Fisher: Mr. Chairman, there seem to be two specific points here. The first is whether automobile salesmen have not been properly informed about a change of practice. The second is an over-all issue dealing with the operating cost of automobiles. I should like to argue that both of those things are clarifications of existing practice; they are not new principles.

The Act shows that since 1972 automobile salesmen have known that they will pay 75 per cent of the standby charge of every other salesman. It seems to me that what we are doing here is simply clarifying, as a consequence of other changes, the circumstances that apply to them. That follows directly from the 1972 law under the same Section 6 of the Income Tax Act which provides that all employee benefits are taxable. We are now clarifying what we mean in the area of automobile standby charges and operating costs. We are defining the circumstances for the taxpayer so that he will know precisely what his liabilities are.

• (1140)

The Hon. Member for York North had a great deal to say about record keeping. Again, that is not the case. People have had to keep records about the operation of their automobiles for as long as I can remember, certainly back to 1972. I think the current situation does not change that at all. I ask Hon. Members to see this simply as a clarification of what is an employee benefit and, following from that, a consequential change for automobile salesmen which is already in the law. It is not something brand-new.

Mr. Blenkarn: Mr. Chairman, specifically what we have here is Clause I which substantially complies with the Ways and Means motion, but two particular provisions that impose particular taxes are not in the Ways and Means motion. Therefore, our contention is that while the Bill has received

approval in principle, these particular provisions cannot be put to the House at this point in Committee. They have to be deleted from the Bill.

The Bill is not properly before us with respect to these particular provisions because the law is pretty clear that if the Government wants to levy a tax, it has to have a Ways and Means motion and a direction from the Crown. That is the reason we as ordinary Members cannot introduce taxing Bills. The Government cannot do that either unless it has specific authority from the Crown. The Government does not have this specific authority with respect to two parts of Clause 1. On that basis, those two parts of Clause 1 cannot be considered; they have to be ruled out. If the Government wants to come back with another statute and another Ways and Means motion, it can do that; it has all sorts of ways of doing it. But these particular provisions must be ruled out.

It is a very simple matter. I do not think there is anything else which should be done. We are not asking for the whole Income Tax Act to be thrown out. It was approved by the House and it substantially complies with the Ways and Means motion. But to the extent that there is an imposition of a levy which does not specifically comply with the Ways and Means motion, the Government does not have the right to introduce those provisions. It does not have royal authority, and it has to obtain that authority, the same as any other Member.

Mr. Cosgrove: Mr. Chairman, I want to capsulize briefly the position of the Government on this item. I cannot do better than begin by drawing to your attention the opening comments of the Hon. Member for Mississauga South who has just spoken. He indicated that the Government has substantially complied with the Ways and Means motion in the legislation which is before the House. That is the first test referred to by Mr. Speaker Jerome in his judgment, that if there is substantial compliance, there need not be verbatim, word by word, comma by comma, crossed "t" by crossed "t" submissions. That is my argument.

The explanation is that what we have in the Bill is really a clarification of the provisions which have always existed under Section 6 of the Act, that except for certain explicit exceptions, all benefits from employment are treated as income for tax purposes. This amendment stipulates that automobile operating expenses paid for by an employer are a benefit. This confirms and clarifies what has been the law and practice for many years.

On the second Clause, the House Leader of the Opposition complained that the Bill does not reflect the motion. I would reiterate for the consideration of the Chair that although the Government can draw another Ways and Means motion, if we did that every time Hon. Members opposite complained that there was some provision in some tax Act of some Province which was affected by legislation introduced in the House, we would have found the answer to the problem with the forest industry. What we would be doing is manufacturing paper, and that is all we would be doing.

I do not think it follows at all, with respect, that because there is an implication flowing from amendments before the House which affect different provinces differently, that is cause for complaint that the Bill does not comply with the Ways and Means motion.

I suspect that the Chair probably wants an opportunity to consider Clause 1 and Clause 109 and the point raised by the Opposition House Leader. At this point it may or may not be germane to draw to the attention of the Chair that I had hoped to begin my comments on the Act and on Clause 1 of the Bill before us by drawing to the attention of Members opposite and of the Chair the Government's intention to make two technical amendments to the Section. I do not believe they are germane or pertinent to the point raised by the Hon. Member but, in fairness, if we are to consider the Clause, I think all Members and the Chair should be apprised of these technical amendments.

Mr. McDermid: Why did you not give us notice?

Mr. Cosgrove: I did not have an apportunity to do so. The Opposition House Leader was the first person on his feet. It was my intention to bring these two technical amendments to the attention of the House and to seek the assistance of the Chair and Hon. Members opposite on how to deal with technical amendments to the Act. Because there are two technical amendments dealing with Clause 1 and other technical amendments, I feel I should now place them before the Chair and seek the advice of Members opposite.

I might add that I am advised that when there were substantial amendments to the Act in 1971, technical amendments were received, considered to be moved and thereby offered notice to Hon. Members opposite of technical changes which by and large were relieving changes to subsequent Sections of the Act. It will give Hon. Members opposite the opportunity to look at them as we deal with Subsection (1) and further Sections.

Before the Chair makes its decision on the point raised by the Opposition House Leader, I would like to offer to produce to the House the technical amendments, not only to Clause 1 but to other Clauses. It would be helpful as I table the amendments that they be deemed to have been moved and that they be printed as an appendix to today's debates. Then they would be available to all Hon. Members on both sides to consider as we go along. But I would like the advice of the Chair and the House on that point.

Mr. Lambert: Mr. Chairman, I do not know what the extent of the amendments might be or what is the interpretation of "technical". Since I was in charge of the Opposition's team with regard to the income tax debate in 1970, let me indicate that there were substantive changes and technical changes, 39 of them, on the first Bill that was printed following the Ways and Means motion. The Government was given permission to substitute a new Ways and Means motion. Perhaps technical changes consist of forgetting to put in additional reference to a

subclause or simply crossing the t's. The alteration of a rate of tax is not a technical change in any way.

• (1150)

I have suggested that there is a way of making changes. Further changes could be incorporated into a new Ways and Means motion or into the Bill. I take it that it is the Bill which the Government wants. If the Minister is now filing further notices of amendments to the Bill, of course, that is a further derogation from the Ways and Means motion.

The Minister is correct that amendments may be introduced in the Committee of the Whole. However, in case there is the idea that we had every opportunity to examine the Bill when even the Government's advisers did not know what was in the Bill, let me remind Hon. Members that first reading permission was given on Tuesday, December 7. The earliest time that Members received that information was December 9 due to the complex printing and so forth. Second reading was on Monday, December 13. Therefore, I suggest that almost no one had an opportunity to examine the Bill. One could almost suggest that an attempt was made to slide it under the door and have it passed. It would then be too late for any argument. This is a type of fast shuffle that has been known to happen.

I draw to the attention of the Chair that even the President of the Privy Council suggested that we had plenty of time to look at the Bill between first and second reading. He does not even understand it. He does not understand when the Bill was brought in or when it was delivered to Members so they could study this complex Bill of over 200 pages. I suggest that those responsible for tax policy in the Department of Finance have not yet fully explained a couple of Sections in the Bill.

I repeat my suggestion that the best way to proceed is to withdraw the Ways and Means motion with the permission of the House. There is no problem there. That can be withdrawn and a proper Ways and Means motion can be introduced. The President of the Privy Council is the one who insists that we follow the rules. On this occasion he would be the first to agree that the House should follow the rules as they are laid down.

Mr. Cosgrove: Mr. Chairman, in order to give a format for the resolution of the point raised by the House Leader of the Opposition, could I propose for his consideration that the amendments to the Bill, which I submit are technical, be tabled and that the Committee agree that the amendments be deemed to have been moved. If Hon. Members opposite argue, as they have this morning on the first item, that the Bill does not comply with the motion, they can raise that point with the Chair as soon as they see those technical amendments to Clause 1 or any other Clause. Therefore, we do not derogate in any way from their right to raise that matter, as they have done on the first Clause.

The point that I wanted to make was that I did not think it was fair for you or Members opposite to be talking about Subsection (1) even before I had the opportunity to introduce technical changes to that Section. For all I know, Hon. Members opposite may have a different view from mine that the changes are technical in nature.

What I am suggesting is that in order for the House to deal with the Section, we have to have the Section before the House as proposed by the Government. Therefore, I propose that we lay before the House all of the changes which we say are relieving and technical. Members opposite will have an opportunity to analyze and consider them as we debate the issue. Your Honour will have the opportunity specifically to consider, as far as the first motion is concerned, whether the objection raised by the Opposition, with the amendments I am proposing on the first Section, do violate the rules and would require a separate Ways and Means motion.

Mr. Lewis: Mr. Chairman, I have no objection to receiving notice of these amendments, but it would seem to me that we are now dealing with a point of order. I would query whether you can table and make motions when speaking to a point of order. We have no objection to receiving the information but I just wonder if it can be done that way.

The Deputy Chairman: The Chair has delayed consideration of the point of order raised by the Hon. Member for Simcoe North in order to give other Hon. Members the opportunity to comment on it. I agree that the issue of the deemed moving of the Minister's amendments has now slipped into that discussion. I have recognized that because there may be a further technicality in that if the Committee decides to accept the Minister's proposal, I want to keep in mind that under that proposal the amendments to Clause 1 which the Minister has referred to would also be acceptable even if Clause 1 may be stood for the purpose of taking under consideration the objections raised by the Hon. Member for Simcoe North.

If the Committee is agreeable, I suggest the best way to proceed is to put the question to the Committee as to whether the proposal by the Hon. Minister of State for Finance that certain amendments be deemed moved and made available to the House would be acceptable and could then be attached to today's *Hansard*. We might consider that issue first. Is it the wish of the Committee to accept the proposal made by the Minister of State in that regard?

Mr. Lambert: Mr. Chairman, I think we are quite disposed to receive the notice of the Minister as mere notice. At the appropriate time he will have one of his colleagues move the amendments properly, as should be the practice of the House. We thank the Minister for offering to give us notice of the amendments at this time. We will take them under advisement and decide whether we will accept the essence of them.

However, with respect to the procedure, he should follow the proper procedure and have one of his colleagues move the amendment at the appropriate time, as we normally do. There is nothing difficult about that.

With respect to standing Clause 1 on an amending Bill, I do not know how Clause 1 could be stood.

Mr. Cosgrove: Mr. Chairman, with respect, we are back to the difficulty I was faced with upon commencement of the proceedings this morning. The Opposition rose on a point of order dealing with Clause 1 before I had an opportunity to bring the technical amendments which the Government intended to introduce to the attention of the House. How can we assess those amendments without the Government having the opportunity of formally introducing them? I have offered that as the formal process, that the matter may be considered by the House, based on precedents of the House.

• (1200)

I am therefore somewhat surprised, again, that Hon. Members opposite would not, as an expeditious matter, consent to having all of the material formally placed by motion before the House in the next few moments, rather than moving motion upon motion—

Mr. Kempling: Do it the right way.

Mr. Cosgrove: —and technical amendments, which would necessitate further consideration by Hon. Members as to their appropriateness.

Mr. Blenkarn: Mr. Chairman, the suggestion of the Minister is not acceptable. We think the proper way of handling it, and the way it is handled in most committees when the Government has a series of technical amendments to a Bill before the committee, would be for the Government, as a matter of courtesy, to table with the Opposition, other Parties and other Members at the committee meeting copies of all its proposed amendments to the Bill, all the way through. Then as individual clauses of the Bill are considered, each particular Clause would be moved by the Minister or a representative from the Government side on behalf of the Minister, and an amendment made to the Clause at the time the Clause is under consideration.

To attempt to move all of these changes now is totally unfair to us. The procedure is to deal with the Bill Clause by Clause and we are prepared to do that.

Our initial objection, and I think Your Honour has properly understood it, concerns particular provisions in Clause 1 which do not comply with the Ways and Means motion. I think, Mr. Chairman, you have decided that Clause 1 should be stood down for the time being and that we should proceed to Clause 2. Presumably, you will stand down Clause 109 as well because of the same objection. Then you, as Chairman, would have an opportunity to consider past rulings and practices and come back later today or perhaps on another day for consideration of the matter before the Committee and make your ruling. I think that is a proper way to proceed.

If the Minister, as a matter of courtesy to the House, would like to table his proposed amendments, they should then be affixed as an addendum to *Hansard* of today. The amendments should not be moved but, rather, should simply be tabled and affixed to *Hansard,* and that would be fine. However, let it be understood that we do not accept an amendment or a motion at this point because we are not dealing with Clauses in general; we are dealing with each Clause individually. As the Clauses are presented, Clause by Clause, so should the amendments be presented, individually.

Mr. Cosgrove: Mr. Chairman, it is quite obvious that my proposal to the House to try to expedite the business is not acceptable to the Opposition. I would therefore propose a second method, and I am in Your Honour's hands. If your Honour thinks it inappropriate that I make this motion, I will be content that you draw it to my attention.

I propose to move two technical amendments to Clause 1, on which you are considering a matter of substance raised by the House Leader of the Opposition. At this time I am reluctant to indicate that it is the Government's intention to introduce further technical amendments. However, I must do that for two reasons, one which I have already indicated to Your Honour. My information from officials and from our research of practice in the House is that it has been done the other way, and that in order to expedite matters and so Hon. Members may see the interrelation of the Clauses—and there are presently some 195 Clauses—it only makes sense that the Government's intention, in so far as technical amendments are concerned, be placed before the House at one time. It is one Bill, interrelated.

Second, if we must spend an hour or more on each technical amendment proposed by the Government, I would have to consider the implications in so far as expediting consideration of the Bill before the House is concerned. In terms of expediting the Government's business, I might have to consider that I, indeed, might not propose some of the technical amendments which, in effect, amount to commas, words, crossing of t's and the like. Therefore, in order to assist Your Honour in dealing with the substantive motion in relation to Clause 1, I propose to move the technical amendments to the first Clause for consideration with the motion before the Chair.

The Deputy Chairman: I want to indicate to the House, as I did earlier, that pursuant to the points of order raised by various Hon. Members, the Chair will be taking the points of order under consideration and I propose to the Committee that it stand Clause 1 until such time as the Chair can provide a ruling. However, there is still a proposal on the floor made by the Minister of State for Finance, which has two problems attached to it.

First, as the Chair is about to stand Clause 1, it would be a little difficult to amend it. Second, the Minister is proposing two amendments to Clause 1, which will require unanimous consent; because in the ordinary course we cannot accept a second amendment until we have disposed of the first amendment. I do not have the sense of the Committee and I do not know whether all Hon. Members are prepared to accept the Minister's proposal.

It would be easiest if I were to put the question in front of the House. The Minister now proposes and will seek unanimous consent to place two amendments on Clause 1, with the

understanding that the Chair will be standing Clause 1 in order to consider points raised by Hon. Members.

Mr. Deans: Mr. Chairman, I suggest that it might be inappropriate for the Minister to move amendments to a Clause, the authenticity or appropriateness of which is in dispute, requiring a ruling of the Chair in order to clarify the question which has been raised before you. I would like to suggest that the most appropriate move at this point in time would be the one which the Chair has proposed, to stand the Clause and to proceed with the balance of the Bill.

If, indeed, the Chair were to rule in favour of the Government's position, the amendments could then be proposed. If the Chair were to rule that the Government has not properly followed the Ways and Means motion, or has not provided a Ways and Means motion which is appropriate, then we could not proceed with that particular Clause, amended or otherwise. Therefore, I frankly believe that the most intelligent way to deal with it is the way proposed by the Chair, which does not surprise me.

Some Hon. Members: Oh, oh!

Mr. Deans: The Chair should simply stand the Clause and proceed with whatever Clauses in the Bill are not in dispute.

The Deputy Chairman: I think the Hon. Member for Hamilton Mountain has made it clear that there is not unanimous consent to proposing two amendments to Clause 1. Therefore, I do not need to hear any further discussion on that subject.

I will now proceed to the ruling on the points of order. If the Hon. Member for Calgary West will give me a moment, I will just make it clear that the Chair has obviously accepted taking the points of order under advisement as to the acceptability of Clause 1. In the ordinary course I would now deal with Clause 2. However, I see the Hon. Member for Calgary West rising, perhaps on a point of order or to enter the debate.

Mr. Hawkes: I am just rising to make a momentary comment, Mr. Chairman. If the Minister is interested in expediting the work of the House, he should know that the sooner he shares amendments in an informal way with the Opposition, and the more time we have to consider them, the more likely we will be able to expeditiously deal with some which we believe to have wisdom.

Mr. Pinard: Promises, promises.

Mr. Hawkes: However, trying to circumvent the normal system of the House is really guaranteed to block and not to expedite.

Mr. Pinard: Don't waste your time.

Mr. Hawkes: That is really what was at issue.

Mr. Pinard: Nice try.

The Deputy Chairman: I think we have reached the point in the proceedings at which the committee may wish to consider Clause 2.

On Clause 2—*Salary reimbursement*

• (1210)

Mr. Riis: Mr. Chairman, in the same vein, would it be appropriate for you to ask the Minister to circulate those amendments? We would like to expedite this whole mission and that would certainly facilitate matters.

The Deputy Chairman: I think it is appropriate for the Hon. Member to inquire whether the Minister may wish to do so, but I do not feel that the Chair ought to be put in that position.

Mr. Blenkarn: Mr. Chairman, we see no major objection to Clause 2 and would be prepared, on this side, to carry Clause 2 and indicate to the Minister how co-operative we can really be.

Clause agreed to.

On Clause 3—*Fair market value*

Mr. Blenkarn: Clause 3 has something to do with Clause 16 which deals to some extent with work in progress of professionals. May we suggest to the Minister that Clause 3 either be considered with Clause 16 or, in the alternative, that Clause 3 be stood down until we come to Clause 16?

Mr. Cosgrove: Mr. Chairman, I am, of course, agreeable that we deal with Clause 3 now, since members of the Opposition have indicated that they want to deal with the Clauses in order. I have no objection to Clause 16 being dealt with at the same time, that is immediately following Clause 3, or, if I am not in breach of the procedure of the House, in conjunction with Clause 3.

The Deputy Chairman: Is it agreed that Clauses 3 and 16 be considered together?

Some Hon. Members: Agreed.

On Clause 16—*Professional business*

Mr. Blenkarn: Mr. Chairman, Clauses 3 and 16 deal with work in progress. Clause 3 is the basic taxing clause that says that work in progress of a professional is part of his earnings during the year, and the consequence is that it is bringing into income work in progress of the professional in general.

Clause 16 goes on to exempt certain professionals, lawyers, doctors, chiropractors and so on, but it misses some professionals completely. Therefore, some professionals are caught in the basic charging section in Clause 3 and are not exempt in Clause 16.

First of all, dealing with the professionals we are talking about, Clause 16 exempts, as I said, dentists, lawyers, medical doctors, veterinarians and chiropractors, but for some strange reason notaries in the Province of Quebec are to be taxed on their work in progress as it goes along.

Mr. Chairman, you will know that in the Province of Quebec a great deal of the legal business is done by people called notaries. They are not lawyers; they belong to the honoured profession of notaries. Indeed, in the rest of the country there are a number of places where notaries do the conveyancing, the wills and estate work. To leave that particular profession hanging out to dry seems to us to be totally inappropriate, but that is what the Minister has done in the Bill.

We seem to be getting more professions all the time. I was told that there were people who look after your feet, podiatrists, who are a profession. They are out to lunch too because they are not doctors in the sense that they are not medical doctors, but they are a profession and run a properly licensed profession.

What we have is a situation where, for example, optometrists are not included. I wonder why engineers are not included or draftsmen who are running a drafting office of some kind. It strikes us that the way of handling this matter has been totally without any real thought as to how the economy works. These people do work for clients or customers who come to them to get their professional service. Then what happens? They cannot get paid unless they complete their work. How can an optometrist charge someone for half an examination? No one is going to pay an optometrist until they receive their glasses, but he may have done some work before that. How is he going to get paid if he does not complete the work?

With respect to an architect's drawings, the plans for a building, the architect is usually paid a fee for completing the plans. No one is going to pay him for half a plan. As was explained when lawyers were given the exemption, no one is going to pay for half a lawsuit. There is really no reason for this mealy-mouthed way of operating by the Government. I want to ask the Minister, how much revenue does the Government hope to collect by taxing the work in progress of notaries in the Province of Quebec? How much extra revenue does the Government hope to collect for that?

Mr. Cosgrove: Mr. Chairman, apropos the point raised by the Hon. Member for Mississauga South, he has touched upon a matter that the Government was certainly alert to even before the Hon. Member raised it in the Question Period in the House some months ago. The Minister of Finance indicated the intention of the Government, in response to the Hon. Member's question, to look at his representation. One of the amendments of clarification which I referred to is indeed an amendment to Section 128 of Bill C-139, which is designed to include notaries in the Province of Quebec.

Without formally moving the motion lest I be out of order, I want to indicate in response to the question that the Minister indicated his intention to amend so as to clarify the inclusion of notaries for the reasons given by the Hon. Member, and at the appropriate time I will rise to move that amendment and make it available to Members opposite and to the Chair.

I might, before resuming my place, indicate that the Government has specified a number of professions that are exempt, but those occupations, some of which were touched upon by the Hon. Member for Mississauga South, that are not included do have the advantage of other provisions of the Act which are of significant benefit to them in the carrying out of their business and their occupations. For example, some of the occupations talked about have the full benefit of the small business rate. Secondly, they have the benefit of incorporation as a business whereas indeed some of the professions that are exempted in this particular Section are by law in some Provinces prohibited from incorporating, thereby having the advantage not only of preferred rates of tax in the income tax but of the legal advantages which have pecuniary value in the protection of the incorporation.

• (1220)

Therefore, in an attempt to find some common basis for equity and treatment of these small "professional operations", we attempted to bring some equity to those who could not take advantage of the existing provisions of the Act or other Acts of Canada.

Mr. Blenkarn: Mr. Chairman, I do not want to take up a great deal more time because my colleagues also want to get into this. I raised the question of notaries. I now raise the question of optometrists. How much does the Minister intend to get from taxing the work in progress of optometrists? While he is at it, will he advise how much he expects to get from taxing work in progress of unincorporated architects? In some places architects cannot incorporate. How much does he expect to get from taxing work in progress of people selling computer services as unincorporated individuals? At the same time, perhaps the Minister could tell us what is the big deal about incorporation? How can he say there is a great tax advantage, after looking at some of the things which the Minister has done in this Statute to rip and tear apart the small business community.

Mr. Cosgrove: Mr. Chairman, of course any answer that I gave to a breakdown of various professions would be hypothetical for the very reasons raised by the Hon. Member. Some bill in different ways, some carry on their practices in different ways. It was not the intention of the Government to go through each individual profession. My answer indicated that for those professions that were exempted, it was done on the rationale that there were benefits available to ones not excluded that flow, as I indicated, either from the incorporation, which is not in the Income Tax Act, but it does have benefits, or, second, businesses which have the advantage of the small business rate available to them.

Mr. Riis: Mr. Chairman, I want to direct a question to the Minister to pursue this point a little further. I suspect there are going to be a great many professions, when they learn of this Clause and the new way of billing, that will be very interested

in finding out why a handful of professions have been exempted. I realize the Minister has made some effort to clarify that. Keeping in mind such professions as planners, engineers and architects, will the Minister explain carefully so that any professional will understand why accountants, dentists, lawyers, medical doctors, veterinarians and chiropractors have been singled out specifically, as opposed to all the other professions? Why have they been singled out specifically as exempt? I say this in all sincerity because I believe that in the spirit of equity and fairness this question must be answered and answered in depth.

Mr. Cosgrove: Mr. Chairman, the Hon. Member prefaced his remarks by saying that a number of people will be surprised by the Bill and the provisions before the House. In fact, this provision was introduced in the November, 1981 budget. Further, people affected have the opportunity of making submissions to the Standing Committee on Finance, Trade and Economic Affairs. In fact, groups did make representations to the Committee. The rationale is the one that I have given to the Hon. Member for Mississauga South. I would like to have the Parliamentary Secretary to the Minister of Finance, who sat through the Committee hearings, comment on that.

Mr. Fisher: Mr. Chairman, I did indeed have the opportunity to work in the Finance Committee through September. At that time we had submissions from various groups of lawyers and accountants from across Canada. I argued with these people. I asked them very directly why they should have a tax deferral that I as a small-businessman did not get.

I refer the Hon. Member to the minutes of those meetings because there were some convincing answers given to us by the professions which we have exempted. What those professionals were able to show us was that they would encounter huge difficulties with paper work. They would have to keep track of the enormous accounting problems. Their customers would end up paying for those difficulties and the extra paper work. Really, the Government would not benefit substantially by the tax revenue that it gained. We in effect were going to tighten up the tax payments on a one-time basis, but at enormous expense to these professions.

At the same time we were told, and I became convinced personally, that other people could handle this problem very effectively. Many of the professions that he has referred to have become professions by virtue of recent court rulings. These people have had to follow other business practices previously. They are already in a position to pay their taxes much closer to the date of billing. They are accustomed to treating unpaid bills or work in progress on an inventory basis rather than in the fashion that lawyers have traditionally.

As the Hon. Member for Mississauga South pointed out, there is a problem for lawyers to figure out how to bill on a divorce case that is half finished. There is not quite the same problem for someone who has already developed a professional practice which allows for billing at various stages; so much in advance, so much on completion of rough drawings, so much for the start of the project and so much after. Many of these professions already have that kind of professional practice.

It really boiled down to a two-fold question. First, by going after some professions like lawyers and the others that have been exempted, we were creating a lot of unnecessary paper work and big difficulties that the customer was eventually going to pay for and which had no real benefit. Second, the other people who are not exempted have business practices that already allow them to pay these taxes without those difficulties and without that paper work. They also have benefits like the small business rate which lawyers, and so on, are not always able to take advantage of.

Mr. Riis: Mr. Chairman, that is about the lightest-weight response that I have heard in a long time. To suggest that to be in this work in progress stipulation you had to appear as a lobby group during the month of September before the Committee on Finance, Trade and Economic Affairs is completely unacceptable, if that is the kind of rationale used. I suspect there are many professional groups across the country that probably were not even aware there was a sitting. They were probably struggling to keep alive in their profession and simply could not see themselves in a position to go to Ottawa and lobby. They thought that the sophistication of decision-making would be a little more than that. They expected more sophistication on these exemptions than simply those who had the loudest voice or the most political contacts on the Government side.

Quite frankly, I would ask the Minister, or in this case the Parliamentary Secretary to the Minister of Finance, to explain specifically how a chiropractor would differ in terms of the red tape, and so on, that he or she would experience as opposed to an architect or community planner.

• (1230)

Mr. Fisher: Mr. Chairman, the Hon. Member says that to qualify for an exemption you had to appear as a lobby group in front of the Finance Committee. I would venture to say that we will not be giving him any exemptions in the future because he chose very deliberately not to appear at the committee. In fact, his record shows he has a lot of opinions about our tax laws but has not put forward anything but slogans.

Mr. Riis: Mr. Chairman, I would like to suggest that these are the kind of discussions we should not be entering into every time I raise a critical question. I remind the Hon. Member that I cannot be everywhere at once in my capacity as Finance critic for the New Democratic Party, so I am going to be criticized for not doing my job. Frankly, I think it is a low and cheap comment and I am surprised that he would deliver it.

Mr. Fisher: I believe it is an important point to make, Mr. Chairman, because we are dealing with a complex consideration here which involves more than just the surface question which the Hon. Member has asked. If he had been at the committee he would have heard about these difficult considerations. For example, he has asked me about—

Mr. Riis: On a point of order, Mr. Chairman, I take exception to the comment of the Hon. Member. There is something

called *Hansard* in this House. There are briefs which were presented by every representative to the standing committee. I read every brief carefully. I read the verbatim comments in *Hansard* of that committee carefully. To suggest I have not done my homework, to suggest that I have not followed the deliberations which went on during the month of September, is quite unacceptable, and if that is the kind of response which is going to be given, perhaps this whole debate will turn into a farce.

Mr. Fisher: Mr. Chairman, if the Hon. Member had done his homework, he would know that chiropractors do not receive the small business rate, neither do most lawyers, whereas the planners, architects and people he referred to do take advantage of that provision. So we in effect have straightened out that kind of inequity. The kind of complexity involved here was discussed in great detail.

I reject the Hon. Member's argument that you had to be a well-heeled lobbyist and come to that committee in order to get your way. In fact, most Members of the committee and most observers have said that the work done by Hon. Members who did show up was very productive and was in fact a considerable contribution towards the progress of the debate on this Bill.

I would answer his question regarding chiropractors in a two-stage way. First, I am told by our officials that they believe that most chiropractors do not have work in progress; they bill immediately after a session is finished. Second, even so, they are not subject to the small business rate; therefore, this exception straightens out that inequity.

Mr. McDermid: Mr. Chairman, I would just like to ask a few questions covering this particular section of the Bill, Clause 3 and Clause 16. What kind of additional yield does the Government feel it is going to get from this particular tax? I am not talking about specific, individual ones as mentioned by my colleague, the Hon. Member for Mississauga South, but what kind of a one-time shot is it where you are going to get additional income which you do not already have?

Mr. Cosgrove: The rough analysis done by the Department, Mr. Chairman, as we separated "corporate" from "individuals" under this section, showed a generation of income when the section is fully in place, fully implemented and returns are based on full implementation of the section, of $20 million on the corporate side and $20 million on the individual side.

Mr. McDermid: Mr. Chairman, $20 million is a lot of money to me and it is a lot of money to individuals. Twenty million dollars plus $20 million is $40 million. That is a nice round figure, and very convenient—

Mr. Blenkarn: On a point of order, Mr. Chairman, the Government in its original submission on taxing work in progress in the budget of the former Minister of Finance of November 12 gave the total amount which could conceivably be taken from work in progress for all professions as $75 million. We have now been advised that, having removed a great number of professionals, lawyers, accountants and doctors and all those professional people, they still have $40 million. That was not the evidence before the committee and I would like this off the top of the head figure to be shown and proven before this House.

The Deputy Chairman: Nothing of what the Hon. Member has said strikes me as a point of order. It seems to me to be a point of debate.

Mr. McDermid: It may not be a point of order, Mr. Chairman, but it was a damn good point. I would like to ask the Minister or the Parliamentary Secretary if these changes, in their opinion, will not complicate the field of taxation even more, provide those who are not exempt with more overhead and expand supervisory bureaucracy in order to keep an eye on this matter? Is the change, first of all, fair? Second, do you not believe it is going to complicate the field of taxation for small-business people and for professionals who are already very badly confused, as are our people in the Department who cannot even give answers? It depends on who you talk to in the Department as to what interpretation you receive. Do you not feel that it is going to complicate matters further for those business people who are affected?

Mr. Cosgrove: Mr. Chairman, I am told, although I did not participate in the committee deliberations, that there were tests applied, and a great amount of discussion and conversation was had in looking at the exemptions, for example identifying the legal profession as one of the exemptions. One of the tests used by the committee in deciding which profession would be unduly affected by this new provision, and which assisted the Government in looking at those operations which would be exempt, is the first question, Mr. Chairman, which I expected to be raised and could be raised with respect to any Section in the Act: does it complicate the Act? Second, is it fair? With amendments to the Act, even though the objective may be to simplify, necessary procedures engage the House, engage public debate and participation, and people come to committee. Therefore, yes, initially there are some problems of initial complication. However, there are some Sections of the Act which we hope, when finally in place, will simplify operations for certain segments of the financial and business community.

Second, is it fair? Fair to whom? Is the method of raising money fair? We argue that it is fair, Mr. Chairman. It is fair because the underlying principle of the Act is taxation of income; that income from whatever source is the basis for taxation. Taxation must be applied on an equitable basis. Those people who derive income on some equitable basis should make a contribution towards meeting expenditures of the Government. Whatever areas have called upon the Government to offer, as I indicated, advantages through the small business bond or a small business exemption under the Act, whether or not it is a direct expenditure of the Government. All income, large and small, goes towards meeting general Government operations. Generally speaking, the rule to be applied, we hope with equity, is that those who receive income

should be taxed on income. The Government and Parliament, in using those resources, should as well disburse those resources with equity. So the question is, is it fair? Fair to whom? When you ask a question about fairness, you have to expand the question. Is it fair to whom? To all Canadians.

• (1240)

Mr. McDermid: Mr. Chairman, I find that very interesting. People are taxed on income they do not have. It makes one wonder if that is fair. It is much like the situation of our senior citizens who have to file income tax quarterly when they receive income on a yearly basis or half-yearly basis. They still have to pay their income tax before they receive their income. That is what is happening in this instance as well.

Let me remind the Minister and the Parliamentary Secretary, who was critical of those who did not attend the committee hearings, that I did not attend them either. I am sure many of my colleagues did not. The Minister did not.

Mr. Fisher: Your whole Party did not.

Mr. McDermid: The Minister just said he did not, but, that is a red herring. Let us forget it. Let me read into the record what the Standing Committee on Finance, Trade and Economic Affairs were presented with on Wednesday, August 4, 1982:

> Some professionals such as trial lawyers, engineers and architects do not charge for their service on a time basis, but rather on a contingency basis where the calculation of fees for service rendered is feasible only when the service has been completed with a reasonable degree of success. If the outcome is unsuccessful, the firm may not be able to collect any fees from its client. Although taxes will have been paid with respect to work in progress, it would not be of any value to the firm since it is highly unlikely that specific professional service can be sold to another client.
>
> If professional work in progress is to be taxed in a similar manner as that of other business, some noted that the 3 per cent inventory allowance conferred to other business should also apply to professionals.

That is what was said in the committee.

There is a question that has not been answered either by the Minister or the Parliamentary Secretary. What happens if work in progress is taxed but is not completed? What happens to the individual who pays the tax and the work does not get completed, or it does get completed but he does not get paid for it?

Mr. Fisher: Mr. Chairman, may I apologize to Hon. Members for my earlier partisan rudeness. I think the comments made were quite right. I do not want to pursue things in that vein. I have found some of the questions to be very useful.

Mr. McDermid: We accept those apologies.

Mr. Fisher: I own my own business. In my business I have to declare my inventory as an asset and then in the coming year write it off as an expense. What we are asking of people who experience this situation is to come into line with the tax practices of hundreds and thousands of other small businesses across the country. We would treat that debt in the same way we would treat bad debts in my business. I ask the Hon. Member to use that as a yardstick. If hundreds and thousands of small businesses across this country have inventory regulations and have write-off opportunities, then in the same way we are asking some professionals to treat their work in progress as if it were inventory.

We have had very clear indications from most of these people that they can handle this kind of thing. There were problems with lawyers who told us about having drawers upon drawers of files. Lawyers have relationships with clients. Often some of their cases are not billed successfully. Sometimes advice is given on a free basis and sometimes a fee is adjusted according to a client's income, and so on. There is a very personal relationship between lawyers and clients.

But let us look at the situation of a doctor, for example, in Ontario. If a doctor does a certain amount of work for a patient, the doctor can immediately at least bill OHIP or use the OHIP fee schedule. A doctor does not have any work in progress; a doctor has constant billing. Because of the safety net of the Ontario Government, he has some assurance of being paid.

When we looked at the difference between lawyers and small businesses or lawyers and doctors, or between architects and small businesses, during the committee hearings we found there were some parallels between some of these professions and other small businesses. But it was very clearly drawn out that some professionals really would be faced with a punitive burden if they had to go through all their hundreds of files right from the beginning to try to put a monetary value on a lot of work that often was not billed at all. All this unproductive work would have to be billed against clients in future. A kind of compromise was drawn up. On a tax basis the compromise matches the opportunities given those people who have a small business rate and those people who did not.

Mr. Lambert: Mr. Chairman, what I am going to say now is nothing new to the Parliamentary Secretary. This is a shabby, disreputable remmant of rejected Carter that has been left lying around the floor for the past decade.

Mr. McDermid: That is right. It was turned down in 1969-1970.

Mr. Lambert: There is no need for it. One of the chief complaints in the committee hearings, which the Minister did not attend but the Parliamentary Secretary and the officials did, contained in brief after brief and which witness after witness complained about, was the cost of compliance with the Income Tax Act. This is just more piling it on and there is no need for it. The Crown will get its tax.

A compromise was made in 1970 that billings were to be taken in as income for the professions as a whole. They agreed to it, albeit reluctantly, but that compromise has been there. But why now toss in work in progress? It is not the tax officials who have been in the habit of evaluating business. With all due respect to the Parliamentary Secretary, if he will listen—

Mr. Fisher: Yes.

Mr. Lambert: The Parliamentary Secretary claims he is in business and has an inventory. The professionals in this

particular case are not manufacturers of widgets. He thinks they are, or at least he would like to equate them with the manufacturers of widgets. But if we had reached—and this is a plea right from the bottom of my heart on behalf of taxpayers as a whole—the limits of the cost of compliance, this is something of which National Revenue officials and Finance officials have no conception. They have been told about it but they ignore it. Therefore, I will repeat it and repeat it.

I have a number of friends in business in Edmonton who at one time were officials of National Revenue. If you talk to officials at National Revenue off the record, they say it is a shame about the wasted economic effort in this country in having to comply with this Income Tax Act which is, remember, Mr. Chairman, self-assessment. We get verbal garbage. That is all it is. Neither tax officials nor the best tax lawyers and accountants in the country can understand it.

• (1250)

Just the other day my colleague, the Hon. Member for Hamilton-Wentworth, pointed out that some Clauses, like Clause 39, run to pages and pages with hundreds of commas. One sentence even has 774 words. How can anyone understand that? The ordinary citizen or small businessman cannot take the Act to a chartered accountant and pay $500 or $1,000 to have his tax done. If he goes to a tax lawyer he will have to add a few zeros to that.

I am not talking about the man who runs three trucks. I am talking about the man who employs 20 or 25 people and has to maintain records for the deduction of income tax, Unemployment Insurance—with immediate remittal—for Canada Pension Plan and so on. The Government makes the small-businessman its bookkeeper. If the small-businessman is not incorporated, even though he has 20 or 25 employees, he is self-employed and will have to prepay his tax quarterly or face interest penalties.

Tax program officials admitted in evidence that writing up dividends, with the tax at 12.5 per cent, brings the small-businessman's rate of taxation to about the same as that of his employee. In other words, the man who runs a small business with 75 or 100 employees, with the attendant worry and pressure and the initiative that he displays, and all of the complications of being an owner and operator, is merely entitled to a salary taxed at the same rate as that of his employees. If he works 16 hours a day and his employees work eight hours a day, it makes no difference; his entitlement is the same.

When the committee sat during the summer, Mr. Chairman, the Hon. Member for Kamloops-Shuswap was the only one who had to travel some distance to attend. I live in Ottawa and I was there, as was my colleague from Mississauga South. The Chairman was the Hon. Member for Ottawa Centre and the other two Members of the Liberal Party were from the London area. No one else turned up for the hearings, not even one Member from the Province of Quebec. I guess for those who did attend it was just convenient and, as I say, I live here.

We all want to see justice done in regard to income tax and I make the strongest plea that I can for that. The cost of complying with the Act is high, Mr. Chairman. I wonder how much it costs the farmer who runs a couple of hundred acres with beef or dairy cattle in a profitable operation to comply with the Income Tax Act. He has the same responsibilities provincially, of course.

I have opposed work in progress as a concept ever since it was introduced. We agreed to it in 1970 in exchange for something else but now it is not a bargainable point. I think the Government is wrong—pigheadedly wrong. My colleagues are unalterably opposed to this provision and I advise the House to vote against it.

Mr. Hawkes: Mr. Chairman, I have some questions. The Parliamentary Secretary indicated that he is a small-businessman and is interested in fairness. There is a contradiction in that; he never talks about fairness but about sameness. Am I correct in assuming that he wants to make the situation the same for these professional groups as for those engaged in small business? Is he talking about sameness rather than fairness?

Mr. Fisher: Mr. Chairman, that is a good question. I should point out to the Hon. Member that many people now claiming professional status were previously small-business people. They enjoy the new status as a result of expanded and more liberal court rulings. Our officials tell us that millions and millions of dollars in the computer software industry are involved where people have been able to defer income by using the work in progress provision. They were previously treated as small business; now they have accounting systems set up and they take advantage of the small business tax rate.

We are not trying to turn everyone into the lowest common denominator. We have a group of people who have an opportunity to take advantage of the work in progress provisions. According to the Minister's comments it has become a $40 million industry. A $40 million allowance is quite a big chunk and we should take that into consideration.

The Deputy Chairman: It being one o'clock, it is my duty to rise, report progress and request leave to consider the Bill again later this day. Is that agreed?

Some Hon. Members: Agreed.

Progress reported.

The Acting Speaker (Mr. Blaker): It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

S.O. 21

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

TRANSPORT

NEW POLICY ON MOVEMENT OF GRAIN

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, with respect to the new grain transportation policy, not long ago, a telegram was sent by members of the Quebec coalition requesting a meeting with the federal authorities responsible for implementing the new policy.

Madam Speaker, today it is with great pleasure that I can inform the House, and all Quebec farmers as well, that the Federal Government has responded favourably to this request and that yesterday, the Minister of Transport (Mr. Pepin) sent a telex to Mr. Jacques Proulx, General President of the FPU, in which he said, on behalf of his colleagues, that he was agreeable to meeting spokesmen of the groups that have a special interest in this matter, namely, the FPU, the Coopérative fédérée du Québec, the Association professionnelle des meuniers du Québec, the Association des négociants en céréales du Québec and the Order of Agronomists. Now, Madam Speaker, and I think my constituents and Quebec farmers ought to know this, representatives for the parties concerned will have to agree on a date. Perhaps it would be advisable to have economists on both sides meet to discuss the various figures being mentioned by politicians and critics, in order to make this meeting a productive one and to find the best possible solution for further developing the agro-food industry in Quebec and not merely ensuring its survival.

* * *

AGRICULTURE

NEW GRAIN TRANSPORT POLICY—QUEBEC FARMERS' ANXIETIES

Hon. Roch La Salle (Joliette): Madam Speaker, on the same subject, I would like to take advantage of this opportunity to add to the statement made by the Member for Lotbinière (Mr. Dubois) and say that this morning, I was speaking to representatives of the FPU who were still concerned about the proposals made by the Minister of Transport (Mr. Pepin) with respect to grain transportation. In the circumstances, I understand the Hon. Member's invitation and his optimism, but I would like to ask all Members from Quebec to tell Quebec farmers that nothing will be done until an agreement has been reached with representatives of the major groups mentioned earlier by the Hon. Member for Lotbinière, including the Coopérative fédérée and the FPU, and in fact with all farmers and those involved in farm-related industries.

I honestly hope that on the Government side, Hon. Members will see to it that no legislation is tabled until there has been a concerted effort to respond satisfactorily to the expectations of people across Canada. Quebec is of course affected by this question and has every reason to be concerned. I also hope that Government Members will make sure that Quebec's interests are not jeopardized, because it is now clear that there is not enough information to warrant going any further with the policy being proposed by the Minister of Transport.

* * *

AGRICULTURE

UNFAVOURABLE WEATHER CONDITIONS FOR APPLE GROWERS—APPLICATION OF AID POLICY TO QUEBEC GROWERS

Mr. Louis Duclos (Montmorency-Orléans): Madam Speaker, I would like to bring to the attention of the House, and especially of the Minister of Agriculture (Mr. Whelan), that apple growers in Eastern Canada and especially in Quebec, are in very serious financial difficulty. As a result of severe weather conditions during the winter of 1980-81, more than 300,000 apple trees, in other words, one third of the total number in Quebec, were lost. To illustrate the extent of this disaster, I may point out that normally, apples represent more than 70 per cent of the total value of fruit sales in Quebec. Furthermore, the Quebec apple industry's annual turnover has dropped to $12 million from an annual $22 million before nature struck so mercilessly.

I therefore urge the Minister of Agriculture to take a look at the policy followed by the Government in helping apple growers in British Columbia, in the 60's and farmers in the Prairie Provinces when they were struck by drought in 1980, and to meet the request for financial compensation submitted by Quebec apple growers, whose losses have been estimated at $62 million. Since it has been three months since the Department of Agriculture received all the necessary data to make a decision in this case, a decision is indeed long overdue, and one that will be in the best interests of apple growers in Eastern Canada.

* * *

[*English*]

INCOME TAX

COMPLEXITY OF FORM DEALING WITH INVESTMENT BORROWING

Mr. Don Blenkarn (Mississauga South): Madam Speaker, in his literally mad endeavour to ensure that every nickel of possible income tax is paid, the Minister of National Revenue (Mr. Bussières) has created a horror show in Form T-2219. This particular form demands that an investor who has borrowed money to make an investment specifically set out the exact relationship between the borrowed money and the investment, balancing each borrowing against each investment.

The very concepts of the demand in Form T-2219 are playing havoc with brokers in the stock exchanges, particularly with respect to those investing on a margin account. The amount of accounting requited is anti-productive and militates against disclosure of investment activity and will, if carried on, totally destroy the self-assessment principles in the Income Tax Act.

The form was concocted when the Government set out to limit the amount of interest a person could deduct when borrowings were made for investment activity. The Form makes little, if any, sense and is causing untold problems. The accounting costs to complete the Form alone represent an undue burden on the taxpayer. The Minister should forthwith withdraw the Form. It is a bureaucratic bungle.

* * *

THE CONSTITUTION

APPLICATION TO CANADIAN CHILDREN DETAINED IN JORDAN

Mr. Dan Heap (Spadina): Madam Speaker, I wish to bring to the attention of the Prime Minister (Mr. Trudeau) and the Secretary of State for External Affairs (Mr. MacEachen) the case of two Canadian citizens who are being held against their will in a foreign country, with no charges laid against them. I argue that the Government has a duty to defend their right under Section 6(1) of the Charter to re-enter Canada.

The children of the Ahlawat family, Rishi, aged 11, and Muni, aged 8, were born in Toronto of East Indian parents who are naturalized Canadians. The father went to Jordan in 1978 to teach, and the family followed. The father, who had a long history of violence toward his wife, kept the boys and refused to return to Canada or let them return. The mother returned to Canada, obtained a custody order, and returned to Jordan, but the father then converted to Islam, obtained an Islamic custody order, and seized their passports. The mother has interceded with King Hussein, but to no avail. These are Canadian citizens with the right under the Charter to return to Canada to a Canadian court which gave custody to the mother.

I ask that the Government negotiate with Jordan to ensure the return of the children and the father so that the matter of custody can be resolved in a court of the country of Canada, of which they are citizens.

* * *

UNEMPLOYMENT INSURANCE

DENIAL OF MATERNITY BENEFITS TO ADOPTIVE PARENTS

Mr. Jack Burghardt (Parliamentary Secretary to Minister of Communications): Madam Speaker, I would like to bring to your attention a Section of the Unemployment Insurance Act which I believe is unjust and requires amendment. I am referring to Section 30(1) of the Unemployment Insurance Act which requires that an applicant for maternity benefits "should prove her pregnancy". This Section, as currently written, effectively denies adoptive mothers the receipt of maternity benefits.

As I am sure we are all aware, the general need for maternal care of the adopted newborn is as great as that required for the biological newborn.

In the case of non-infant adopted children, dealing with the problems of parental or guardian transition can also require thorough parental attention. Immediate parental supervision in adoption cases is deemed so essential that many family service agencies make a six-month home stay a mandatory provision. I believe that the distinction between adoptive parents and natural or biological parents is unnecessary.

Inasmuch as the current unemployment insurance policy with respect to maternity benefits reflects the need of the mother to be with the new child, as well as reflecting the physical inability to work, I feel that Section 30(1) of the Unemployment Insurance Act should be amended in order to provide a form of maternity benefits to adoptive mothers as well as to natural mothers.

* * *

• (1410)

AGRICULTURE

NECESSITY FOR BEEF STABILIZATION PROGRAM

Mr. Gordon Towers (Red Deer): Madam Speaker, the vacillation of the Minister of Agriculture concerning the very important issue of stabilization for the beef livestock industry is a matter of grave importance to producers. Producers have been promised a policy "within months", "by the end of the summer", "within a week", and "before Christmas". When is it to be, Madam Speaker? In delaying, the Minister is at cross-purposes with the Provinces and the producers. He stands alone in his reluctance to act. Before even reading the provincial suggestions, for him to say that his proposals of a marketing board concept are better than the provincial suggestions is insulting.

Red meat producers can ill afford to wait for a federal Minister of Agriculture who needs weeks, months, even years, to make up his mind. It is hard enough for them to carry him on their backs, especially when he is dragging the one foot he does not have in his mouth.

* * *

AIR CANADA

UNITED STATES REACTION TO SEAT SALE

Mrs. Ursula Appolloni (York South-Weston): Madam Speaker, Canada and the United States have in the past followed an unwritten rule not to link issues when certain problems arise between the two countries. This practice has been broken by the United States Government which has

refused all passengers of Air Canada who purchased bargain weekend flight tickets to take advantage of the discount fare and travel to their destinations. The U.S. Government has linked this issue to the negotiations involving Continental Airlines of Los Angeles to enable it to compete with C.P. Air of Vancouver and Quantas of Australia for passenger business between Canada and Australia. As well, the American Government is seeking total deregulation of cross border air travel.

These cases are totally unrelated to air discount fares, and therefore it is difficult to understand why the U.S. would reject one hundred thousand Canadian toursits. Must innocent individuals suffer because "Life With Uncle" continues to be fraught with difficulties?

CONDEMNATION OF UNITED STATES POSITION ON FLIGHTS TO ORIENT

Mr. Les Benjamin (Regina West): Madam Speaker, I would like to make a statement concerning the same issue.

The travel plans of thousands of Canadians are in limbo because the United States has cancelled Air Canada's seat sale air fares on a pretext involving totally separate issues of air fares to Australia and other parts of the Pacific. The United States Government is taking Canadian tourists hostage to try to win a point it was unable to win in negotiations for a new agreement between Canada and the United States.

The United States Government wants us to violate our air agreement with Australia in order to let Continental Airlines, a company which does not even fly to Canada, to siphon Canadian air passengers through Los Angeles. We do not tell the United States to violate its agreements with other countries. We must not let the United States meddle in our relations with other countries. If our country gives in to demands of the United Sates, the survival of Canadian airlines would be threatened. If we let the United States siphon off Canadian traffic to the Orient, it would only be a matter of time before American airlines would siphon off Canadian traffic to Europe. Eventually, transcontinental traffic between Canadian cities would be routed through large U.S. Airports.

The question is whether Canada wants to have a national airline system. Are we to be an independent and sovereign nation north of the 49th parallel, or are we to be just an appendage of the United States' transportation system and economy? We call upon the Government of Canada to send a strongly worded protest to the United States administration to let it know that, if it persists in this additional attack on friendly relations, there are reciprocal actions which Canada can take—

Madam Speaker: Order.

MACDONALD COMMISSION

OBJECTION TO CHAIRMAN'S REMUNERATION

Mr. Girve Fretz (Erie): Madam Speaker, I want to read a letter sent to me by the Regional Municipality of Niagara. It states:

The following resolution of the Regional Finance Committee, approved and adopted by the Council of the Regional Municipality of Niagara February 17, 1983, is referred to you, as directed, for appropriate action:

'That the Council of the Regional Municipality of Niagara objects to the $800 per day payment being made to the Chairman of the commission examining the Canadian economy, recently appointed by the federal Government, on the grounds that the payment is considered exorbitant and not in the spirit of restraint presently being suggested by all levels of Government.

That this objection be lodged with all federal Members of Parliament who attend the Tri-Level Government meetings in Niagara.'

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

PREMIERS' SUGGESTION OF FIRST MINISTERS' CONFERENCE

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is directed to the Deputy Prime Minister, in the absence of the Prime Minister, and relates to the response of Premier Buchanan to the invitation of the Prime Minister with respect to discussion of the economy of the country. Speaking on behalf of the Premiers, he suggested a full-scale summit between the federal Government and the provincial Premiers on the disastrous state of the Canadian economy.

Can the Deputy Prime Minister inform the House whether the Prime Minister is giving favourable consideration to this proposal of the Premiers, rather than the Prime Minister's suggestion that the economy be discussed somewhere between the entrée and dessert at 24 Sussex?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Prime Minister has received the message from Premier Buchanan—

Mr. Epp: Good. What's he doing with it?

Mr. MacEachen: —and is about to send a reply to the Premier indicating that it would not be feasible, because of other arrangements which have been made with respect to the constitutional conference, to have the type of meeting that Premier Buchanan has suggested at that particular time, but that it will be possible for the Premiers to meet with the Prime Minister on the evening after the constitutional conference and, if necessary, as has already been indicated, to meet again the following morning, at which time they would be able to consider the medium term objectives of all the Governments

and discuss the possibility of holding a conference on the economy at some future date.

Mr. Nielsen: May I suggest to the Deputy Prime Minister that the suggestion of the Premiers that an agenda be set for a full scale summit on the economy has considerable merit and should be considered favourably by the Prime Minister and the Government.

PLIGHT OF UNEMPLOYED

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I ask the Minister, in his capacity as Deputy Prime Minister, whether he can give the House and the country, and particularly the two million unemployed, the assurance that the tragedy of their situation will be placed high on the agenda of such federal-provincial discussions concerning the tragic state of the Canadian economy, rather than being placed somewhere in between the vichyssoise and the filet mignon?

Some Hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member is aware that the Minister of Finance has already met with his counterparts in December and he will be meeting again with them in Toronto next month.

Mr. Crosbie: He does not have any counterpart. There is only one of him.

Mr. MacEachen: At the same time, the Minister of State for Economic Development has been meeting with his counterparts, as has the Minister of Industry, Trade and Commerce. Therefore, at the forefront of the ongoing consultations between the Governments at the ministerial level has been the economic situation existing in the country. These consultations will continue.

What the Prime Minister is stating to the Premiers is that, after the constitutional conference, in the evening, and the following morning if necessary, he is prepared to discuss with the Premiers the question of the economy and, in the context of the consultations which have already taken place, to consider the possibility at some future date of holding a First Ministers' Conference on the economy. Therefore I assure the Hon. Member that the economic situation is at the forefront of these discussions and will continue at the forefront. However, I am sure that the Leader of the Opposition would not want to have a repeat of the First Ministers' Conference on the economy which was held just about a year ago.

Mr. Epp: It was honest. Take a look at the policy.

Mr. Nielsen: We are not discussing anything other than the initiative of the Prime Minister in extending an invitation to the Premiers to discuss the economy. The disappointment of the Premiers lies in the fact that they are being expected to discuss the tragic proportions of that problem between the vichyssoise and the filet mignon.

Some Hon. Members: Oh, oh!

• (1420)

Mr. Nielsen: I ask the Deputy Prime Minister, with all of that background of experience that he has not only as a parliamentarian and as a Minister, but given the expertise that he has accumulated as Finance Minister, whether he does not consider it fit and proper at this time that this immense, tragic problem of unemployment should receive top priority in a federal-provincial conference of the Prime Minister and the Premiers? Does he not think that such a conference should be held at the earliest possible moment and, if necessary, take one or two or three days to bring about some solutions to the problem? Does he not think that the problem is important enough to warrant that kind of focus?

Some Hon. Members: Hear, hear!

Mr. MacEachen: Madam Speaker, I think the Hon. Member is seriously underestimating the state of mind of the Premiers who, he thinks, would be put off simply by the appearance of filet mignon on the table at 24 Sussex Drive.

What the Prime Minister has suggested is to have a meeting at 24 Sussex Drive, over dinner, on the night after the First Ministers' Conference on the Constitution, to have a review of the economic situation, and if in the view of the Premiers a further discussion is necessary the following morning—

Mr. Nielsen: Is there any doubt?

Mr. MacEachen: —then that will take place. The Premiers were already notified as to the possibility of continuing the discussion the following morning at 24 Sussex Drive. That will give the Prime Minister and the Premiers an opportunity to conduct a rather intense examination of the economic situation in private, rather than being distracted at a public television ceremony, which is often intended to impress the electorate rather than deal with the economic problems facing the country.

* * *

AGRICULTURE

PROVINCIAL TASK FORCE ON BEEF STABILIZATION

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is directed to the Minister of Agriculture. He will know that in the absence of any federal leadership the Ministers of Agriculture of the Provinces have named a task force that will look at a national program for income stabilization in support of beef and other agricultural commodities. I would like to ask the Minister if he is prepared to support that task force, if he will name his representative to it, and if he will put the resources of the federal Government behind the findings of that task force.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am very much aware that a meeting took place in

Toronto this past Tuesday between the provincial Ministers of Agriculture, and the reason it took place this past Tuesday is that not all of them could be there next week, I am told, because some of them are going on vacation.

The presentation that was made is not dissimilar to what I made to them in 1978. You say there was not leadership given, but in 1978 I offered them practically the same thing that they are suggesting now. I have been patient in waiting for them to come around. I do not know how far they are going to go. For instance, they did not say that they were going to accept the Quebec plan which would cost $450 million, or they did not say that they were going to accept the Saskatchewan plan which has a $30 million deficit, or they did not say that they were going to accept the Alberta plan on which they have spent over $140 million in the last year.

Some Hon. Members: Oh, oh!

Mr. Whelan: They did not say what plan they were going to accept. They did not say whether they were going to have equity in the plan, or anything else. That is the kind of plan it has to be, as far as I am concerned, and that is what I proposed in 1978. If they had followed my plan in 1978—

Some Hon. Members: Oh, oh!

Mr. Whelan: —there would not be any bankruptcies now, as there are.

Some Hon. Members: Hear, hear!

MINISTER'S POSITION

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my supplementary question is directed to the Minister of Agriculture. The Minister of Agriculture will know, or should know, that the situation in 1978 was much different from the situation now, and the GM100 plan that was proposed then would not accommodate the difficulties that are present now.

The Minister of Agriculture has been conning agriculture for the last two years at least, and he has been telling farmers to wait for his plan. I would like to ask him if he really does have a plan and, if so, when it will be made public? Or is he leading the Ministers of Agriculture of the Provinces on so that he can act in a unilateral fashion? Meanwhile, farms are dying and there are bankruptcies at the rate of one a day, while he is doing nothing.

Some Hon. Members: Hear, hear!

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member refuses to recognize reality in what I had proposed in 1978, and had Government approval for, and which his Government withdrew in 1979 because it said that my plan was too rich. His Government withdrew that when they were in power in 1979. The Hon. Member said I was fronting. I was not fronting, and I had Government approval of that plan. The provincial Ministers said they were going to come forward with a plan.

Some Hon. Members: Oh, oh!

Mr. Whelan: Where in Heaven's name is their plan, Madam Speaker? If they had a plan, where is it? Why did they not get together and present me with a plan?

Some Hon. Members: Oh, oh!

Mr. Whelan: They presented nothing as far as I am concerned. All they did was present an old thing that I had proposed before. Madam Speaker, I have a 1983 model right now.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

REQUEST FOR ASSISTANCE TO FARMERS FACING BANKRUPTCY

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, what I have to say does not have anything to do with filet mignon and vichyssoise but has a great deal to do with meat and potatoes. I too want to direct a question to the Minister of Agriculture.

Some Hon. Members: No, no!

Madam Speaker: Order. I do not know if anyone understands what is going on in the House, but the Chair certainly does not.

Mr. Riis: Madam Speaker, the Minister will know that the Royal Bank of Canada recently announced its new policy of feudalism for farmers who were unable to make their payments in the past year as a result of punitive interest rates. He will also be well aware that last year there were record farm bankruptcies with a total liability of approximately $90 million. The Minister will also know that his Government helped to bail out and renegotiate loans to its friends, $200 million to Chrysler, $500 million to Dome, $125 million to Massey Ferguson, $125 million to Consolidated Computers, and on and on, to the tune of about $3 billion. Will the Minister of Agriculture explain why his Government will not spend one-thirtieth of what it spent on bailing out these major corporations, to enable farmers to stay on their own land and own their own farms?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member uses figures pretty loosely. I would ask him to check the record. In the fiscal year 1982/83 we will have provided nearly $500 million to farmers interest-free. We will have provided them on special loans, I would think by the first of April, with probably $140 million at nine and one-quarter per cent interest subsidized. Even the loans that we gave them before, which should amount to probably $700 million this year, were subsidized at about five points below the average cost of long-term money from any other place.

I ask the Hon. Member to check some of the things that are going on. For instance, in crop insurance we pay 50 per cent of the premium. In Saskatchewan what we put into the Crop

Insurance Plan amounts to more than the Saskatchewan Government's total budget. So when they say that we are not doing anything, just let them face the facts of how many things we are doing.

The way that the Farm Credit Corporation is working, we have just moved into the market and borrowed $50 million on the private money market that we will be loaning into the different areas, and the arrangement with the Saskatchewan Government is that they are subsidizing that themselves to the tune of down to eight per cent. In co-operation with the Province of Saskatchewan, we are doing that kind of thing.

Mr. Riis: Madam Speaker, he huffs and he puffs, and I think he blew his own house down after all of that.

ROYAL BANK PROPOSAL TO SEIZE FARMS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, let me put my question very specifically. The Minister knows that the Royal Bank has a policy in place where it is going to take over farmland and lease it back to farmers. That is the kind of move that will introduce sharecropping into Canada in the 1980s.

I want to ask the Minister why he does not stop that immediately by bringing forward his backbencher's version of the Farmers' Creditors Arrangement Act which will prohibit banks from foreclosing on farmers and enable family farmers to stay on their own land and continue with food production during these difficult times.

Some Hon. Members: Hear, hear!

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I would hope that the Hon. Member would also check some of the things that the Farm Credit Corporation has done, working with the private lending institutions in making special arrangements with many farmers. In some instances they have not made a payment for three and going on four years, and we have not taken over their property.

• (1430)

Under the Bank Act, the Royal Bank can only hold a piece of property for so long. It cannot, as the Hon. Member says, be the landlord in perpetuity. It can only hold the land for a certain length of time, and then it has to be turned back into the private market so that someone can buy it if they wish. The Royal Bank admits that 5 per cent of its rural customers are in a real rough economic position. The Bill drafted by my colleague from Lambton-Middlesex is worthy of consideration. It is receiving deep and concerned consideration at the present time. The principle of that Bill was used once before in the history of this country. The principle is very good.

[*Translation*]

AIR CANADA

STATUS OF SEAT SALE

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, my question is directed to the Minister of Transport. In view of the dispute between the Canadian Government and the United States Government concerning discount rates for passengers booking Air Canada flights to the United States, perhaps the Minister of Transport could inform the House about the outcome of his discussions with the U.S. Government and what chances or assurances Canadians who purchased seat-sale tickets have of travelling via Air Canada this week-end.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, yesterday and the day before, we talked for several hours, on the spot in Washington and on the telephone, about Canada's proposal. We left our proposal on the negotiating table, and it has not been accepted by the Americans. The situation is therefore as follows: people who are very realistic about the matter have obtained a refund or have decided to go elsewhere in Canada, patriotic Canadians have decided to go elsewhere in Canada, the more adventurous have decided to wait because Air Canada representatives are considering the possibility of offering discount rates to other places where there is sun too, and the real optimists hope that the court injunction that Air Canada is going to try to obtain today will be successful or that the Americans, after thinking it over, will come up with some new ideas with respect to the proposal we made yesterday. I think it was a good proposal, and they should have accepted it many hours ago.

[*English*]

INQUIRY WHETHER MINISTER TALKED TO UNITED STATES COUNTERPART

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, on Tuesday, as reported at page 23330 of *Hansard*, the Minister said that the system of sales and discount sales "is a predictable system". Will the Minister tell the House how the 100,000 Canadians who are directly affected by the regulatory fight between Canada and the United States can predict anything and make plans with certainty? In seriousness, has the Minister yet talked to his counterpart, the U.S. Secretary of Transportation, Elizabeth Dole, and not some flunky with the CAB? If he has talked to her, what has been her answer to this prohibition of CAB on an issue where the CTC is left out to dry, and so are innocent Canadian people?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there are two aspects to the question. One is with respect to the *modus operandi* in cases of special discount sales. I repeat what I said to my friend yesterday. The formula is first you advertise, second you file, and third, you sell the seats. With that I think he agrees. The subject of linkages is one that we find not acceptable. Is that what my hon. friend wants to know?

Mr. Nowlan: Have you spoken to Elizabeth yet?

Mr. Pepin: With respect to Elizabeth, I said yesterday that I was a gentleman. Being a gentleman, I did not ask where she was. It is not gentlemanly for a man to ask where a lady is. One thing is sure. On the first day of the negotiations, which was seven or eight days ago, I was informed that Mrs. Dole was not present and that Mr. Trent would negotiate with me.

Mr. Nowlan: Who is he?

Mr. Pepin: Mr. Trent is an Under-Secretary of Transportation.

Mr. Hnatyshyn: He is also Elizabeth's chauffeur.

Mr. Pepin: He is a very important man. I have been in almost constant touch with him since. I call it eyeball to eyeball, nose to nose, and belly button to belly button—

Some Hon. Members: Oh, oh!

Mr. Pepin: You could not get any closer to a person, over the telephone.

Some Hon. Members: Oh, oh!

Mr. Nowlan: No wonder you didn't get to Elizabeth.

Mr. Pepin: It has been a very good discussion. The Americans have moved quite a lot, but they have not moved enough to satisfy the primary concern of the federal Government of Canada, which is the maintenance of the route between Canada and Australia.

REQUEST FOR TOP LEVEL DISCUSSIONS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, there are many supplementaries I would like to address to the Minister. I certainly know now why he did not get to Elizabeth. Be that as it may, this is very serious. I am asking a very serious question.

Is the reason the Minister has been engaged in eyeball to eyeball conversation with an errand boy of the CAB because most of the CTC, especially Mr. Armstrong, the Chairman of the Air Transport Committee, is himself on holiday until April 14, and there is no one talking to Mr. MacKinnon, the Chairman of the CAB? Why does the Minister not go to the top instead of fooling around with the office boys?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, we have really been negotiating at the top. Mr. Armstrong was in touch with Mr. MacKinnon a number of times—

Mr. Nowlan: He is on vacation.

Mr. Pepin: —before he went on vacation, if he is on vacation now. Mr. Harman, the Canadian chief air negotiator, has been in Washington for the last three days. I have constantly been in touch with Mr. Trent. The Ambassador has been in touch with the State Department. My hon. friend is familiar with some of the difficulties in negotiating with the Americans. We have been present in all the Government board rooms in the United States in recent hours. Mr. Shultz is aware of that negotiation. The President of the United States was informed of that. As a matter of fact, he signed the piece of paper which led to the whole debate.

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AGRICULTURE

IMPORTED TOMATOES—LABELLING AND GRADING REQUIREMENTS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is directed to the Minister of Agriculture. After the $500 million and the red meat problem, it should be very easy. The Minister will be aware of the severe problems being experienced by the tomato processing industry, especially in Ontario. I want him to keep the pressure on his colleagues to speed up the countervail action against Italian subsidized imports. However, there is another problem that is part of the same over-all problem.

There are still many products on store shelves in Canada which do not meet the labelling and grade requirements which the Canadian industry has to meet. Will the Minister indicate what action his Department is taking to ensure that all imported canned tomatoes, regardless of country of origin, meet Canadian labelling and grading requirements?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we are all very much aware of what the Hon. Member speaks of in the industry and the problems they face because of tomato imports. I want to make it very clear that those tomato imports did not walk here by themselves. Some good corporate citizen in Canada imported them into this country, and this is causing depressed prices for Canadian tomato products in this country. Does the Hon. Member have evidence that these products which have been brought in do not meet our standards? We have done some checking through our own Department and other Government Departments. So far I have not seen a report which states that they do not meet our standards. If the Hon. Member has evidence of that, I would be only too willing to look at it. If it is clear and plain, I will take appropriate action.

REQUEST THAT LABELS CLEARLY SHOW COUNTRY OF ORIGIN

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, the Minister well knows that Government Departments have proven the subsidy in Italy, and there is now a countervail action against that. What I want the Minister to ensure is that all packages are clearly labelled so that Canadians have a choice. The majority of Canadians would buy Canadian, given the opportunity, but his Department has been very, very lax. There are products coming in and you cannot tell where they are coming from. They are marked as Canada Grade A, No. 1,

and they may well be, but they were produced in Italy, Spain, Taiwan, or some other country such as that.

• (1440)

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, all I can say is that if they meet the standards set by the Department of Consumer and Corporate Affairs, and the standards which my Department works with, there is very little that anyone can do. There have been representations made about them not quite meeting our standards according to the processing guidelines which they have to follow. For instance, tomatoes in Canada must be packed in tomato juice. We are told if tomatoes are shipped from other countries they can pack them in water. That is being checked, but I have no report on it at this time.

* * *

EMPLOYMENT

MANDATORY AFFIRMATIVE ACTION FOR WOMEN

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, in the absence of the Prime Minister my question is directed to the Deputy Prime Minister. Next Tuesday will be a very gloomy International Women's Day in Canada. The recession, Government restraints, and the technological revolution have greatly increased discrimination against women in the work force. Experts have said that the only solution to ensure equal rights in the work place is mandatory affirmative action. Would the Deputy Prime Minister say what his position is on the important question of mandatory affirmative action?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I would like to answer that question and point out to the Hon. Member that, under federal jurisdiction, only 10 per cent of the work force is covered. I would suggest to the Hon. Member that she address her problem to those areas where no action has been taken, at the provincial and municipal Government's levels, where there is no affirmative action, and no such thing as equal pay for work of equal value, as there is under federal jurisdiction.

GOVERNMENT POLICY

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, not only did I not get an answer from the Deputy Prime Minister, but I did not get an answer to my question from the woman responsible for women.

Many reports indicate that the Government program to encourage voluntary affirmative action in the private sector has been a dismal failure. This time I would appreciate an answer from the Deputy Prime Minister on what steps his Government will take to require mandatory affirmative action in the whole government regulated sector, and also contract compliance with all firms which do business with the Government? This is essential in order for women to have equal opportunity.

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I would point out to the Hon. Member that this Government has done more in the area of affirmative action than any other Government or the private sector. We have affirmative action programs in place in Government. I would ask the Hon. Member to look at the latest Treasury Board settlements to see just what is happening. This Government has a record to be proud of, much prouder than any other firm or any other Government in Canada.

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NATIONAL DEFENCE

QUERY RESPECTING NUCLEAR WEAPONS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. A few days ago the Secretary of State for External Affairs told a reporter, "We don't have nuclear weapons." Would the Minister tell the House just when the nuclear weapons were removed from Comox?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I am very surprised at the question of the ex-Minister of National Defence. He should know the answer as well as the policy which we have. We neither confirm nor deny the possibility that we have nuclear heads for the armaments on some of our planes, which are not possessed by Canadians but are under American procurement and scrutiny. The Hon. Member should know, with the F-18 coming onstream very shortly, all this will be past history. He should know that better than I.

Mr. Beatty: He knows everything better than you.

DEPUTY PRIME MINISTER'S STATEMENT

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I would like to quote from the *Daily Colonist* in Victoria, a reliable journal, which said that the Prime Minister said at a news conference, and I quote:

> ... that Canada would finally be clear of nuclear weapons when new fighter planes were delivered to the armed forces in two years.

Would the Secretary of State for External Affairs tell the House, when the Minister told the reporter two weeks ago that, "we don't have nuclear weapons", was he hoping to mislead the reporter and the public, or did he really not know about the nuclear weapons at Comox?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Minister of National Defence very lucidly explained what was meant in that context, and I am surprised it escaped the Hon. Member because it was so clearly explained by the Minister of National Defence.

Oral Questions

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—DEPUTY PRIME MINISTER'S AWARENESS OF PROJECT

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, in the absence of the Prime Minister I would like to address my question to the Acting Prime Minister. With respect to the Gillespie scam, I wonder if the Acting Prime Minister would inform the House of the first time the Deputy Prime Minister became aware of Mr. Gillespie's involvement in getting together a consortium for the coal liquefaction project in Nova Scotia.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, that question was raised yesterday, and I indicated to the House, I believe it was Monday of last week, that I knew about this facility before the announcement which was made in April. I knew that it was being considered by the Department of Energy, Mines and Resources, and it was explained yesterday by the Minister of Finance in reply to another question—

Mr. Nielsen: You tell us.

Mr. MacEachen: —but to the best of my recollection I first heard about Mr. Gillespie's interest in the possibility of a facility for coal liquefaction in Cape Breton in June, 1980. That is almost a year before the announcement was made. It is not surprising that I would know about it at that time because Mr. Gillespie had been in consultation in May with the Province of Nova Scotia about the matter, with the Premier, and with the relevant Minister in that Province. Therefore, it was quite natural that I should know about it almost as quickly as the Premier of the Province.

ROLE OF DEPUTY PRIME MINISTER

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I thank the Acting Prime Minister for clarifying one aspect of the Deputy Prime Minister's knowledge of this matter. However, I would like to ask him if he will undertake to obtain from the Deputy Prime Minister a letter outlining the details of the Deputy Prime Minister's involvement in this matter, including all contact which the Deputy Prime Minister had with the Minister of Energy, Mines and Resources, and departmental officials, with respect to this project? Will he undertake to have a letter delivered to the Prime Minister from the Deputy Prime Minister outlining the Deputy Prime Minister's involvement in this matter, including telephone conversations?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, it will be unnecessary for the Acting Prime Minister to get in touch with the Deputy Prime Minister.

Some Hon. Members: Hear, hear!

Mr. MacEachen: I have answered questions on this point on two occasions, and I can answer the Hon. Member's question very quickly by saying that there were no discussions, telephone conversations, or letters between myself and the then Minister of Energy, Mines and Resources, nor were there any discussions with departmental officials at any time on this particular matter. All the documents from the Department have been laid out. The Hon. Member must have examined them. If he finds any correspondence from me, I wish he would draw it to my attention.

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AGRICULTURE

STATIONING OF RESEARCHERS IN WEST

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, my question is directed to the Minister of Agriculture. In the absence of plant breeders' rights, but more particularly, because of the Pepin proposal which suggests taking hundreds of millions of dollars from western Canada, which revenue either will have to be made up by increased production or by different varieties which are frost free, and so on, does the Minister still intend to deprive western Canada at the end of this month of researchers who will be needed in order to produce this type of income which is going to satisfy the Pepin proposal? And for what reason are some of them being transferred to eastern Canada?

Hon. E. F. Whelan (Minister of Agriculture): There are some 14 positions which they talk so much about and how bad it is that they are going to be transferred to eastern Canada. When I transferred 70 people to western Canada from eastern Canada, no one said a word about it. The Easterners did not complain and the Westerners did not say thank you for it. I feel that is not bad for Canada, Madam Speaker, as far as that goes. Then someone reports they are releasing 14 positions, but they are not changing one person from western Canada to eastern Canada under that proposal. We are concentrating in the area of food processing and that type of thing.

• (1450)

The Hon. Member made a statement about the Pepin plan. If he is talking about that long awaited and needed change in the Crow rate, I can tell him that I am 100 per cent behind the Minister of Transport on that program. It is one of the best things that ever happened. The Hon. Member might want to study and learn about it.

Some Hon. Members: Hear, hear!

DEPLOYMENT OF RESEARCHERS

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, western Canada has 80 per cent of the cultivated land in Canada and there is one researcher for 250,000 acres in western Canada. There is one researcher for 106,000 acres in Ontario, and one researcher for 76,000 acres in Quebec. Why

are processing and packaging so important at this time? Can private industries not undertake this research? Does this have anything to do with the Minister's plans for Canagrex through which he and the government will go into business?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member knows full well that all the scientific and technical knowledge we have at our fingertips at present is used right now in western Canada. And within two years, as a result, you could increase grain production 30 per cent; that is with the knowledge that we have at the present time, and if the Provinces were using their authority under the Constitution, to provide proper education for the farmers. We developed the knowledge for them which is not being transferred to the farmers in the way it should be. I am almost tempted to interfere in the Constitution and become an educator for the farmers.

Some Hon. Members: Hear, hear!

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THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—ALASTAIR GILLESPIE'S ROLE IN 1980

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question for the Deputy Prime Minister. It has now become apparent from the record that, starting in May, 1980, when Mr. Gillespie first approached the Deputy Minister of Energy, Mines and Resources, through June, 1980, when the Deputy Prime Minister became aware of Mr. Gillespie's involvement, through to the budget of October 28, 1980 a series of discussions took place between Mr. Gillespie and representatives of the Minister of Energy, Mines and Resources and indirectly at least, representatives of the Ministry of Finance.

On the day immediately after the budget Mr. Gillespie went ahead and formed a consortium based on the provisions contained in the budget.

Does the Deputy Prime Minister not think that there is just too much of a coincidence in all of these events to lead anyone other than to the conclusion that there was information available to Mr. Gillespie from somewhere that would lead him to know that the Government intended to provide funding for his particular project, and that all of his lobbying—and I use the term advisedly—was bound to be successful?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, if the situation were as described by the Hon. Member, then one might possibly reach the conclusions which he has reached. But it is not true, as he has alleged, that this particular project was carried forward on the basis of provisions in the budget. That is absolutely untrue. The Hon. Member can search the budget from top to bottom and he will not find any reference to this particular project. The project itself in fact did not go forward on any provision found in the budget. Therefore, the Hon. Member really has to examine the facts before he draws these very false conclusions.

REFERENCE IN NATIONAL ENERGY PROGRAM

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I am sure the Deputy Prime Minister knows that I have examined the facts. Given that on page 84 of the National Energy Program, which was very closely tied into, if not an integral part of the budget—

Mr. Benjamin: Lalonde said it was.

Mr. Deans: —there was quite clear reference to a coal liquefaction program in Cape Breton, is that not evidence enough that Mr. Gillespie's overtures to both the Energy and Finance Ministries met with success, and is that not reason enough to ask that there be further inquiries into this matter?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, you know the Hon. Member should read the reference in the National Energy Program which was tabled as a separate document on budget night by myself on behalf of the Minister of Energy, Mines and Resources. A sentence in this very large document simply states:

> Alternative means to use coal in the production of liquid fuels will also be actively pursued.

Mr. Epp: It sure was too. Tell us about the active pursuit.

Mr. MacEachen: If the Hon. Member had followed the history of the coal industry as closely as I have followed it in the years since I have come to sit in the House of Commons, he would know that the question of coal liquefaction and its possibility did not originate in June, 1980, or in May, 1980.

Mr. Lewis: Before that?

Mr. MacEachen: It is a concept that has been in the literature for some time. It seems to me that it would be a glaring omission from the National Energy Program statement, which was intended to be a comprehensive statement of energy possibilities in Canada, if it had ignored and had not made reference to the possibility of converting coal into liquefied form. It is so natural that it would appear there because it is a concept that was brought up from time to time.

Mr. Deans: Address yourself to the question. Gillespie knew to form his consortium on the day after the budget announcement of provisions for coal liquefaction.

Mr. MacEachen: That is quite clear that this is a general reference to a concept that had been in place for some time, and the Hon. Member is trying to draw the conclusion, a false conclusion, that because coal liquefaction was mentioned, somehow it was a budget leak and somehow Mr. Gillespie had some prior knowledge. All of that is very unjustified conjecture.

Mr. Nowlan: You are as crooked as a colliery.

Oral Questions

NATIONAL DEFENCE

CHEMICAL CANISTER CONTRACT

Mr. Simon de Jong (Regina East): Madam Speaker, my question is directed to the Minister of National Defence. In response to my questions earlier this week concerning the testing of chemical and biological warfare weapons in Canada, the Minister stated, first, that this was past history and, second, that those tests were for defensive purposes. If that is so, can the Minister explain why, for example, during the thirteenth Tripartite Conference on Toxicological Warfare which was held in Canada, the three countries agreed, and I quote:

To concentrate on research for incapacitating and new type lethal agents.

If this is history, can the Minister explain to the House why in February, through the Department of Supply and Services, the Army was contracting for $250,000 worth of chemical canisters to be used for chemical warfare games?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think I will be repeating what I have said before, that is, that the only chemical warfare, as the Hon. Member calls it, or chemical experience we had was strictly for our defensive and protective requirements. It is strictly for that.

An Hon. Member: That is not true.

Mr. Lamontagne: When I said it was history I was, of course, referring to some of the tests in previous years in the 1950s and 1960s. I still reaffirm that Canada is involved only in defensive testing. We do not stockpile and we do not possess in any way any amount of chemical products which can be used for other than protective and defensive purposes.

* * *

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—INQUIRY RESPECTING ACTIONS OF DEPUTY PRIME MINISTER

Miss Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is supplementary to those asked by the Hon. Member for Saskatoon West of the Deputy Prime Minister. The Deputy Prime Minister indicated that he first knew about the Gillespie project in June, 1980. Is he really asking the House to believe that he, a senior Member of the Cabinet, did not have any discussions with the then Minister of Energy, another senior Member of the Cabinet, for a period of some eight months about a major project which came under the jurisdiction of his colleague, or was it that he was asking Mr. Gillespie to act as his conduit with regard to those discussions?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the fact of the matter is as is evidenced in the documentation that has been tabled, that this particular project was dealt with at the official level and was carried through by officials of the Department of Energy, Mines and Resources. It was carried through by a management committee composed of federal officials and provincial officials. We all know that the Premier of Nova Scotia was solidly behind this project. He reconfirmed his support and belief in this project, I understand, in the Legislature this very week.

• (1500)

Because of the merits of the program, because it fitted within the objectives of the Department, it was carried forward at the official level. It was not necessary at any time for me to speak to the Minister in order to urge him to put forward this program. It was not necessary at any time for me to ask the Premier of Nova Scotia if he would put his funds behind the program.

I ask the Hon. Member to believe that, because those are the facts. If they were otherwise they would be revealed in the documentation. Let me tell the Hon. Member that if I had spoken to the Hon. Minister of Energy, Mines and Resources, if I had written letters, I would be very pleased to reveal that. There would be no reason why I would conceal a representation which I might have made to the Minister on a project which might occur in the Province of Nova Scotia and might benefit my constituency. If that had happened, I would reveal it quite clearly because I think it would be quite in conformity with my responsibilities as a Member of Parliament.

* * *

PETITION

MR. SKELLY—TELEVISION PROGRAMMING POLICY

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Comox-Powell River (Mr. Skelly) on Wednesday, March 2, 1983, has been examined and it has been found that it meets the requirements of the Standing Orders as to form.

* * *

PRIVILEGE

MR. LEWIS—CAPE BRETON COAL AGREEMENT

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise on a question of privilege. It arises from an answer given by the Minister of Energy, Mines and Resources (Mr. Chrétien), as reported at page 23362 of *Hansard,* when he said: "I have tabled more documents than ever before", as if to offer proof of unheralded openness in the Gillespie affair. In making that statement the Minister led the House to believe that he was breaking new ground.

I would ask you to rule whether there has been a breach of privilege, because included in "more documents than ever before" were 85 duplicates and redrafts of the same set of documents, four copies of one four-page letter, two copies of a 23-page memo and three copies of a ten-page agreement—

Madam Speaker: I am sorry, I let the Hon. Member go on for a while because I was not sure whether he was discussing matters that had taken place in the House today. However, he is raising a question that relates to a matter that was discussed previously. If he wants to raise those questions and he feels he has a question of privilege concerning them he must give me notice. The little note he sent me did not have the proper delay to it.

I will hear the Hon. Member tomorrow if he feels he has something to bring up.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, I would like to ask the Government House Leader about the business for tomorrow and as much of next week as possible.

Mr. Pinard: Madam Speaker, today we are in Committee of the Whole dealing with Bill C-139, the Income Tax Act. Tomorrow we will resume debate on second reading of Bill C-143, the borrowing authority.

[*Translation*]

As for next week's business, Madam Speaker, I intend to designate Monday as the sixth opposition day for the present supply period. Next Tuesday, we shall resume debate in Committee of the Whole on Bill C-139, an Act to amend the Statute Law relating to Income Tax (No. 2) and as usual, Wednesday, the House will consider Private Members' Business. Next Thursday, if we do not finish tomorrow, we shall resume debate on second reading of Bill C-143, to authorize the Government to borrow certain sums of money.

Madam Speaker, that was, in brief, the order of business for next week.

ROUTINE PROCEEDINGS

[*English*]

STANDING ORDERS AND PROCEDURE

PRESENTATION OF FIFTH REPORT OF SPECIAL COMMITTEE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, with the consent of and on behalf of the Hon. Member for Pontiac-Gatineau-Labelle (Mr. Lefebvre), Chairman of the Special Committee on Standing Orders and Procedure, I have the honour to present the fifth report of the Special Committee, in both official languages.

[*Editor's Note: For above report, see today's Votes and Proceedings.*]

Order Paper Questions

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—TABLING OF CORRESPONDENCE

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, in response to a letter from the Hon. Member for Calgary Centre (Mr. Andre), and in the spirit of the Access to Information Act, I wish to table the following documents. First, my response to this letter; second, minutes of the January 12, 1981 meeting of the Management Committee of the Canada-Nova Scotia Agreement on Oil Substitution and Conservation, with the permission of Premier Buchanan; third, relevant material from Petro-Canada's correspondence files; and fourth, in addition, I am including correspondence between Mr. Gillespie and Premier Buchanan, with their permission.

One of the documents requested by the Hon. Member for Calgary Centre—the directive of the then Minister of Energy, Mines and Resources of July 9, 1981—does not exist because the directive was given verbally.

* * *

PETITION

MR. FULTON—AMAX OPERATIONS IN BRITISH COLUMBIA

Mr. Jim Fulton (Skeena): Madam Speaker, I have the honour today to table another 2,500 signatures calling for a full public inquiry into the Amax operation in British Columbia. These 2,500 petitioners are responding to a petition that was originally circulated by the Community Forum on Shared Responsibility. This group represents the religious community, primarily the Catholic church, although many of the signatories among the 2,500 who have signed are from across Canada, the majority from Ontario.

I think the tabling of this petition today is particularly timely in that the Ombudsman of British Columbia has added his voice to that of the seven major churches in Canada, the B.C. Medical Association and 50 other major groups across Canada.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,616.

[*Text*]

TESTING OF PRESCRIPTION DRUGS

Question No. 4,616—**Mr. Mitges:**

Was Canada cited as having fallen far behind the rest of the world in testing 1,500 older prescription drugs, introduced before 1963, which may prove

dangerous or useless and, if so, what is the Government doing to accelerate a testing program for this purpose?

Hon. Monique Bégin (Minister of National Health and Welfare): Prescription drugs that were marketed before 1963 and which were not required to be supported by proof of efficacy before approval, are reviewed by the Department of National Health and Welfare: (a) whenever there is an indication of a safety problem arising from experience anywhere in the world; (b) These drugs are reviewed in collaboration with expert advisory committees whenever new drugs supersede them. This review is done with the aim of producing therapeutic monographs for both the old and new drug, so as to give an adequate description of their place in therapy.

[*Translation*]

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered.

[*English*]

Mr. Fulton: Madam Speaker, I wonder if the Parliamentary Secretary to the President of the Privy Council could inform the House when motions Nos. 109, 110 and 111 standing in my name on the Order Paper are likely to be tabled.

Mr. Smith: Madam Speaker, I do not have any new news but I will be happy to look into that on behalf of the Hon. Member.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

Madam Speaker: Pursuant to the provisions of Standing Order 58, I do now leave the chair for the House to go into a Committee of the Whole.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration in Committee of the Whole of Bill C-139, to amend the statute law relating to Income Tax (No. 2)—Mr. Lalonde—Mr. Blaker in the chair.

On Clause 3—*Fair Market Value*

On Clause 16—*Professional business*

The Deputy Chairman: At one o'clock when the House rose, the Hon. Member for Calgary West had the floor.

Mr. Hawkes: Mr. Chairman, prior to one o'clock the Parliamentary Secretary had indicated that, in terms of "work in progress" for professionals, the Government's mindset was to take work in progress into inventory. Could the Parliamentary Secretary give us the Government's definition of the difference between inventory and accounts receivable?

• (1510)

Mr. Fisher: Mr. Chairman, I am told that the differences here have to do with the deductions on cost. Thinking back to my own experience, the differences between accounts receivable and inventory are fairly obvious. Accounts receivable are included in the incomes of businessmen or professionals for tax purposes. Inventory is listed as an asset, but it immediately becomes something which he can write off in the next year. If a businessman encounters a bad debt, he can write that off as well. The same would be true with a professional.

Mr. Hawkes: Mr. Chairman, could the Parliamentary Secretary tell us whether work in progress is classified under this proposed piece of legislation for tax purposes as inventory, or is it really more analogous to accounts receivable?

Mr. Fisher: I am sorry, could the Member repeat that?

Mr. Hawkes: The Parliamentary Secretary describes himself as a small-businessman. Earlier this day he suggested that this new tax Bill would classify work in progress as an inventory item. First, I am wondering whether he has read the legislation. Second, under this Bill as proposed and before us right now, is work in progress to be treated as accounts receivable or inventory?

Mr. Fisher: Inventory.

Mr. Hawkes: As I read the Bill, it is to be treated as a receivable. Inventory in a professional corporation is the cost of doing business. It may be wages paid out and so on. One is to treat this as an income item, not based on cost but cost plus profit. The Bill says that it is to be treated as an item for which one is putting in one's profit margins, and that is the rate at which one will bill.

Mr. Fisher: Mr. Chairman, our officials assure us that we can deal with these things on a cost basis.

Mr. Hawkes: Mr. Chairman, in my next go-round I will find the pertinent Clause and bring it to the attention of the Minister.

I return to the original theme. Is it the Government's intention as these revisions are coming in to treat all taxpayers of all small businesses fairly or the same?

Mr. Fisher: Mr. Chairman, I would think that what we want all taxpayers to do is two-fold. We want them to be treated fairly and we want them to see themselves as being treated fairly. This is why those people who are currently in small businesses and cannot take advantage of a provision parallel to work in progress would like to know that the work in progress

provisions are in the Act so that they do not have to foot the bill for the $40 million costs that were described earlier.

Mr. Hawkes: Mr. Chairman, what they are taxing here is income which has not been received. It is income for which bills have not even been sent out. The estimate of the Minister is that the revenue for the Government in the first year will be $40 million. If we assume that $40 million to be even 25 per cent, which I think is a high number, then we are dealing with $160 million worth of unbilled income of which they get $40 million. People have to use their own resources or go to the bank to borrow in order to pay their tax bill for money which has not yet come in. If they have to borrow the whole $40 million, there will be a $6 million borrowing cost at 15 per cent interest. It is an enormous amount of money sitting out there in the universe which has not been collected, has not been billed, and the Government is collecting revenue on it.

If the Government is minded to treat people the same and treat them fairly, will we get a change in tax policy as it relates to farmers? Farmers are small-business people who plant crops in the spring and harvest in the fall. At the point at which they harvest and put the crop in their granaries, is it the Government's intention to treat it as if it were already sold, that the income is already in their hands and therefore they tax it? Is that the direction in which the Government is heading, to the small-business farmers?

Mr. Fisher: Mr. Chairman, first, I am happy to reassure the Hon. Member that there is no intention to change the provisions for farmers. Second, I would like to clear up two points which seem to be worrying him. I refer to Clause 3(2)(a) on page 6 which reads as follows:

—property (other than capital property) of a taxpayer that is work in progress of a business that is a profession, advertising or packaging material, parts or suppliers is, for greater certainty, inventory of the taxpayer;—

I hope that clears up that problem for him.

Also, he referred to $40 million coming in from this measure. May I correct any impression that I might have left. The $40 million figure is the one which we see ultimately. I believe that unincorporated businesses will have an opportunity to phase in rather than having to deal with the tax immediately. I think the first half of the income comes in in 1983 and then the full income comes in in 1984, so there is a phased-in procedure for professionals who are in unincorporated situations. The incorporated professional will deal with the whole load immediately.

Mr. Hawkes: Mr. Chairman, I return to the Minister on this one. Grain farmers in western Canada today harvest their crop, put their grain in granaries, even deliver it to elevators, and defer the income to a subsequent tax year. In other words, they have a commodity which is clearly in inventory but is not taxable. They deliver it to elevators. They are eligible for cash, but they have a provision in the tax law which allows them to defer the income to a subsequent tax year. I give the Minister that situation and his own thrust of policy, which is to treat people fairly and equitably and more the same.

Why is he doing this with work in progress? Bills are not even sent out. The work is not completed. The analogy would be like charging a farmer half-way through the crop year for income which he clearly has not received because he has not yet harvested the crop, let alone delivered it to market. How can the Minister talk on the one hand about fairness, on the other hand tell us that they will not treat farmers differently and then go ahead with work in progress, on the logic they are giving us? Where is the logic and where is the fairness in the system? Is not the Minister really intending to treat farmers down the road as small-business people and to start charging them on income for products produced which have not yet been sold?

Mr. Fisher: As I understand it, Mr. Chairman, there were previously two groups which we treated in this fashion—professionals and farmers. Today it will be only farmers. I remind the Hon. Member of two rationales which we have already discussed. The first is that we are seeing increasing classifications of professionals as a result of some court rulings. Larger and larger numbers of people who were previously businessmen are now considered professionals.

I was told the story that someone called himself a professional because he was a consultant for weddings. Whereas previously that individual would have been treated as a straightforward businessman, now he wanted to take advantage of the work in progress provisions. There are more and more categories of people who are seeking to take advantage of this provision for professions. Second, many of these people, or the overwhelming number of the ones who are exempted, are able to take advantage of the small business tax rate.

• (1520)

Therefore, in answer to the Hon. Member I first want to say that there were two categories before, farmers and professionals. Now there is only the category of farmers, and we have no intention of making changes which would affect them. Second, there were larger and larger numbers of people seeking the advantages which had previously been limited to a small number of professions.

Mr. Hawkes: Mr. Chairman, I guess, through experience, that we on this side of the House have learned to be very cautious about what the Government says on any given day.

Mr. Fisher: Thank you.

Mr. Hawkes: This is because the Government has a habit of saying one thing and doing another. If the Hon. Member wants to thank me for that comment, I would appreciate it.

Mr. Fisher: Sure.

Mr. Hawkes: He is ducking my question. Consider this example. A farmer plants a crop, it grows well, he harvests it and puts it in his granary. It is ready for market. We have a professional, an architect, who starts a building project. The end of the taxation year comes when he is three months into a nine-month project and the Government wants to tax him on

his first three months of work. He cannot even send out a bill and he has no income. That seems to be analogous to a farmer with grain in his granary. It has not yet been sold, so he should not be taxed. I think that is fair. The Government should not tax people before they have received income.

However, why should there be this double standard? Again, I ask whether the Government is intending to set a precedent concerning professionals called "work in progress" and, at a later day, to start to tax all the farmers of the nation, the minute their crops are harvested and before they are sold? That is our suspicion and words are not enough. If the Government does this to one group and it works, and it sets a precedent, we are suspicious that it will happen again.

Mr. Cosgrove: Mr. Chairman, the Parliamentary Secretary to the Minister has indicated that it is not the Government's intention to extend the provision so that it will affect farmers. The Hon. Member raised this as an example, in the context of drawing parallels. The Government has not raised this example. No officials of the Government have raised it. It is something concerning which the hon. gentleman, for reasons he has given, feels some anxiety. I would like to indicate that it is not being considered by the Government in so far as farmers are concerned. The question was raised in the context of treating taxpayers equitably, and of course this raises questions concerning whether people are treated the same.

The Parliamentary Secretary has indicated that considerations of equity motivated the Government to classify certain professions under this Section because, in equity, there were similar types of other small businesses, not farmers, which have become "professions" by legal definition. Some businesses which were not considered professions ten years ago are now being considered as such. When considering the issue of equity, the Government found, in comparing the tax treatment of small business, that some professions were able to take advantage of the small business rate under the Act as it now exists. Some were indeed able to take advantage of incorporation while others were not. For example, others are specifically prohibited from that type of legal protection and financial benefit by provincial statute.

Therefore, although equity does invite everyone to be treated equally, we know that that cannot be exactly the case in the real world. However, we do attempt, in equity, to give people somewhat the same advantage. For reasons I have given and for others given by the Parliamentary Secretary, the Clause was introduced so as to exclude work in progress. The Section would be amended to restrict its application to the named professions, for all the reasons submitted to the committee which moved it to exempt certain of those professions.

Mr. Hawkes: May I refer to page 6, Clause 3(4)(a). I will just read it into the record:

—work in progress at the end of the taxation year of a business that is a profession means the amount that can reasonably be expected to become receivable in respect thereof after the end of the year;—

I have a small business, an office coffee service. I buy my coffee for a certain amount of money from a wholesaler, I deliver it to a customer, and I give the customer a bill. That is a receivable. It includes my cost of purchasing the coffee, my delivery costs and hopefully some profit. That is the definition of a "receivable" in the normal business sense.

Earlier I asked the Parliamentary Secretary whether or not work in progress, in an accounting sense, would be judged, at a certain level, to be a receivable. If it is, and I think the clause makes it clear that it is, then the costs of doing the work, the overhead costs and profit, would be included.

When work is in progress, not only has one not sent out a bill, but one has not received the money either. However, through this Clause, the Government seeks to tax an inflated amount, more than one's expenses, presumed to include profit.

Mr. Fisher: Mr. Chairman, I can assure the Hon. Member for Calgary—

Mr. Hawkes: West.

Mr. Fisher: Calgary West. I extend my apologies for not knowing the name of the Hon. Member's riding. I can assure him that the professional will be required to value the work in progress in the same way as any other inventory, namely, at the lower of either its cost or its fair market value.

Mr. Hawkes: That is a refreshing set of words. Can the Parliamentary Secretary tell me where, in law, it is found that that will be the case? Where is the paragraph that states that, when Section 3(4)(a) states that work in progress means the amount "to become receivable in respect thereof after the end of the year"?

Mr. Fisher: I would refer the Hon. Member to the Income Tax Act, Part I, Section 10(1), with regard to evaluation of inventory property. I can read it for him if it is useful.

Mr. Hawkes: Please do.

Mr. Fisher: It states:

For the purpose of computing income from a business, the property described in an inventory should be valid at its cost to the taxpayer or its fair market value, whichever is lower, or in such other manner as may be permitted by regulation.

That is already in the Act.

Mr. Hawkes: Then may I ask the Minister why one part of the Bill, in relation to fair market value, states "expected to become receivable in respect thereof after the end of the year"? Why is that written in one place, with the taxpayers of the nation being forced to read another definition of inventory and then refer to a subsequent Section of the Bill? Why do we not have clarity? Can the Parliamentary Secretary really assure us that every one of those revenue agents from coast to coast who work for the civil service will read the Bill so thoroughly that every single one of those human beings will make the same decision in each individual tax case? Or will some read paragraph 4(a) and say: "You have not done it right", while other people read Section 10, which the Parliamentary Secretary has cited?

The Deputy Chairman: This will be the final answer. The twenty minutes allotted to the Hon. Member for Calgary West has expired.

Mr. Fisher: Section 10(4) defines fair market value for professionals, and it must therefore be included here because of the new additions elsewhere.

• (1530)

The Hon. Member has an interesting question about the complexity of the law as well, which I think is a very fair question. I would refer him to some of the discussions that we had in the Finance Committee about that. There are obviously two sides to that coin. He has raised one, very clearly, and I think properly. The other side of the coin is that those peole who are taking advantage of the complexities will tend to know the complexities. They may not be able to quote chapter and verse about each part of the law but they will know the provisions that apply to their own circumstances.

However, having said that, I certainly do not downplay the Hon. Member's concern about the complexity, but I think it is equally fair to say that peole tend to find out about the things that affect their own lives.

Furthermore, I would certainly think that the Revenue Canada officials would tend, if not to know the Act at first blush, they would certainly be able to take advantage of a document entitled "Explanatory Notes to a Bill Amending the Income Tax Act"—

Mr. Blenkarn: You know better than that.

Mr. Fisher: —and those explanatory notes will certainly be accessible to all the Revenue Canada people and will be learned by them.

Mr. Anguish: Mr. Chairman, I just have one brief question—

The Deputy Chairman: Order please. May I explain to the Hon. Member for Calgary West that as soon as another Member has spoken or there has been an intervention, then, under the Standing Orders the Hon. Member for Calgary West can be recognized again, but at the moment his time has expired.

Mr. Anguish: Mr. Chairman, I just have one brief question, if the Member for Calgary West wants to come back to his line of questioning, and that has to do with the exemptions that are made for some named professionals set out in the Bill. I was wondering, what was the methodology that was set up. Why were certain specific professionals exempted from the work in progress rule and others did not qualify for the exemption?

Mr. Fisher: Mr. Chairman, I would refer the Hon. Member again to the debates of the Finance Committee. There were some very clear representations made along this line at their sittings since September. At that time we were able to draw out two important facts: first, that some professionals, like lawyers, were not going to make substantial contributions to Government revenue over a period of time, that it would be a one-time revenue, but that that one-time revenue would be extracted from them at great cost. It was not a practical tax to apply to them. I must say that I was a convert to that point of view. I believed in the concept of work in progress for lawyers. I felt that lawyers should pay tax on their work in progress, but as a result of the representations made to me in the Finance Committee I changed my mind.

The problems are multifold. First of all, a lawyer with a small clientele often does not have access to sophisticated billing techniques, which would require the use of computers or a large staff and so on, and every year he would have to go through all his files to determine which ones had been fully billed and which ones only partially billed, and go through a lot of paperwork and a lot of red tape just to go through that reporting. To what end? In effect, so that the Government would collect its tax on a one-time basis. But at the same time all that expense and unproductive activity would have to be charged against someone, and that someone of course would be the lawyer's client. So sooner or later it would just be passed right down the line, in a very unproductive way.

On the other hand, there are groups of professionals who are relatively new professionals, either because their field is a brand new field or because they have been able to get that status as a result of court rulings. We found that these people were not going to go through that kind of unproductive behaviour. In the case of people who previously had small businesses, who wanted to become professionals because they could take advantage of work in progress, they had the accounting systems in place and they knew what was in place for a small business, previously. In addition, those people also benefited from the small business tax provisions. They were able to take advantage of the lower rates for small businesses. But lawyers and these other exempted professionals were not able to take advantage of those rates because, as the Minister pointed out, they are excluded from incorporation in various Provinces.

I guess the answer is twofold. One, it was not a productive thing to push it down the line with some professionals who are well established, whose collection techniques are vague, and who have not demonstrated a lot of tax avoidance. Second, there are groups of professionals who had other tax advantages, and also had the capacity to pay the tax without going through a lot of unproductive behaviour.

Mr. Anguish: Mr. Chairman, I thank the Parliamentary Secretary for his examples but I am still looking for some kind of a methodology, if there is a methodology, in fact, in place. It seems to me that what you have told me is that this happened on a very ad hoc basis. If some professionals came before the Finance Committee and put forth their position quite strongly to the Committee, then they were exempted. I do not know that all professionals who will be affected by this will in fact be exempted, if they warrant some kind of an exemption. I think you can run into all kinds of problems with Bill C-139 unless

there is some kind of set methodology there, not naming just professions but the methodology that exempts those certain groups from the provisions of work in progress rule.

What I am asking for is not for examples on an ad hoc basis but rather for the methodology whereby other professions can be deemed exempt from this provision.

Mr. Fisher: Mr. Chairman, the dividing line was the current law, those people who are now listed in the law as people not eligible for the small business tax. That was the basis on which we were able to draw the line.

Mr. Anguish: Mr. Chairman, just for clarification, is the Hon. Member saying that if they are not eligible for the small business tax then they become exempt under this?

Mr. Fisher: That is the answer, Mr. Chairman.

Mr. Gamble: Mr. Chairman, I have listened to the comments made by the Minister who, in dealing with this proposed amendment as it affects the inclusion in income tax provisions of certain professionals, although not others, of an amount representing their work in progress of professionals. I was particularly intrigued by the remarks that he made with respect to fairness and equity, and I recall the same buzzwords being employed by the former Minister when he originally introduced the budget, giving rise to these inequitable provisions.

He also indicated, in talking about the Minister today, that what we were endeavouring to do in the House was to include income from whatever source. That of course leaves undecided the issue of what income is. What we should do in approaching this matter is not to adopt the position of the NDP, which has been to ask why certain professions are excluded from this change in the law, but rather to ask why the law is being changed.

Let us analyse what in fact is happening. We know that the concept of income tax is rooted in the belief that the Government is entitled to a portion of the income of taxpayers, be they individuals or corporations. It was not unreasonable, when this plan for taxing income was first conceived, that a portion of one's actual receipts in cash in the bank be allocated to Her Majesty in right of Canada, as represented by the Minister of National Revenue. It was not a very difficult task because the money was actually there. The Government decided that rather than wait until the cash is in the bank, it preferred to have its piece of the action before the cash was received. The method for extracting the pre-receipt tax was concocted and supported by the accrual method of taxation, the accrual of determining income, the basis thereby reflecting in the inclusion in income an account which had been rendered or in some cases an account that should have been rendered.

• (1540)

We have taken this matter a step further with this proposal. We have endeavoured to deal with professionals who, together with farmers, had been treated somewhat differently from the general small business community to which the Parliamentary Secretary earlier made reference, identifying himself as one of those Members.

It is true that the small business community has been obliged to calculate its income not only on the accrual method which applies to professionals, but by including in the determination of income a valuation for inventory. In determining inventory, it was necessary to affix a value to that inventory. It was fixed at the lower of cost or market.

In most cases applicable to the non-professional small business, however, that inventory generally consisted of something which was tangible and saleable, not all the time but most of the time. If it was not tangible and saleable as the stock in trade of that business, it was an item which could readily be disposed of as part of the stock in trade of another business. Accordingly, it was appropriate to value that inventory including the work in progress. Let me give a simple illustration. A small manufacturing firm which qualified for the small business deduction to which the Parliamentary Secretary referred fabricated metal shields of some kind. Those metal shields may have been partially completed at the end of the fiscal period. A determination would be made of the value of those partially completed goods. That was part of the value of the inventory of the small business. That inventory, because of the accounting method that was adopted, was used for the purpose of determining the actual income as of that moment, which is the end of the fiscal period of the business.

However, when you pass on to deal with the position of professionals, there is no corresponding item of trade goods that can be readily sold and valued at the lower of either cost or market value. If I may, I should like to give an illustration of a professional who is in fact not excluded by the provisions to which reference has been made and, accordingly, subject to this onerous provision. An engineer may practise on his own. An architect may draw plans in his home in the evenings and then put them away. As many architects find, some of those plans are not subject to further use. However, time and effort has been spent on the drawings. The drawings consist of paper and pencil markings on them. They may have a total value of $10. There may have been 100 hours of his time spent which could conceivably have a value of $3,000 if they are sold. Architects generally extract the majority of their fees at the end of a project when they are given a supervision contract, which includes not only the preparation of the drawings but supervision of the project.

How much are those drawings worth at the end of the fiscal period of the architect who has received no commission? The Government will say nothing, and that it is a matter for valuation.

The whole process is ludicrous and should be scrapped. The Government has attempted to transpose fixed stock in trade inventories of a regular business and the concepts of inventory values arising therefrom to the area of the professional. I tell you this, Mr. Chairman, the whole process will be for naught. There is not one professional excluded from the protection that is granted by way of exemption under this Bill who will not

make a determination of those values which he in his own mind, and he is the best judge of it, determines to be the very lowest price at which they can be fixed. The illustration I gave about the $10 value of a $3,010 item is the one that will constantly confront the Department of National Revenue in enforcing the provisions of this Act.

We have been told that $40 million is to be generated in revenues as a consequence of these provisions. Because of the way in which income, which would have been taxed had it been billed, will now be taxed before it is billed, when the work is done as work in progress as part of an inventory, that income will not be taxed again when the bills go out because the inventory will have been reduced. In other words, we are looking at a one-shot opportunity that will confront every professional in this country with an obligation to keep and maintain ludicrous forms that have absolutely nothing to do with the conduct of his business. The whole process is designed to accomplish one thing, that is, raise $40 million. If the Department of National Revenue and the Minister of Finance would like to make an offer to the professions in Canada to make them a donation of $40 million in order to avoid compliance with this ridiculous provision, they would get the money. There is no other reason why the Department of National Revenue and the Department of Finance want these provisions in this Bill other than to extract taxes before they should. I would like the Minister of State for Finance to comment very briefly on the remarks which I have made.

Mr. Cosgrove: Mr. Chairman, the Hon. Member did not really go to the basis and ask the germane question: Why the Section in the first place? Never mind the Subsections and explanations and distinctions between professions and the like, but why the Section in the first place? He asked that question in the context of a very difficult issue of equity. This amendment to the Income Tax Act is some 295 pages and contains over 100 clauses. It is difficult for the amendments to bring equity to the treatment of all people in all circumstances in a parallel if not identical way. It was out of consideration for equity that the Clause 3 was introduced. Prior to the introduction of the amendment, in computing income from a professional business, taxpayers were permitted to elect, under Section 34 of the Act, to exclude work in progress. The problem is that it only affected certain taxpayers and certain types of business. Under another Section of the Act they had already been given an advantage, preference or some assistance through the tax system in the operation of their business. Permitting them to take, so to speak, a second bite of the apple, that is what is unfair. It is inequitable. It is inequitable having people in somewhat the same circumstances in their business operations, some being given the advantage of our tax system, the preferred small business rate and, in addition to that, permitting them to deduct, before realizing income, the cost of work in progress. That is why, for example, we moved to identify those who fell into that category and to exclude them from the introduction of Clause 3, which was an attempt to achieve equity, that is, in a sense, to give some preferential treatment to small business in somewhat the same fashion.

• (1550)

The Hon. Member uses the example of architects, but I believe he answered his own question because he was able to make reference to Section 10 and he was able to refer to the definition of the value of work in progress as being the lesser of the fair market value, and in those circumstances it is quite conceivable that the cost of the preparation of those plans would be a write-off. Therefore, the architect would not be caught by the Section in any event.

Mr. Gamble: Mr. Chairman, what I have said was that people would manipulate the provisions in the Act. The great trouble with the Income Tax Act very clearly, if the Minister would just put his ear to the ground and open his eyes, is that it has become not only so complex, but so unreasonable in its rigours that people are taking justice into their own hands. There is an underground economy which has developed in this country, and if the Minister would like to consult the Deputy Minister of National Revenue, he will find that studies have been made by the Department of National Revenue of just how much revenue is lost. Revenue is lost because people cheat. People cheat because they are being robbed. It is this kind of madness which just induces people to take steps which are completely unwarranted and which will create a cycle in this country which will undermine the general tendency of Canadians to be honest and to assess themselves in the fashion which the Income Tax Act demands.

We are dealing with a monstrous Act, amended in a monstrous way, to extract more revenue from the taxpayers of Canada. I wonder how far the Minister proposes to push the taxpayers of Canada before that underground economy, which is created as a result of that manœuvre, will exceed the aboveboard recorded economy of Canadians? What we are talking about is a process which absolutely rejects reason. I dealt with the circumstances as they affect a small businessman who produces saleable stock in trade. There is no saleable stock in trade in the normal professions which are so identified, and we know the Minister has had no hesitation at all in going through a number of professions and exempting them. Why does the Minister not go through all the genuine professions, instead of the profession referred to by the Parliamentary Secretary to the Minister of Finance when he talked about wedding counsellors? Let him deal with the real professions. Let him deal with the determination of whether that work in progress consists of ideas on paper which are worthless to anyone but the person who put them there. Those are the real facts. But the trouble to which he is putting the taxpaying public, in particular the taxpaying public we are concerned with here, the professionals of Canada, is not warranted. It is a permanent, not temporary obligation imposed upon them for the purpose of giving to the Department of National Revenue a single one-time—I am sorry, not one-time because they programmed it over a couple of years—general tax burden. Is that in fact fair, equitable and is it reasonable, which is surely the question to which the Government must direct its attention?

Mr. Cosgrove: Mr. Chairman, there was considerable debate in committee on, I believe, the two points raised by the Hon. Member. I am told that the consensus of the private accountants, that is, those people who made submissions to the Committee on Finance, was one that did not coincide with the opinion of the Hon. Member in so far as the underground economy was concerned. All I can do is to report that to the Hon. Member. This was a committee consisting of Hon. Members on both sides of the House which asked for input from the profession as to what they thought of the points raised by the Hon. Member. Obviously there are some people who will try to avoid paying tax, some people who will try to evade paying tax, and some people who will be outright dishonest. I suppose, in the final analysis, there are some people who will commit an immoral or criminal act in so far as Government regulations are concerned. But the consensus of opinion is not that which was expressed by the Hon. Member, that the underground economy is of the proportions of which the Hon. Member has tried to convince Hon. Members here this afternoon.

I thought I had answered the question of how you value ideas, or how ideas, transcribed on paper as in the case of architects, could be dealt with by the profession, and that is by valuation under Section 10. The architect is the best person qualified to put a value on that, and his valuation is one which will be, I submit, taken into account by the Revenue authorities.

The Hon. Member asks if this Section is reasonable. I argue that it is reasonable and it is equitable. As to the revenues which are generated, which the Hon. Member talked about, the $40 million, the Hon. Member might go back to my rationale as explained at the beginning, that is, that some small-businessmen have an advantage over other small-businessmen, and it is backing up to the extent of $40 million. If we permitted the same kind of advantage or parallel advantage to be granted to small-businessmen, and used that as an equitable basis, the general revenue fund of the Government of Canada would be increased by some $40 million. The Expenditures of the Government with its programs and the cost of providing services, are thereby enhanced by that $40 million on all counts. I believe it is reasonable, and it is just. The accountants who have made submissions have indicated that neither these amendments to the Act, nor the Act, are "on tilt" to the extent of which the Hon. Member has urged this afternoon.

Mr. Blenkarn: Mr. Chairman, the Minister will know, if he takes a look at the record of that committee and reads the testimony of Donald Huggett from Coopers & Lybrand, that a great discussion took place with respect to the underground economy, the extent to which the complications of the Act were increasing the size of the underground economy. In answer to my colleague, the Hon. Member for York North, the Minister referred to Section 10 and said something about the lower of either cost or market value. Does he not realize that the amendment which he is proposing in Clause 6(3) of this Bill amends Section 10(4) of the Act by making Clause 10(4) with respect to work in progress mean the amount which can be reasonably expected to become a receivable thereof after the end of the year? In other words, rather than being the lower of cost or market value of the work, it is the value that is intended to be received. That is what the complaint is all about. Rather than treating professionals like the manufacturer who has half completed his work, there being no value attached to what he has done, what you have done is to treat a professional on the basis of what he may well be able to build when his work is completed. In other words, if he has done three-quarters of the work, he must bring three-quarters of the value of his bill into income. This does not make any sense in a profession because three-quarters of the value is determined after the work is totally done. It cannot be determined what the value of the work is when it is only three-quarters done. What you have is a nothing becoming a something. The something is only a something when it is completed. That is why professionals should not be charged for their work in progress. They have no asset that can be determined to be the lower of cost or market value. Thefore, it has no market value. That is the very reason this crazy amendment, this expropriatory amendment is put into the Act. Will the Minister please withdraw that amendment? It makes no sense. It is totally unfair, and that is the reason for the complaint.

• (1600)

Mr. Fisher: Mr. Chairman, I do not know how appropriate it is, but I would like to congratulate you on the terrific job you are doing. You look marvellous in your new role. I now see the regular Chairman reappearing. He does not want you to continue because you may take over his job permanently.

The Hon. Member for Mississauga South is an acute analyst of the Income Tax Act. We had many differences of opinion in the committee hearings. Perhaps this question best clarifies the difference between us. I would like to point out that, as with inventory, a professional will pay the lowest cost.

Mr. Blenkarn: No, Sir. Not according to this.

Mr. Fisher: He will have to pay the lowest cost. There are times when a professional will not be able to bill for the full amount of his effort. He may discover that he has put too much time into the project and cannot bill for a full effort. Therefore, he will go out with a value on his item at its cost, for tax purposes, rather than cost plus profit. Or he might be a professional who is out of his depth. Perhaps when I start practising law everything will not be a profitable situation. Maybe people will not be willing to pay me for my advice.

Mr. Young: Don't do it. You will wreck the profession.

Mr. Anguish: Hear, hear!

Mr. Blenkarn: Mr. Chairman, I rise on a point of order. Rather than compliment me on my understanding of the Act, would the Parliamentary Secretary read Subclause 4? He will note that work in progress is specifically differentiated from the cost of advertising and packaging material. Advertising and packaging materials are dealt with in Subclause (b). In

Subclause (a) work in progress is defined differently. The other says, " ... other than work in progress". Will the Parliamentary Secretary read the section and see that what he has been saying does not make sense at all?

Mr. Fisher: Mr. Chairman, the Hon. Member for Mississauga South is quite correct, I should stop complimenting him, although I find it tempting.

The Section I read before, Section 10(1) defines very clearly the fact that we take either the lower of costs or fair market value.

Mr. Blenkarn: Read the Bill.

Mr. Fisher: And then the Bill defines fair market value in the circumstance of professions. The previous Clause that I read gives you the general context, as I understand it. The professional, for some reason, who has found that the fair market value of his project is now lower than the cost would have to give that figure, but in other circumstances—let us hope it is all circumstances for all professionals—if they find the cost is lower than the fair market value, that is the amount they would use.

What I read to the Hon. Member previously which is already in the Act, sets out the general rule. This sets out the definition of fair market value for a particular professional.

Mr. Blenkarn: Mr. Chairman, fair market value is exactly what we are talking about with respect to professions as now set out in the new Clause 10(4) and the specific definition of work in progress has nothing to do with cost at all. It is what can reasonably be expected to become a receivable.

Mr. Fisher: Lower than the cost.

Mr. Blenkarn: No. It is what can be reasonably expected to become a receivable. Sure it could be lower than the cost. And it could be very very much more than the cost.

Mr. Fisher: In which case it would not be used.

Mr. Blenkarn: In other words, there is no cost value to it. What the Parliamentary Secretary and the Minister and his friends from the Department of Finance do not understand is that a professional is essentially selling ideas. He is not selling anything you can take hold of and walk to the grocery store with. It is ideas. It is doing something entirely different from performing a physical thing that you can actually put down and take away with you. You may say that you can take away the plans of an architect, but incomplete plans are nothing. They are waste paper. That is what they are. When you are talking about waste paper, and that is what this is, what is the cost? It may be the cost of the paper, it may be less than the cost of the paper. You can say it is worth nothing. In order to solve that, you decide to define work in progress as what can reasonably be expected to become a receivable.

To determine reasonableness you have to do it always after the event. It is always after the event, when you look back on the professional's return, that you say "Yes, but you were working on Mr. Smith's new home in November, 1982 and, therefore, when you bill Mr. Smith in February, 1983, you probably had half the work done by that time and you should have included that half in your 1982 return", but if you look at the situation at December 31 of 1982, you find the architect at that point had half a building designed. Now the design of half a building is not worth a tinker's damn. If the architect had died at that time and gone to heaven or gone to hell, he would not have got anything, not a thing. What you are saying four or six months after the event is, we will come back and look at the bill and say, "Yes, you got $2,000 for that work. Obviously, you had over half the work done prior to the year-end and obviously you should include half of what you eventually charged in your income for the year". That is what is wrong with what the Government is doing. I do not understand why the Minister and the Parliamentary Secretary cannot see that. Do they not realize for one moment that the work of a professional has absolutely no value, or very little value, until it is actually completed?

Mr. Fisher: I would like to go through the Act as I understand it and list the steps so the Hon. Member for Mississauga south can understand why I keep referring back to one simple principle.

Clause 10(5)(a) says work in progress is inventory. Section 10(1) of the current Act says that the value of inventory is either at the lesser of cost or at fair market value. It is not some speculative thing or some process that is worked backwards in time. If the professional finds, for example, that his fair market value is lower than the costs he has incurred, then he uses the fair market value. We heard the Hon. Member for York North give examples about $10 worth of paper versus a $3,000 fair market value. In that cause the $10 is written off. That is the amount that is involved in the cancellation.

• (1610)

If the Hon. Member would find it useful, I would be happy to read those references to the Act again.

Mr. Blenkarn: Mr. Chairman, I would appreciate it if the Parliamentary Secretary would read Subsection 10(4) of the Act as it stands at the moment and tell me where there is any reference to work in progress in it.

Mr. Fisher: There is not.

Mr. Blenkarn: The fact is that the whole of Subsection 10 makes no reference to the work in progress of a professional. This amendment brings the work in progress of professionals into the Act, however.

Mr. Fisher: Right.

Mr. Blenkarn: And how the value of that work in progress is defined, is contained in the amendment. The amendment has nothing do to with the cost or with the fair market value. The value is to be determined on what can reasonably be expected to be billed. That is what can reasonably be expected to become receivable.

Would the Parliamentary Secretary please answer the question instead of giving us the bafflegab of what is in Section 10 of the Income Tax Act?

Mr. Fisher: Mr. Chairman, I think that the Hon. Member has difficulty with the difference between the Act and the amendment. At the moment we have before us an Act and an amendment. When they are passed, they will be blended into one document and we will have three Sections in the law that work together; Section 10(5)(a) that says that work in progress is inventory, that is the first step; Section 10(1) in the current one which says that the value of inventory will be the lesser of either the cost or the fair market value, and finally, Section 10(4) which will define fair market value for work in progress for professionals.

We are asking the Hon. Member to see all of these in one package. We want him to realize that fair market value, is defined in Section 10(4), and will then be utilized against cost in Section 10(1) to come up with the lower of the two amounts. When we have the lower of the two amounts, we have the value of the work in progress.

Mr. Blenkarn: Mr. Chairman, if the Parliamentary Secretary had any knowledge of law he would realize that when you refer in the specific to the value of work in progress for a professional, the general categorization of work in progress, which would be applicable to manufacturers, retailers or processors, would apply, according to his argument, in Section 10(1). When you get to the specific—and the specific is clearly defined in Section 10(4)(a) to mean what work in progress is and its value—then there is no question of how it is determined. It is determined by what can reasonably be expected to become a receivable. That is what the inventory value is. That is where the problem lies. Does the Hon. Parliamentary Secretary not understand that?

Mr. Fisher: Mr. Chairman, I thank the Hon. Member for his representation. Our officials will look at this again to see if his concern is justified. I think we are looking at the same thing and seeing two different images. I am assured by the officials that the definitions he has referred to set the fair market value, and then that is put into the equation and balanced against cost, in order to determine which of the two is lower.

As I say, we understand what he is talking about. It is on the record and we will look into it and see whether there is agreement. I suspect, however, that he may be seeing a one-way street where we intend it to be a two-way street. He sees it as an irrevocable definition, that once a professional has a project, it has an invoice value and, therefore, that must be the value that the professional uses. We do not agree with that. We say that when he reaches that value he is on a two-way street. He compares it with the cost. Between the two, he determines whichever is the lower for tax purposes. Some day he will make a profit on top of the cost and then that will be taxed, in addition to the cost. Like all businesses, in the meantime that cost is taxed at the end of his year and becomes a credit for him on the first day of the next year. He continues with that credit in the same way as any other business.

Mr. Blenkarn: Mr. Chairman, I thank the Parliamentary Secretary for undertaking to review Clause 3. His understanding is more or less the understanding we had in committee. If he will recall the committee evidence, at that time the Minister was talking about the value of work in progress at the actual cost to the professional. In other words, he was saying, with respect to a lawyer, that we would charge the cost of a junior lawyer, the actual out-of-pocket expenses. On that basis I can understand him.

What I am pointing out to him is that this particular Clause does not achieve that. It takes the hard-nosed position that taxes the work in progress and determines an inventory value for that work in progress on the basis of what might reasonably be expected to become a receivable. That can only be determined at the end of the event.

That being the case, if the Government would like to stand Clause 3 and Clause 16 temporarily and move on, we would accept that. I should like to know what the Government would like to do in that regard.

Mr. Cosgrove: Mr. Chairman, in the exchange between the Parliamentary Secretary and the Hon. Member for Mississauga South, each Member expressed a point of view which is a different interpretation of the Act. I have attempted to follow the exchange, and that is what has happened.

The officials have confirmed to me that the explanation given by the Parliamentary Secretary is the intention of the Government, it is the intention of the Section, and it is the way in which the Act has been interpreted in the past. They are confident that that is the way a court would interpret it as well.

I have to say, with the greatest respect to the Hon. Member for Mississauga South, that the officials have concluded that his interpretation of the definition of market value—the exposition being the difference between a one-way street and a two-way street—is faulty. Certainly the officials and I are not of different opinions, but obviously there will continue to be a difference of opinion between the Hon. Member for Mississauga South and the Parliamentary Secretary.

• (1620)

Mr. Hawkes: Mr. Chairman, I would like to bring two or three concrete illustrations to the attention of the Minister to see if we can resolve them and understand the Minister's interpretation. Let us assume that I am a professional person and that I sign a three-year retainer. The retainer is one where you purchase my services on a first-call basis, and the amount of money you will give me for that is $90,000. When I do the work, I get $600 per day. Now, at what point does the $90,000 come into income, and how do we deal with this for inventory of work in progress? I start with a signed contract for a three-year retainer for work worth $90,000.

Mr. Fisher: Mr. Chairman, on a technical basis I know what the Hon. Member is talking about because I have worked under these kinds of contracts. I am sure he would agree that in his experience there is usually a minimum number of days committed per annum. Is he talking about that kind of situation? What are we talking about? Is it a three-year contract which has an ultimate $90,000 value that he collects at the end of three years, whether or not he puts in any time? Is he talking about a minimum number of days per annum, or does he have some more open-ended idea in mind? I am just curious. I would like to know his view on this.

Mr. Hawkes: I would like to keep it clear. I get $90,000 at the end of the three years because you have had first call on my services. For every day that I work I get a per diem fee, let us say $600 per day. Even if I do not work a day for you, I still get the $90,000 at the end of three years. How do I treat that situation for tax purposes over that three-year period?

Mr. Fisher: Again, Mr. Chairman, just as a matter of clarification, is the Hon. Member dividing his contract into three one-year periods, for example, where he bills $30,000 every year, or does he simply hope that he does not put in a single day and at the end of the three years he collects $90,000?

Mr. Hawkes: I thought I was clear. I get $90,000 at the end of the three years because I have performed and given you first call on my services. That is the work I did.

Mr. Fisher: As I understand it, he would be considered to have $30,000 per annum income, so he would be including $30,000 worth of work in progress every year. I am sorry, just a moment. He would be deemed to have received $30,000 income per year for three years, not work in progress. It is not work in progress; it is income.

Mr. Hawkes: It is not work in progress; it is income. I did not get any money.

Mr. Darling: You did not do anything.

Mr. Hawkes: I did not do anything, and I have $30,000 worth of income on which I have to pay taxes.

Mr. Fisher: I can answer this for you if you will just hang on for a second.

Mr. Hawkes: I want some of these answers before we finish with this Clause. Why is that not inventory or work in progress? Why is that deemed to be income all of a sudden when I did not receive a penny?

Mr. Fisher: As I understand it, although I would have a question for our officials which I would like to explore further, they indicate to me that at the end of the year each year the time is deemed to have passed and the Hon. Member has collected his income of $30,000. I would wonder what would happen if he did $90,000 worth of work in the last two years in terms of time and therefore has $90,000 worth of billable time in the last two years. I wonder how that would affect his tax position.

The Hon. Member has asked a very complicated specific question which reflects not on work in progress but on the current legislation. This is why we are having some difficulty. He has asked a very complicated specific question, and we want to give him an accurate example because we know that millions of people are hanging on this answer. At the same time we would like to point out to him that we view this not as work in progress but as income, and therefore something which would probably fall under existing provisions of the law.

Mr. Hawkes: Let me give the Parliamentary Secretary another example. You have a small business and you contract with me to do some work on your behalf over a three-year period of time, and there is no guaranteed amount involved. I do five hours' worth of business for you this year as part of something which will take me ten hours, but I do not do the other five hours until two years down the road and I cannot bill you until the job is done. In that circumstance, the work in progress provision says that I have to take in the inventory the first five hours. I keep it in inventory and pay tax on it until I do the last five hours two years down the road. How can you do that to me and treat the guy with the retainer contract as having received income?

Mr. Fisher: If the Hon. Member recollects some of the discussions that we had earlier with the Hon. Member for Mississauga South, a good deal of the difficulties surrounding the question of work in progress is not around liability of income but around writing off costs. The individual the Hon. Member has cited does not have costs which are being written off; he has straightforward income. Then, on the five-hour example which he just cited, I understand that he can just save that up until the end, the costs of it, and apply the whole thing at the end.

Mr. Hawkes: Let us be even more specific about work in progress. Somebody works for me and I bill their services out at $40 per hour, but I only pay them $20. They do the work this year but I have not billed anybody for it because it is part of a larger project. What is this whole thing about, if I do not have to put something into inventory? What am I putting into inventory? Is it those five hours at $20 or those 5 hours at $40, which is the amount I will eventually bill? What goes into inventory?

Mr. Fisher: As I understand the example I have just been given it is $20 per hour that you are paying out, times five hours, which is $100. You would not write that off as costs until you had income. It is just the same as the example with physical inventory.

Mr. Hawkes: You have quoted those three paragraphs and you have told me that I have a choice of fair market value or cost, whichever is lower.

Mr. Fisher: All right.

Mr. Hawkes: Now, help me decide what cost is. I have somebody working for me. I pay them $20 per hour. They do five hours' worth of work on a project for which I have not billed. When I bill, I will bill at the rate of $40 per hour. Now, what is cost?

Mr. Fisher: As I understand it, this was the entire discussion we had with the Hon. Member with Mississauga South, so I thank the Hon. Member for Calgary West for his specific example. The fair market value is $200. The cost of getting that fair market value is $100. Therefore, the cost of the inventory is $100.

• (1630)

I would like to follow through with specific references so that the Hon. Member may have them. I would refer him to Section 10(5)(a) which states that work in progress is inventory. That is what we are discussing now. Second, Section 10(1) states that we should take either the lesser of the cost or the fair market value, and the definition of the fair market value is provided in Section 10(4). Therefore, Section 10(4) tells us that the fair market value of the Hon. Member's example is $200. Section 10(1) states that the lower of those two is the cost, at $100. Therefore, according to Section 10(5)(a), work in progress is treated as $100.

Mr. Hawkes: Thank you.

Mr. Fisher: You are welcome.

Mr. Hawkes: I would like to return to the subject of my retainer. Why can I not have the right of choice between fair market value and cost? I am a professional. I sign a retainer. This paragraph refers to fair market value, and another refers to cost. If I can take it into inventory, I should be able to take it into inventory as zero, because I did not pay the $20 an hour. I did not pay anything.

Mr. Fisher: Mr. Chairman, that is a fascinating example and I congratulate the Hon. Member for it. However, he does not have any costs involved in the kind of hypothetical retainer which he has described. By the way, I would like to know, looking ahead to the days when I am retired, how I can receive $90,000 for doing nothing over three years. I look forward to any suggestions that my colleagues can give to me.

Mr. Crouse: See the Minister of Finance.

Mr. Fisher: However, I can tell him that until he has incurred costs and he has write-offs and so on, he is not in the work in progress category. He has a retainer, which is a contract, and he earns it as income which comes under the existing law, not under work in progress.

Mr. Hawkes: Let me give the Parliamentary Secretary another example. Professionals are working on the Olympic Stadium in Calgary, a new arena which will host the 1988 Winter Olympics. It is probable that for their services, they will receive a bonus upon completion of their work, if they bring it in under cost or in a hurry. There are several ways in which bonus contracts are written. However, let us assume there is a $100,000 bonus for those people in 1987 if they have done a good job as architects. How will that work in progress be treated?

Mr. Fisher: Not as I understand it. I am learning a great deal about what goes on in Calgary. It sounds like the land of milk and honey to me that people are able to arrange these deals. I congratulate them for their comfortable arrangements.

As I understand it, such bonuses are contingent and they will not be taken into account until they are earned, because it is quite possible that they would not be earned and that such individuals would not make their bonuses, for whatever reason, whether their contracts were filled or not filled, or whether it was not possible to pay the bonuses which were promised. Therefore, it is contingent. One waits until the payment is made and then one deals with it accordingly.

Mr. Hawkes: Now we are getting to the nub of the objection. Professionals generally do not get paid until the task is completed. If they fail to complete, they receive nothing.

Mr. Fisher: They get write-offs, though.

Mr. Hawkes: Why is there a tax Bill which treats them as though they have earned income when they have not earned any income? How does a contingency contract differ from a normal contract concerning professional people who do not get paid until they have done the job?

Mr. Fisher: Mr. Chairman, the Hon. Member is quite right, but professionals have costs. While they have the potential of earning such income, they also incur costs, and that is part of what we are discussing here. If people are to have write-offs, then they must be treated in the appropriate fashion. For instance, it is not always possible, in my business, to make a sale which we anticipated. The only difference is that we are dealing with physical property, in my case, which might end up as being unsaleable, or professional services. In someone else's case, this might also be true, with their services or goods being unsaleable. However, each case is treated in the same manner.

Mr. Hawkes: Let us examine that logic. I have a small business and incur costs involved in purchasing gasoline to run a car, costs of buying my coffee, and other costs. After I sell my coffee, I must pay bills. I can see all kinds of legitimate costs. A professional person incurs direct costs, perhaps such as advertising, or time costs involved in travelling to different places.

I invest my time in the development of my business, and also dollars. In the coffee business, those are legitimate costs. Concerning a professional, are those legitimate costs, or are those legitimate investments in inventory? I suggest that the Government is attempting to make them investments in inventory.

Mr. Fisher: As I understand it, Mr. Chairman, direct costs are the factors that we are considering here, not the

individual's time, which is profit, in effect, on the arrangement, in the same way as the Hon. Member for Edmonton West, a little earlier, described a businessman's time as being his profit from his efforts.

Mr. Hawkes: Then, if I am in business for myself and have completed five hours of work, but the Government is forcing me to do the work in progress and put it into inventory, is the Parliamentary Secretary telling me that all I must declare is costs of heat, light, rent, water and transportation, and that I do not have to put my time into that inventory? Is this the tax department's interpretation?

Mr. Fisher: Again, I remind the Hon. Member that it is only the direct costs of the job. Our officials have indicated that if one is a sole proprietor and one has overhead costs, then those costs are not included here. They can be used in other ways in one's business operations. It concerns the direct costs of the project itself, the direct wages of business employees, the costs involved in the development of the project.

The Hon. Member indicates that he is concerned, for instance, about the costs of the proprietor, the professional or whoever. I remind him again that it is the profit in the situation, not part of the work in progress.

Mr. Hawkes: We know of a professional person who has been the subject of much discussion in the House. His name is Alastair Gillespie. On October 29 he signed a consortium agreement with several firms. It provided a retainer of $30,000 a year, $600 per diem, plus expenses. There were also provisions in that agreement for buy-outs. If he wanted to be bought out he would receive $250,000, and if his partners wanted him out he would receive $750,000.

If he is acting as a professional person, providing services to that consortium, explain to me the income situation relative to work in progress. What does he take into inventory? What does he pay tax on, and at what point?

Mr. Cosgrove: Mr. Chairman, I do not have enough information on the situation posed by the Hon. Member as a specific case, but rather, I suppose, as a hypothetical case. For example, I do not know whether Mr. Gillespie, in that situation, is the shareholder, the stockholder or a partner. We just do not have those kinds of facts. Mind you, I suppose we have had much time in which to look at the situation, inasmuch as the project and its details were announced in concert with the announcement made by the Premier of Nova Scotia some two years ago. I suppose that if we had been concerned about it, those details could have been made available to us today. However, I think it would be inappropriate for the Minister to respond to a question which becomes less of a hypothetical question and more of a specific example. If one substitutes the name of Mr. Gillespie for any other Canadian's name, then what the Hon. Member, in effect, is inviting officials and the Minister to do is to give free legal and tax advice on a specific case this afternoon, and we obviously cannot do that.

The Assistant Deputy Chairman: Order, the Hon. Member's time has expired.

Mr. Anguish: Mr. Chairman, I would just like to make one point of clarification. When the Minister was responding to the effects of Clause 3, he stated that this in no way applied to farmers and that the Government had no intention of applying it to farmers in the future. Now I am assuming that there are some cases, and if my assumption is wrong I hope that the Minister will be advised and will in turn let me know, where farmers and farming operations could be considered eligible for the small business tax. If they are eligible for the small business tax in some circumstances then, from what the Parliamentary Secretary has told me, they could quite well be included in the work in progress provision. The key here is whether or not farmers or farming operations are eligible for the small business tax. Could he provide me with that information?

• (1640)

Mr. Fisher: Mr. Chairman, the Hon. Member was asking us earlier how we drew the distinction between one set of professionals and the other, and I appreciated his question because it allowed us to say very clearly that the small business tax was in fact the device that we use to draw that line, and that these people who were exempted were people who had previously been named in the Act.

Now he has carried that question one step further. As I understand it, farmers are a completely separate category from professionals in the Act. They are cash-basis taxpayers who are entitled to a small business rate, but they are treated separately in the Act from professionals. They are not included in the same category, I am told.

Mr. Anguish: So the minister can give us his assurance then that when this Clause and the provisions of C-139 have been passed, if we assume that they are going to pass at some point in time, Revenue Canada will not bring in regulations to include farmers under the provisions of the work in progress, and they cannot do that under the present regulation, either.

Mr. Cosgrove: Mr. Chairman, I can confirm my earlier answer to the hon. gentleman. The answer is, yes, Revenue Canada would not do that. It is not the intention of the Government; it is not in the legislation; the Income Tax Act has dealt with farmers in a separate category, as the Parliamentary Secretary to the Minister has indicated. Yes, we are hopeful that the Bill will pass and, of course, the sooner the better because there are some 11 million taxpayers, families, who would benefit by refunds upon passage of this Act.

Mr. Gamble: Mr. Chairman, I am rather disturbed to hear the Minister suggest that the sooner we pass this piece of legislation the better, justifying that urging upon the House by the fact that there are some people who may be entitled to refunds. I would hope that the guide that might be used in this place is whether the legislation we are contemplating is good or bad for the country, whether it indeed lives up to its billing

as being fair, reasonable and equitable, whether it brings justice to the tax scene. With that in mind let me just draw to the attention of the Parliamentary Secretary, who has been dealing with this issue, the consequences of the application of the various Sections of the Act to which he has already made reference with respect to valuing work in progress. I think he will agree with me that if he analyses the circumstances of the present case in light of the proposed amendment, when we are dealing with the valuation of the work in progress of a professional of a kind that is not exempt from the provision of these amendments, the amount included in the inventory of that professional with respect to that work in progress is an amount representing the lower of costs or, in this case, the amount that can reasonably be expected to become receivable in respect thereof after the end of the year.

Would he not agree that that indeed will be the law if this section is passed?

Mr. Fisher: Yes, I agree with that, Mr. Chairman. The Member for Mississauga South and I had a long discussion about that. That certainly is my opinion.

Mr. Gamble: Mr. Chairman, I was here during that discussion and I was not left with the absolutely firm conviction that that was the interpretation that the Parliamentary Secretary has placed on Clause 3, amending as it does Subsection 10(4). If indeed that is the case, let me ask the Parliamentary Secretary whether the treatment of work in progress is the same for a manufacturing firm as it is for a profession. If it is not, does he not also share my concern that fair market value can, in many cases, be considerably lower than the amount that you expect to receive when the work is billed?

Mr. Fisher: Mr. Chairman, it is my understanding that inventory is inventory under this proposal, whether the inventory be a physical item or professional services. Therefore, the parallel that the Hon. Member has drawn is correct. I was not quite sure about what he was referring to, in setting the price tag for fair market value. I agree that prices will fluctuate up and down, but I am not sure what the consequences of that fact are, for his question. I would be grateful for clarification.

Mr. Gamble: Mr. Chairman, let me then pose the question in this fashion. Why has the Government found it necessary to treat work in progress of a profession in any fashion differently from the way it would treat work in progress for a small manufacturing undertaking? Why in fact do they not simply leave Subsection 10(1) to apply to the valuation of the work in progress of a professional? I can tell you, very simply, why they have decided that this would be inappropriate. It is because the work in progress of a professional, if it is to be valued at the lower of either cost or market will in fact be valued at nil.

What the Government has done, recognizing this obvious fact, is to decide it will create new rules for professionals. I cannot help but think that if you examine the new rules to determine what fair market value is, in the case of work in progress for professionals, it is an amount that can reasonably be expected to become receivable. There is no valuation process, be it fair or otherwise. It is what in the minds of the intended biller of those accounts he can receive after the end of the year.

I would suspect that what we will become involved in is a very acute examination of the financial status of the recipient of that intended account, whether at the end of the year the company that is to pay that bill is insolvent or has financial difficulties and what considerations the professional might bear in mind in the event that he wished to establish something in the case of a lower amount for that bill than he would otherwise send.

I fully appreciate that it is the lower of two items, the lower of the cost to the taxpayer professional or the reasonable amount that he might bill for it. I recognize that fully, and in some cases the cost may be the lower of the two and would save him the trouble. But I just listened to the explanation given by the Parliamentary Secretary with respect to what cost was, and it too troubles me. He has said that cost would only include direct cost for that project.

Mr. Chairman, if it includes only the direct costs for that project, what we now have is one horrendous burden of identifying each project for the architect, for instance, to which reference has been made, so that we can see the costs that are applicable to that project.

This is an undertaking which in the past has not been absolutely essential, clearly not essential at all. The Parliamentary Secretary has indicated that, in determining what these costs are, the costs in terms of the work of the proprietor are not to be included. If that is the case, I wonder how those comments in fact tie in with the assurance, or the threat I might suggest, of the Minister of State for Finance who, a short time ago, told us that it was appropriate in this process to value ideas. If he is valuing ideas to determine costs, where in heaven's name will this lead us? I would like both the Parliamentary Secretary and the Minister of State for Finance genuinely to give us some guidance as to what the rules are.

• (1650)

There is one other consideration that has to be borne in mind. Having listened to the Parliamentary Secretary and the Minister of State for Finance receiving some guidance from officials in the Department of Finance, I cannot help but think that this House is relying very substantially on officials for the kind of information we require. If indeed the cost is to be calculated exempting the work of the proprietor, let us have that kind of assurance included in the statute. If the overhead costs referred to by the Parliamentary Secretary are to be excluded in determining costs, then let those provisions be written into the statute.

It is small comfort to the taxpayers of this country who read the debates in the House and find that on a number of occasions these very issues later give rise to a costly appeal before the Tax Review Board or the Federal Court of Canada, especially when they look at the debates in *Hansard* and find that we have had assurance that what they are arguing about

would never occur. We know the courts pay absolutely no attention to what is said in this House, either by Members of the Opposition or by Members of the Government. The courts will interpret these Sections.

I am not convinced that any genuine assurance is given to this place upon which Members should rely that in determining costs they, the bureaucracy, are going to exclude overhead costs or a *tipro rata amount with respect thereto or costs representing the valuation of ideas, referred to by the Minister, in fixing the costs which are to be used for the purpose of determining the amount that is to be included in the income of professionals.

Mr. Fisher: Mr. Chairman, I appreciate the additional questions from the Hon. Member for York North who is giving us a chance to cover some important details in all of this.

First, I think that professionals keep dossiers or files on their costs. When I served in this kind of capacity, I did that. I know that my lawyer does it. We are talking here about people who normally, as a matter of business practice, do not have a great deal of difficulty defining the direct costs of a project for their own use or for tax use. In fact, it is probably the pattern that all professionals—architects, engineers and others—keep some kind of running tab of the exact costs or direct costs that they apply to a project.

On December 18, 1981 the then Minister of Finance said that in order to make it easier for professionals, he would only ask them to include such direct costs as a convenience for professionals because the professionals have their own accounting in this style, because they do keep track of their direct project costs. The broader picture he has described of overheads and so on is very often more contentious, and it is in fact harder to keep track of these overheads on a project by project basis. It was because of that and in order to facilitate this kind of accounting that we had that comment on December 18.

The Hon. Member made some reference to businesses becoming insolvent and, therefore, the values of the goods fluctuating. As I understand it, this law is written on the basis of businesses being an on-going affair. It is not written for occasions when businesses go bankrupt.

Mr. Gamble: Mr. Chairman, I noted the comments of the Parliamentary Secretary who indicated that the professions with which he has become familiar have followed a practice of accounting and maintaining a record of their costs. There is no doubt of that. The question here is whether the record maintenance is with respect to each individual project. I know that professionals keep a record of their intended billings, but there is no record maintained of the allocation of actual costs.

Let me give the Parliamentary Secretary an illustration. While dockets may be maintained by an architect with respect to those on his staff so that he may render an account to his client, to the best of my knowledge, as in the case of the practice of law, there is not a record maintained of the salaries paid to employees who may be professionals in the group working on the files, breaking that account down as between a number of files. It is precisely that kind of bookkeeping and accounting process which will become necessary under the circumstances.

The Parliamentary Secretary referred to those who practise law. Quite frankly, they are not the ones who are covered because of their exemption as a consequence of the provisions here. I know personally that the legal profession never did keep a record of the costs. They keep a record of the bills. They keep a record of the charges that apply to a particular client with respect to a particular project, but not a *pro rata* share of salaried solicitors in a firm who are allocated to that particular file. I know of no professional who hitherto has been obliged to maintain that kind of record with respect to the project now to be undertaken. I would like the comments of the Parliamentary Secretary with respect to that.

Mr. Fisher: Mr. Chairman, I can only repeat what I said earlier. Professionals generally do have very good records for their very own use. We are attempting to tie in our requirements to existing record-keeping habits. We are not anxious to force people into keeping brand new records.

The Hon. Member for Mississauga South will recall the heated discussion we had in the Finance Committee about lawyers and the difficulties they would have in this regard. It was precisely because of this argument that we were somewhat sympathetic to their case. We felt that they would indeed be in a situation where they would have to go through unproductive paper work and unproductive activity, to determine costs for the sake of tax.

We were also told very clearly that it is a professional practice to keep costs and to keep some idea of expenses for the sake of billing. When the law is devised, we can say with some confidence that we believe that professions like computer companies and so on can figure out their direct costs for a specific project for the sake of this provision.

Mr. Gamble: Mr. Chairman, can the Parliamentary Secretary indicate whether he has any evidence that firms of architects maintain a specific list of salary allocations among various client accounts, salary allocations with respect to employees of that firm who are working on a client's project?

• (1700)

Mr. Fisher: Mr. Chairman, I refer the Hon. Member to the suggestions in the Finance Committee from representatives of the Canadian Institution for Chartered Accountants who at that point indicated what they would consider to be reasonable accounting practices.

Mr. Gamble: I would have hoped, with a view to informing this House of a serious obligation which, I suggest, is going to be imposed on a group of professionals, that the Parliamentary Secretary would have simply given us a yes or no. I accept that response as an answer in the negative, and I seriously doubt that we will ever get an answer in the affirmative, because professionals do not allocate direct costs among client files.

What they do, obviously, and I indicated this before, is to maintain a list of charges to client files but not in fact costs.

May I inquire of the Parliamentary Secretary whether, in light of the recognized generation of tax in but a single initial period—I know the increased taxes are going to be split over a couple of years—there is any genuinely long-term benefit in maintaining taxpayers in the professions on this complicated burdensome route?

Mr. Fisher: I wonder if the Hon. Member would be so kind as to repeat his last question. I understood his explanation a little, but I wonder if he would give us the question again?

Mr. Gamble: Let me say, by way of background, that we know, from an accounting standpoint that income is equal to the sales, minus the cost of sales. Cost of sales are generally defined as including an opening inventory, plus additions during the year, minus a closing inventory. As a consequence of adopting that formula taxwise to these circumstances, we become involved in the process of valuing inventory and involved in the process of determining what work in progress is and how to value it. We also know that until now, and until this Bill has been dealt with, it has not been the obligation of professionals, or fishermen, to include in income an item which would be part of the inventory or the work in progress. It has only been necessary to include items in income which have been billed, whether or not they are ever received. Having regard to the fact that this changeover of systems will have but a brief temporary effect, an initial injection of revenue, does the Parliamentary Secretary genuinely believe, under those circumstances—since there will be no continuing source of revenue as such—that it is appropriate to burden the professional community with this kind of arrangement?

Mr. Fisher: Mr. Chairman, that is a very important question. It is one we have been struggling with all day. In fact, my answer to that directly is, yes, I believe the taxation measure is worth-while and it is a good idea. I remind the Hon. Member that we are dealing here with many professionals who are only newly classified as professionals, either because their profession did not exist previously or because, as a result of some court ruling, they have been able to get themselves classified as professionals. There has been, for example, some behaviour in this respect in the computer industry. In those circumstances, many of these people did in fact go through the inventory process previously, and we are now trying to put them back on that footing. We believe that we are dealing with people who have some experience and understanding of this tax measure. At the same time, to turn that coin over, it was because the measure would not have been productive, would not have had a long-term benefit and would have had disruptive costs, that we did exempt some professionals. Also, I would remind the Hon. Member that the people involved here are people who have access to the small business tax rate, whereas the people who are exempted were not given that tax rate.

The Hon. Member has asked me, and I appreciate the question, whether the tax would be productive in the long run. My answer is that it will not be disruptive in the way he has described. The people who would have been hurt have been exempted. The people for whom it would have been a brand new experience, an unproductive administrative experience, such as lawyers, have been excluded from this provision. Equally, the people for whom it would have been inequitable in a tax sense have been excluded, whereas those who are able to take advantage of the small business rate are now being, in effect, treated like all small businesses and their work in progress is viewed as their inventory instead of some physical goods. Therefore, those who get the small business rate are being treated like other small businesses. The Hon. Member should turn his mind to the fact that we are not looking here at these people solely as taxpayers. There are other taxpayers in Canada, small businesses, large businesses and unincorporated people, who have to pay the freight for those who receive the exemptions. Therefore, we must be able to go to those taxpayers and justify such exemptions. For example, how do we define some professionals' work in progress? Is it different from a small business inventory? I will tell the Hon. Member quite directly that if he reviews the records of meetings of the Finance Committee, he will see there my concern which I voiced as a taxpayer precisely about that point. How could I, as a small businessman, dealing with a physical inventory be expected to pay extra tax because a professional who has work in progress in inventory is being excluded? I queried all kinds of people about that. I asked lawyers and the accountants who came in. I kept on repeating this question with all of them. Why would a small businessman, dealing with physical goods, have to pay more because a professional dealing with a service pays less? Where is the equity in that? I was able to satisfy myself with the case of lawyers and doctors, and it was tough. But I was converted. It was not a question of my being convinced in the beginning. As the record will show, and the Hon. Member will see, I was converted. I could see that some professionals would be subjected unfairly to too much paperwork, which was unproductive, and also because they are not paying the same rate of tax that I am in the beginning. I hope those specifics will help the Hon. Member to understand at least my perspective on the tax.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Corbin): Order, please. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Central Nova (Mr. MacKay)—Science and Technology—Government contribution to International Institute of Applied Systems Analysis, (b) reported use of data banks by Soviet delegates; the Hon. Member for Halifax West (Mr. Crosby)—Nuclear Energy—

Future of heavy water plants in Nova Scotia, (b) use of coal to produce oil; the Hon. Member for Kootenay West (Mr. Kristiansen)—Unemployment Insurance Commission—Delay in making payments under work programs in British Columbia, (b) request that Minister make personal investigation.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration in Committee of Bill C-139, to amend the Income Tax Act (No. 2)—Mr. Lalonde—Mr. Corbin in the Chair.

On Clause 3—*Fair Market Value*

On Clause 16—*Professional Business*

Mr. Blenkarn: Mr. Chairman, the question to be determined here with respect to Section 10 of the Act is, what is the cost of the work? Subsection (4) as it appears in Clause 3 determines what the fair market value is. Now we want to know what the cost is. The Hon. Member for Mississauga North suggested that it was a new profession to those people who look after marriage arranging or setting up a marriage. I put this question to him: suppose he goes into that business—which probably he would be very good at—but he does not have any marriages coming up until 1984; suppose that during 1983 he spends a great deal of money setting up a plush office with fancy phones and has a series of expenses, enormous expenses. Those expenses could be deducted from his other income, his investment income, for example. Would those expenses represent his cost of the work, because he does not bill anything until 1984? All those expenses, the cost of the work, are they his costs? Presumably, what he has led us to believe so far is that it is only direct costs. Where do direct costs end and ordinary overhead costs start? What are costs? Is he not now required, if he takes the position that the professional is obligated to pay tax on the lesser of costs or fair market value, to have the Section further amended to define what is a professional cost with reference to the work? If he does not further define it, are we not in a position where we put the professional to an enormous amount of bookkeeping to determine the *pro rata* of overhead expenses which has reference to the unbuilt or uncompleted work?

• (1710)

Mr. Fisher: Mr. Chairman, in the case of a hypothetical marriage counsellor who is not able to find anybody to counsel but who still has expenses, I understand this individual would have a variety of different expenses but they would not directly relate to work in progress. The professional would consider work in progress usually to be the wages of someone hired to work on a specific project.

Mr. Blenkarn: Mr. Chairman, in the case of a manufacturer, when he determines what the cost of his work in progress is, why does he, in the normal accrual sense, put in an amount for his light, heat, water, general overhead and that type of thing? Why would he do it but a professional not be required to do that? If you are going to try to treat the cost of a professional as only his out-of-pocket expense specific to a file or retainer, how can you treat him any differently from a manufacturer? If the representation you intend to make in that regard is the same representation as the Minister made in the House on December 18, 1981, why would you not now add a further provision to determine what the cost is with reference to professionals since you have determined what their market value is with regard to professionals?

Mr. Fisher: Mr. Chairman, the Hon. Member has asked me basically two questions. He has asked about specific details involving the definition of cost for professionals in comparison with manufacturers. He has asked a policy question about why we do not include costs in the legislation. I will defer to the Minister of State for Finance for the second part of that question.

On the first part, I understand that manufacturers have costing systems set up which would allow them to incorporate a certain portion of overhead into the value of a good. Most manufacturers, if they are worried about their overhead, will include it in the price of every good. There is nothing in the provisions that would prevent a professional from doing that if he wanted to set up some formula which would allow him to consider overhead on some direct basis. I would remind the Hon. Member of the alternative to that, the example used by the Hon. Member for York North who indicated that somebody might spend $10 on a piece of paper to draw up some architectural plans and have $3,000 worth of time. Therefore, the fair market value might be $3,010, but the taxpayer would have the advantage of charging off only $10 as work in progress, and would wait until he gets to the point of selling the project to earn the income. I would suggest to the Hon. Member of Mississauga South that if manufacturers choose to set up some factor for overhead to be included in the cost of inventory, then so can professionals. On the other hand, they might find it advantageous to just keep track of their cost and use that.

Mr. Blenkarn: Mr. Chairman, perhaps before we have the answer from the Minister I could put one situation to him. A young man goes into architecture, not one of the favoured professions. He does not incorporate because he cannot incorporate. He proceeds to do work on an important building, but he cannot bill that work until the following year.

Mr. Fisher: No employees?

Mr. Blenkarn: He has no employees. Is the value of his work in progress the lower of his costs or realizable value? If it is the lower of his costs or realizable value, is his cost not the cost of his telephone, his office space, his automobile, his paper and his secretary? Is that not his cost? If that is his cost, and it is

the intention of the Government to make that his cost, will the Government be introducing an amendment to so provide for that? In other words, will the Government introduce an amendment to define what is the cost when we are determining what is the lower of the cost or value, just as we have been determining what is fair market value with respect to value?

Mr. Cosgrove: Mr. Chairman, the officials advise me that, flowing from the examples and discussions between the Parliamentary Secretary and the Hon. Member for Mississauga South, the architect under those circumstances has a choice between the two. It could be zero. No wages, no employees. It could be the example he uses as cost.

Mr. Blenkarn: He does not have a choice.

Mr. Cosgrove: I do not think the item is a matter of policy, I think it is a matter of application of the sections of the Act presently existing, and the amendment which is before us, which the Parliamentary Secretary has already indicated, is taken in conjunction and presently provides the architect, or who ever under the circumstances, a choice to submit his returns on the basis of the existing legislation, assisted by the statements of the Minister of Finance on December 18, 1981.

Mr. Blenkarn: Mr. Chairman, the Minister in his statement in December, if I understand it correctly, said that the professionals would only have to account for the actual wages paid to people specifically working on the project. The case I have put to him was not just wages; it was all overhead costs. They are in fact his costs. If that is the intention of the Government, then I point out that what it is attempting to do is to tax professionals not on what they have earned—because they have not earned anything at that moment—but on what they hope to earn or what their costs are. Whoever taxed a person through an Income Tax Act on the basis of what it costs the individual to do business? Normally you deduct costs; here you want to tax the costs. When you want to tax the costs, that is exactly what you should do. If you were going to have a definition of what is fair market value for a professional, which means what he can reasonably expect to become a receivable, why would you not also have a definition of costs for a professional in line with what the Minister said in December 1981?

• (1720)

Mr. Fisher: Mr. Chairman I appreciate the comments of the Hon. Member for Mississauga South. I would remind him of our discussions in the Finance Committee when he said that normal business costs are not taxed, they are deductible. I urge him to review the discussion in that Committee and also all the provisions that one normally applies to inventory. As he knows, inventory does not quite match the definition he has given. I urge him to see that what we are talking about is inventory, the definition of inventory and the definition of costs to generate that inventory.

We have tried to indicate to the Hon. Member that it is an option for the professional. If the professional has a direct cost involved in the generation of that inventory, then the professional can write off that cost, or, as we have just said, if the professional wants to broaden that and include other costs, he can.

We went over all this in the Parliamentary Committee, talking about the parallels between physical inventory and work in progress inventory. The parallels are exact. I draw to the Hon. Member's attention the comments I made about equity and about small businesses. I discussed the same matter with the Hon. Member for York North. We have been over this ground a few times already.

Mr. Blenkarn: Mr. Chairman, I do not want to be repetitive, but apparently the Government is not prepared to accept the position taken by the Parliamentary Committee that professional work in progress would not be taxed. The Parliamentary Committee held that if professional work in progress is to be taxed in a similar manner to other businesses, then, some noted, the 3 per cent inventory allowance conferred on other businesses should be applied to the professional.

I wonder if, on the basis of the Committee report, the Parliamentary Secretary will be introducing a further amendment to the Act to lessen the burden on the taxpayer, so that he will not need a further Ways and Means motion to add for professionals who are now to be taxed on their inventory—this is defined as inventory. Will they be given a 3 per cent inventory allowance?

Mr. Fisher: I would remind the Hon. Member that the report he is quoting from was intended to be a discussion of the various viewpoints put forward. That recommendation for a 3 per cent inventory allowance was by no means a unanimous opinion, any more than it is a unanimous opinion now. The 3 per cent inventory allowance that is in the law now is intended specifically for tangible property, not intangible property.

I do not think we could say that the Parliamentary Committee was unanimous in its report that this should be allowed under this provision. In fact, I think the division of views between us now probably reflects accurately the division of views in the Committee.

Mr. Blenkarn: If that is the case, the argument in favour of taxing professionals on their work in progress has been argued on the basis of fairness and equity. We are now in the position where apparently fairness and equity do not apply because the receivable is an intangible inventory and should not have the inventory allowance.

Do we have a situation where it is heads the Government wins and tails the taxpayer loses? Is that the fairness and equity that we are getting with all this bafflegab about taxing the professional who is operating an unincorporated business on his work in progress? He is not being given the same advantage as a manufacturer or retailer. Why will the Government not give him the same advantage? Why is it being so unfair?

Mr. Fisher: Mr. Chairman, we went into this in some depth in the Parliamentary Committee. I would urge the Hon. Member to come up with some new information. He knows that real estate and securities, for example, are not given the 3 per cent inventory allowance. He also knows that the 3 per cent inventory allowance was intended to help manufacturers who have problems with inflation. It was not intended to be used as a parallel with intangibles like work in progress or real estate and securities.

Mr. Hawkes: Mr. Chairman, in my previous round, we dealt with two or three situations. We have with us today a Minister of the Crown, a Parliamentary Secretary and two major officials from the Department of Finance. Given concrete examples, they could not tell us how this tax law would apply. I suggest that there are a lot of situations where it would be difficult for this group to tell us how it would apply. In my opinion, that is clear evidence that the law should be rewritten.

After the last hour or hour and a half of questions may I ask if the Minister is now persuaded that we have a piece of legislation which Canadians do not understand, which departmental officials cannot understand, and which the Minister himself cannot understand? If no one can understand it, will the Minister undertake to stand the Clause and come back with a rewrite?

Mr. Cosgrove: Mr. Chairman, I made notes of the questions raised by the Hon. Member for Calgary West this afternoon. He posed five specific questions. It took four of them to get him to the fifth, which was the only one germane to the Clause of the Bill under consideration. The examples he used were not of work in progress but examples of contracts or business arrangements between people. The Parliamentary Secretary, advised by the officials, indicated that these did not fall under this Section.

I think the Hon. Member is either unfair or he does not recall well the answer given to him. If he would read the "blues" to check the answers, I think he will find that as he introduced the five examples, he even said that. In other words, he admitted himself that "fine, I have asked more questions that are not on point and do not have to do with work in progress, but my fifth example to the Minister and to the Parliamentary Secretary must surely be one that comes under the sanction". Then I believe the Parliamentary Secretary satisfied the Hon. Member's fifth example. I thought that he had done it to the satisfaction of the Hon. Member.

• (1730)

I invite Hon. Members who did not have the advantage of hearing that exchange between the Hon. Member for Calgary West and the Parliamentary Secretary to refer to the "blues". On this item the exercise or exchange was a valuable one because the Hon. Member referred to specific examples. He did not talk hypothetically, with the exception of the last case in which he was being, I may say charitably, a little mischievous. With the exception of that last item, there were specific questions. We were able to look at the specific questions. We were able to put them against Clause 3 dealing with work in progress and they did not apply. I invite Hon. Members to take a look at that exchange. Also I invite the Hon. Member to check the "blues" because I thought the exchange was very valuable. I thought it would be useful, not only to him but to other Members or people looking for some assistance in the interpretation of Clause 3.

Mr. Hawkes: Let us test the Minister's thesis. I will return to one of my examples and just change it slightly. I am a professional. I have a professional business. I normally charge $40 per hour for my services. I have done five hours' worth of work in this taxation year. It is part of a longer term project. Now, what do I have to take into inventory? What are the types of costs, exactly, which I have to include in the inventory?

Mr. Cosgrove: Mr. Chairman, in responding to the Hon. Member, he has really turned the clock back an hour and a half. He began with that very question. It was his second example this afternoon. He began with that question, and we had to rise and ask, "What were the specifics of the contract?" We had to ask him whether there were other conditions of the contract to assist us in answering the question. We went through that route. We have answered that question. With respect, I think the Hon. Member does not advance an understanding of the Clause by repeating the process and having to lead up, by questions and answers, to the question he really wants to ask.

Mr. Hawkes: If the Minister checks the "blues", he will see that I have not asked that question.

Mr. Fisher: Yes, you have.

Mr. Hawkes: No. I was a professional who employed somebody who was paid $20 per hour, and they did the work. That was the way I first asked the question. Now I am the professional. I have done the five hours' worth of work and I have not billed for it because it is part of a longer-term project. I normally bill my own services out of $40 per hour. What do I take into inventory? What are the factors which I have to take into inventory?

Mr. Fisher: Mr. Chairman, as the Hon. Member must know after the debate this afternoon, he has choices as to what he can take into inventory. He can assess some costs, as we discussed with the Hon. Member for Mississauga South, as we also discussed with the Hon. Member for York North, and as we will apparently discuss with him. The businessman or the professional would choose his method of assigning costs to that project.

We have indicated that we are trying to facilitate professionals by allowing them to assign direct costs because we believe that that is the approach most commonly found among professionals for their billing practices, and therefore it might be a very easy approach for them to follow for their tax

practices. We had an earlier discussion comparing manufacturers and professionals, wherein it was indicated that professionals could allocate some formula per project for their general overhead costs.

Mr. Hawkes: Let me contrast two firms. Over here we have a one-person firm with a professional. Over there we have a professional plus an employee. In the one case, the professional does the five hours' worth of work. In the other case, the employee does the five hours' worth of work. It seems to me, from what you have told us earlier, that the single-professional firm can cost his time at zero and simply take into inventory the overhead costs, a proportion of those which are relative to the work. But in the second case, that of the two-person firm, that person has to take the overhead costs, plus the wages of the employee. They have both done the same work, but the tax position for the two-person firm is a lot more expensive than for the one-person firm. Is that the Liberal idea of justice?

Mr. Fisher: Again I would like to remind the Hon. Member of the many, many examples which we have had this afternoon along this very route. The individual who has an employee has a direct cost which can be applied against the project. The person involved in the project, the professional, will have to define the value of the inventory as either the lower of the costs or the fair market value. Then, when the project is completed and the billing is finished, the individual who has the one employee has a higher deduction which he can put against income than the professional. The professional will have to bill the full time as profit, whereas the two-person company will have a salary which will be used as a deduction. There is an offsetting deduction against the cost. It is not a question of being unfair to the individuals.

Mr. Hawkes: I guess that when you serve in Parliament for quite a while you lose track of the real world. Out there in the real world firms compete with each other, and if you are a better competitor than the person on the other side, you might get the business and the other person does not. When you take tax law and you give a bonus to some firms and punish other firms, you are distorting the marketplace. My question is really a very simple one. Are you or are you not granting bonuses through this system, potentially through the tax system, to single-member firms and putting at a disadvantage those with two or more employees? Is that not the impact of your taxation?

Mr. Fisher: No, Mr. Chairman.

Mr. Hawkes: I appreciate the assertion, but can you tell me how you are not?

Mr. Fisher: We have gone over it again, and again we repeat for the benefit of the Hon. Member that you deduct your costs when you sell the goods.

Mr. Hawkes: If I have a small business, I start with an opening inventory of tangible goods. I add to that the costs associated with the purchase of replacement goods or new goods. From that, I substract the actual purchase value of those goods which remain in my warehouse. From that, I have some which is left over, which is the value of my inventory. Tell me what I must put in each of those three parts of that formula, under this tax Bill.

• (1740)

Mr. Fisher: I could ask the same question concerning almost any business. Is there an advantage which is being artificially created here? I must apologize to the Hon. Member. I feel that I am somehow missing his point. However, I know that in my own business, physical inventory is treated in this fashion. I do not suffer a competitive disadvantage with regard to someone who has a different structure. The inventory is created. The value of that inventory is added to my tax bill. The very next day, in effect, it is taken off my tax bill as a deduction. The whole inventory rolls over from year to year. There are some years in my business when I have a more valuable asset added on, and then if I sell it or if I go out at the end of the year, I reduce my tax bill. However, I am not at a competitive disadvantage.

I must apologize to the Hon. Member. I do not know if I have been in Parliament for too long or simply if I am confused, but I do not understand how it is possible for us to have this competitive disadvantage.

Mr. Hawkes: Out there in the marketplace, if I buy a number of boxes of coffee from someone else, I am given an invoice and the price I pay is set out. What the Government is inviting me to do, through this piece of legislation, is to estimate cost for inventory. It is not set out by someone else, who sold to me. The Government is saying to a single individual or to a collection of two or three or five, "Invent your inventory costs". Then someone, some policeman out there, must decide whether it was done correctly.

The legislation is not the least bit helpful in telling me how to value my inventory at cost. There is not a single word which tells me what I must do. If I am faced with that situation, then how do I appeal to a tax board? If the law is silent, and an official says that I did it wrong, then a cost has been immediately added to my business because I must appeal or suffer a penalty. How can I appeal when the law is silent?

Mr. Fisher: Mr. Chairman, again, I am sort of forced to go back to the bedrock of my own experience. Nothing in the statute has told me how to value my physical inventory, yet somehow, between myself and my accountant, I have been able to do it, and to come up, on an annual basis, with the lower of costs or fair market value for physical inventory. I would hope that we could have the same happy circumstance with professionals.

The Minister has indicated a reply to this line of thought earlier, in his discussion with the Hon. Member for Mississauga South. I would only want to add to the Minister's reply by saying that the Hon. Member for Calgary West is not asking for greater clarification. If we were to follow his line of reasoning here, we would be adding even more complexities to the law. He would want us to add more Clauses, more definitions, more complexities—

Mr. McDermid: Just wipe out the whole thing.

Mr. Fisher: —yet in proven business practice, we have been able to find that it is not necessary elsewhere, where the circumstances are far more complex and where the range of services and goods is far broader.

Mr. Hawkes: I simply cannot imagine sitting down with my accountant tomorrow, faced with the problem involving work I had in progress last December, and trying to value it on a cost basis. Generally, tangible goods which are purchased in total or in part for inventory are purchased from others. For the most part, the costs become readily apparent from someone else's invoices. However, the Government is trying to set up a system which I believe would be a bureaucratic nightmare.

In every city in this country, a local official from the tax department will have almost unlimited discretion to say, "You did it right", or "You did it wrong", and the taxpayers out there will have no idea as to what it is they are supposed to do. Where is the historical experience which would enable people to estimate what should go into their inventories? Where has that been evident in our system?

Mr. Fisher: We could go over this matter again and again. I just remind the Hon. Member that all we are doing here is deferring the deduction of costs to the time when income is earned. It is a basic accounting principle. Although I am not an accountant, I am told that these are practices which have been followed over the past century.

I know from my own experience with my own business that these practices have been followed at least over the last decade, because that is how long I have been going through this. As far as costs are concerned, I think that if the Hon. Member has a hard time defining costs, then he would not be well advised to get into a business because, sooner or later, he will run into a cost somewhere and he might not be able to recognize it.

Mr. Blenkarn: Mr. Chairman, I move:

That Bill C-139, an Act to amend the statute law relating to income tax (No. 2) be amended in Clause 3 by adding, immediately after line 33 at page 6, the following new sub-section:

"4.(1) For the purpose of sub-section 1, the cost of the property, that is, the work in progress at the end of the taxation year of a business, means those costs which are directly related to a specific work in progress of the professional but excludes (a) any cost associated with the time incurred by the professional or any other non-employed professional associated with him and (b) any costs associated with the general overhead of carrying on the business which is a profession.

Mr. Fisher: That is not complex, eh?

Mr. Cullen: Author!

Mr. Fisher: What's "overhead"? Let us have a body of law on that.

Mr. Cosgrove: I rise on a point of order. I would draw to the Chair's attention the argument introduced by the House Leader for the Opposition, the first point made in the proceedings this morning. He indicated that any provision of the legislation, which is the Bill, must follow the Ways and Means motion. I disagree that the examples raised in argument dealing with amendments to Section 1 and Section 109 earlier were examples or fit that criterion. In other words, we argued that the provisions of the Bill did fit the notice of motion as tabled. I would ask Your Honour to find that you are faced with the same problem concerning the motion of the Hon. Member for Mississauga South. The Hon. Member is attempting to introduce a provision by way of amendment to the Section. I do not want to discuss its merits or argue the case, but the amendment clearly does not follow the provisions of the Ways and Means motion before the House.

• (1750)

In as much as the Chair has reserved on the argument proposed by the Opposition, I would urge that the Chair must consider whether in fact it can proceed with the motion if it violates our rules for the same very reason put forward by the House Leader for the Opposition earlier in the day.

Mr. Lambert: Mr. Chairman, on that particular point it would be very instructive if the Minister of State for Finance brushed up on his precedents with regard to the nature of amendments at this point in Committee of the Whole. May I point out to him that it has been long established that it is within the competence of any Member to move to either reduce or restrict a tax proposal. No private Member may increase the incidence of the tax, but at any stage in Committee of the Whole an Hon. Member of the Opposition, or even on the Government side, and we would welcome them from the Government side, could move to limit the incidence of a tax or reduce it. This is well within the competence of a Member. Those limitations do not have to follow the strictures of the Ways and Means motion.

The Minister again has missed the point, which is that the Government is bound by the Ways and Means motion in the nature of the Bill it brings in. Subsequently the Government may bring in motions to amend, particularly to reduce the incidence of the tax or to clarify the tax.

Mr. Blenkarn: Mr. Chairman, on the point of order raised by the Minister, the particular amendment introduced by myself and seconded by the Member for Brampton-Georgetown is an amendment that just defines what is cost. In fact, it comes within the statement by the Minister in the House on December 18, 1981. It is, as pointed out by the Member for Edmonton West, a relieving matter, but even so, if anything, perhaps it reduces the tax. It certainly does not extend the tax, and therefore the amendment is perfectly in order.

The argument put forward by the Member for Simcoe North with respect to Clause 1, which of course is still under the consideration of the Chair, was that the Government was attempting without a Ways and Means motion to introduce two additional forms of taxation that were not included in any Ways and Means motion. Here we have an amendment that defines more precisely and indeed reduces the scope of the tax imposed or alleged to be imposed in the Ways and Means motion and therefore is perfectly acceptable, whereas in the other case there was an attempt by the Government to impose

taxes that are not authorized in the Ways and Means motion under the instruction from the Crown.

On that basis, I suggest that the motion is in order, and can be put.

Mr. Cosgrove: Mr. Chairman, on the same point of order, with the greatest respect, you are in the position of having to determine, on the basis of the motion before you, even using the test put forward by the Member for Mississauga South, whether the impact of the amendment is to reduce or restrict. Is it a relieving matter, or does it contravene the rule that it is not admissible because it would increase the tax?

The Hon. Member for Mississauga South has indicated that it would offend. If the motion offends by increasing the cost and increasing taxation then, by his own words, it is not admissible as an amendment. That was the rule that he said the Chair must apply.

My submission, Mr. Chairman, is that you are in the position that you are going to have to interpret the amendment and take a look at that. I argue that the effect on some firms and some professionals of the adoption of the resolution by way of the amendment of the Hon. Member would have the result of increasing the cost to the professional. The point I began with is that the Chair, earlier this morning, faced with this kind of argument reserved the issue of whether amendments could be introduced for consideration, because it involves the argument of whether such an amendment, number one, increases and, number two, offends because it introduces a matter that is not in the Bill which is not in accordance with the Ways and Means motion introduced in December.

The gist of my submission is that the Chair, with respect, I think must consider this matter and reserve this matter unto itself, just as it did on the submission made by the House Leader of the Opposition earlier today.

Mr. Hawkes: Mr. Chairman, on the same point of order, I tried to listen carefully to the Hon. Minister. I think he talked about individual taxpayers. I think the point at issue in relation to an amendment should be whether or not Government revenue is increased or decreased, in total.

Could the Minister indicate to us his understanding of that amendment and whether or not he believes the force of that amendment would be to either increase or decrease Government revenue in total, as a test of what he knows about the legislation.

Mr. Fisher: Mr. Chairman, I would like to give one example to back up the point of order raised by the Minister. You heard earlier in the afternoon the Member for York North indicate that direct cost to a professional could in fact be as low as $10 or, in other examples here, we heard them being described as as low as zero.

If we were to allow those same professionals to charge off their overhead, their tax obligations would differ here. Obviously, when you have that kind of a circumstance in this motion, it is going to add extra tax burden to some people and take a tax burden away from other people. This is because it creates inflexibility around the very question of overhead and what the definition is and whether those who would be able to have it would pay more and others who would not be able to have it would pay less.

So I agree with the point made by the Minister. The motion is totally inappropriate because it adds extra expense and inflexibility and extra burden for some taxpayers.

Mr. Blenkarn: Mr. Chairman, on the same point of order, the Minister has suggested that the matter be deferred for your consideration, as to whether the amendment increases the burden on the taxpayer or in fact decreases the burden. It is obviously our submission that it decreases the burden. It was our hope to complete this matter, but I suggest, in view of the Minister's suggestion, that the Chair consider the matter. The Chair will have until Tuesday to do that, presumably, if we start again on this Bill on Tuesday. I suggest that the Chair take until Tuesday to consider the amendment and that we then would be able to proceed, I think relatively quickly, with considering the balance of Clause 3 and Clause 16.

Before six o'clock, and just for a moment, may I ask the Minister if he will be introducing the amendment that would protect notaries, or is he going to leave those out, and when will he be introducing his amendments so that—

The Assistant Deputy Chairman: Order. The Hon. Member is introducing a totally new element in the debate on the point of order.

I thank Hon. Members for their comments. It has been suggested that the Chair take the amendment under advisement. The Chair will do that.

Progress reported.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

SCIENCE AND TECHNOLOGY—GOVERNMENT CONTRIBUTION TO INTERNATIONAL INSTITUTE OF APPLIED SYSTEMS ANALYSIS. (B) REPORTED USE OF DATA BANKS BY SOVIET DELEGATES

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, on February 11 the Minister of State for Science and Technology (Mr. Johnston) in reply to my inquiry promised to review the results produced to date by the International Institute of Applied Systems Analysis. On the same occasion the Solicitor General (Mr. Kaplan) made a commitment to look into the security aspects of this international organization. I am still awaiting the results flowing from these promises. In the meantime, I would like to put on record a few facts about the

Canadian participation which costs the taxpayers of this country $400,000 annually.

To start with, the Systems Analysis approach to global problem-solving is increasingly decried as a passing fad, or worse, as an intellectual fraud committed by bureaucrats of participating countries. It is for this reason that the venerable Royal Society of the United Kingdom recommended an end to British participation in this venture. In fact, the British Government stopped financial support by the end of last year.

The United States also withdrew financial support from the institute. Americans decided that their money could be spent elsewhere and that the technological benefits gained by the Soviets at the institute outweighed those obtained by the West. In fact, the Americans realized that under the guise of international co-operation, the Soviets are using the institute as a vehicle for access to Western scientists, technology and data banks without providing anything valuable in return.

The Soviets over the last decade or so succeeded in acquiring the most advanced Western technology by using, in part, their technological and scientific agreements with the West, thus supplementing their clandestine purchases of Western equipment and know-how.

Together with Austria and Switzerland, Canada seems to have become, unwittingly or otherwise, one of the most frequently used Soviet intermediaries in transferring American and Western technological innovations to the Soviets. I am not going to cite the well-known examples in this respect which occurred in the recent past. I am going to mention two lesser-known ones.

I would like to call the Government's attention, for example, to the trans-shipment from Detroit via an Ontario firm of a complete car assembly technology capability to the Lada, factory in Soviet Russia. The other involves a Canadian manufacturing company in Montreal named Velan Engineering which exports high-pressure valves to Russia, Czechoslovakia and Hungary. The latter case involves components which are almost exclusively used in rocketry and the nuclear industry. Believe it or not, it appears to be a quite legal undertaking, given that over the years these particular exports were backed up by many millions of dollars from the coffers of the federal Export Development Corporation.

It seems that Canada is one of the best examples of the old Communist doctrine that Western capitalistic countries will sell Communists whatever they need to succeed. In the Velan case, for a few million dollars we weaken and jeopardize our future as a free society. Interestingly enough Mr. Velan, as he calls himself, appears to have the background of a refugee from a worker's paradise in Eastern Europe, I believe Czechoslovakia. Suffering perhaps from pangs of conscience at the time of the Soviet invasion of Afghanistan, he was quoted in the Montreal press to the effect that he was curtailing his dealings with the Soviet Union, but an examination of his record indicates that the business was merely shifted to Hungary and Czechoslovakia.

In the IASSA matter, we are giving the Soviets not only access to our technology, but also an annual bonus for the upkeep of this institution, whatever it should be called, of about $400,000.

The Canadian representative who appears to be a catalyst here is Dr. Michael Kirby whose expertise runs the gamut from railways to fish. Nonetheless, I would urge some of the more responsible and sensible Cabinet Ministers opposite, such as the Minister of State for Science and Technology, to reassess this whole affair and ask himself whether this is really a better use of our resources at a time when every dollar that we need for Research and Development could be better used here in this country.

• (1805)

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Mr. Speaker, I am indeed pleased to be able to respond to the Hon. Member for Central Nova (Mr. MacKay).

Let us examine first of all the reason why the United States has withdrawn from this organization. They have cited budgetary reasons, and I believe that factors relating to the cold war might have also been a part of that influence. But what has happened in the United States? The official role of the Government has been assumed by the American Academy of Arts and Sciences, and this Academy is being supported by industry, foundations and private sources, thus the continuing participation of the United States in these exchanges is assured. In the United Kingdom, the Royal Society has withdrawn, but there is, nevertheless, a body of support within that country for continued types of exchanges of know-how and technology, and we have a feeling that perhaps this official relationship is going to be maintained between the United Kingdom and the Organization through the Fellowship of Engineering.

As to Canada's relationship, we joined in 1972, and the question is, can we as Canadians, a technology-hungry country attempting to compete on world markets, do this in isolation? I believe we have to be forward looking and resourceful in bringing new ideas to Canadian production, to Canadian manufacturing, new Research and Development and new know-how to Canadians, in order that we can compete in world markets. Many other countries in the past have benefited from exchanges. They have adopted the highest technologies they have found in the West, and they are now outcompeting with us in world markets. That is the opportunity we have by participating in organizations which offer Canadian scientists and engineers the opportunity to learn what is going on in other parts of the world.

Let us not condemn these initiatives on the basis of smear and innuendo. I do not believe this should be a basis for attacking someone who has been working assiduously to come to grips with the very difficult question of the fisheries, which affects the Hon. Member's riding very closely. I believe, Mr. Speaker, that Canadians from all walks of life should be more

outward looking in trying to find out the best of what is happening in every type of industrialized region of the world.

NUCLEAR ENERGY—FUTURE OF HEAVY WATER PLANTS IN NOVA SCOTIA. (B) USE OF COAL TO PRODUCE OIL

Mr. Howard Crosby (Halifax West): Mr. Speaker, on January 25, 1983, I expressed once again in this House of Commons my concern for the future of the heavy water plants in Cape Breton, Nova Scotia. Last fall, and on several occasions before that, I raised with the Minister of Energy, Mines and Resources the problem which would result if the heavy water plants located at Glace Bay and on the Strait of Canso were closed.

Just to give you some idea of the magnitude of this problem, I point out that there are over 760 skilled workers employed in these two plants. More importantly there are at least 2,000 related jobs which would be adversely affected by the closure of the plant, particularly the Seaboard Power Plant where 100 jobs would be in jeopardy, as well as the power plant at Point Tupper. When one considers the effect of closure of these sources of employment, one must realize that an horrendous problem would be generated in an area that has already been shocked by employment problems for the last century, particularly the last decade.

• (1810)

In November 1981, the unemployment rate in Cape Breton was 11.8 per cent. A year later, in 1982, it was 12.4 per cent. Then it rose very sharply in that same year to 15.2 per cent. Unemployment there is now over 18 per cent. If you are talking about the loss of as many as 3,000 jobs in an area that is already hit with drastic unemployment, you realize the seriousness and magnitude of the problem, Mr. Speaker.

What is the solution? The former Minister of Finance, whose constituency of Cape Breton Highlands Canso is affected by this closure of the Strait of Canso heavy water plant, has indicated to the people that they ought to be optimistic. The Hon. Member for Cape Breton-East Richmond (Mr. Dingwall) has in the same tone and form indicated that there is reason for some optimism. But the fact is that Canada's nuclear program has been failure. The failure to sell and market CANDU reactors has left the heavy water plants virtually with no market for their products. One must come very close to a realization and recognition that the closure of the heavy water plants is inevitable. That is what I wanted to find out from the Minister of Energy, Mines and Resources (Mr. Chrétien), because on other occasions and before the Standing Committee on Public Accounts he indicated fairly clearly that the closure of the heavy water plants was inevitable.

The Ottawa *Citizen* reported last month that there was a row brewing between the Minister of Energy, Mines and Resources and the Minister of Finance (Mr. Lalonde) over the closure of the plants. It was evident from that report that the Minister of Finance was losing the battle with the Minister of Energy, Mines and Resources over the closure of the heavy water plants. That is what prompted me in my supplementary questions to ask the Minister what alternative sources of employment could the Government provide to those workers who would be out of work as a result of the closure of heavy water plants.

It may come as a surprise to you, Mr. Speaker, and to other Members of the House, that it was on that occasion when for the first time in this House of Commons I made a reference to the infamous Scotia Coal Synfuels Project. I said to the Minister of Energy, Mines and Resources that I hoped the Scotia Coal Synfuels Project headed by Alastair Gillespie would not be put forward as the source of alternate employment for the nearly 3,000 Cape Breton workers whose jobs are in jeopardy. Later on, and day after day in this House, we heard about Mr. Gillespie and his involvement with the former Minister of Energy, the former Minister of Finance and all the other Cabinet Ministers and Government officials who were involved in the promotion of the Scotia Coal Synfuels Project. We have heard that subject debated ad nauseam.

I want to comment just briefly in the few minutes remaining on how important the debate of that subject is to the people of Canada, particularly to the people of Cape Breton. If we are going to allow the Government of Canada and its Ministers to play fast and loose with the public financial resources in the manner in which they have done in the case of the Scotia Coal Synfuels Project, then we are in even greater jeopardy than the jeopardy Cape Bretoners are facing as a result of the closure of the heavy water plants. That kind of public and governmental immorality will bring this whole system crashing to the ground.

The only way we can deal with this is to have before the Parliament of Canada and enact as a statute of the Parliament of Canada, sensible rules of conduct not only for Cabinet Ministers but for all Government officials and those who pass from that status into the private sector. Unless we know what are the rules that govern conduct, the conduct of Government affairs, and unless we can have some confidence in the ability and capacity of our Government officials, Members of Parliament, Cabinet Ministers and our public service officials, to deal properly with the affairs of Government, then we are in very serious difficulty. When the Prime Minister (Mr. Trudeau) comes into the House and tables what he claims are guidelines of conduct for Ministers and Members in the Scotia Coal Synfuels Project and claims that those guidelines and rules of conduct are not enforceable, so they can do what they want, we realize what a terrible state the Government has brought the country to.

• (1815)

I want to make an appeal on behalf of Cape Breton workers for a sensible way to deal with the problem created by the imminent closure of the heavy water plants. At the same time I want to appeal to the Government to review, in a sensible way, the manner in which Government business is conducted and to develop and present to the House some sensible rules of conduct, or conflict of interest rules which Cabinet Ministers

and other officials can be made to follow. When there are instances in which the public interest is being deflected and diverted because of the conduct of present or former officials, we will then have a forum in which to make the complaint and where the officials must answer for their wrongdoing. We will not again find ourselves in the kind of mess we have been in during these past weeks, arguing over something which is of vital importance to the people of Cape Breton and, indeed, to all the people of Canada.

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Mr. Speaker, the Hon. Member for Halifax West (Mr. Crosby) is not the only person in the House who is concerned about unemployment and about jobs in Cape Breton. We recognize that there is serious difficulty in that situation. At the moment markets for heavy water are closed because in Canada we have adopted a policy that we will not sell nuclear generation facilities to any country which has not signed the international Non-Proliferation Treaty. We are not prepared to sacrifice the prospect of the peaceful use of atomic energy for the betterment of humanity everywhere just to earn export dollars. This is a critical issue which we have pursued and we are prepared to follow up on it. I hope that the Hon. Member will agree that we have a responsibility, above and beyond everything else, to ensure that there is non-proliferation.

We are trying to create jobs in that depressed area of the country. There is under consideration a coal liquefaction plant which would use coal to produce gasoline from existing reserves. If the feasibility plans prove up we can look forward to expenditures of perhaps $1 billion to provide direct employment for 1,200 coal miners and 800 workers in the liquefaction plant. This enterprise would take advantage of the unique availability of Cape Breton coal, Sable Island gas and the facilities of a closed refinery on Canso Strait.

We have been working on this proposition and the Hon. Member for Halifax West has not come forward with any concrete alternative. All he does is bemoan the fate of some people who may lose their jobs, and complain that he does not like the way things are being done to create jobs in that area. He has not offered any positive alternative. We are very concerned about what is happening to those workers and their families, Mr. Speaker. That is why we are trying to come up with projects that would be of benefit to all Canadians, particularly those faced with the prospect of losing their jobs in that area. This is the object and the desire of the Government in the days, weeks and years ahead.

UNEMPLOYMENT INSURANCE COMMISSION—DELAY IN MAKING PAYMENTS UNDER WORK PROGRAMS IN BRITISH COLUMBIA. (B) REQUEST THAT MINISTER MAKE PERSONAL INVESTIGATION

Mr. Lyle S. Kristiansen (Kootenay West): Mr. Speaker, on February 2 I raised a question in the House regarding delays in UIC payments and payments under the Employment Bridging Assistance Program. I should like to say something that is not often said in the House, particularly by Members of the Opposition, that after months of complaints, substantial progress has been shown by the Department of Employment and Immigration. They have virtually eliminated long delays in British Columbia in payments to people under that program.

• (1820)

When I realized that I would be participating in the adjournment debate today, I did some checking among my colleagues and the various project sponsors in my constituency. They in fact report that the long delays seem now to be in hand. I thank the Department and its officials for getting at that, and just hope that we never again find ourselves with the kind of backlog which was so evident just a matter of a few short weeks ago.

I was also advised today that a new committee has been formed in my constituency among all the Employment Bridging Assistance Program sponsors called the West Kootenay Committee on Forest Employment Development. Yesterday they wrote to the Minister of Employment and Immigration (Mr. Axworthy), with copies to myself, and to various provincial officials with a number of recommendations they feel may help prevent some of the same problems and other possible future problems. I would like to touch on some of those recommendations as food for thought and hopefully as prods to action.

The first recommendation was that the Employment Bridging Assistance Program be extended to December 31, 1983. We are still awaiting word of this hoped-for extension of that program. Hopefully, participants who are working on those programs now might continue to draw payments until perhaps June 30, despite the fact that payments would otherwise expire by March 1, in order to allow for a sensible conversion over to the NEED program for some of those participants whose benefits are expiring. Some of those projects are worthwhile. Hopefully, if we can integrate those two programs in such a way that the programs themselves can continue, it will be of benefit not only to the workers involved but to the forest industry in those particular regions.

I know my time is fast running out, so I will not continue to list the various recommendations at this point. Again I thank the Government and the officers of the Department, particularly since they have taken a lot of brow-beating by some of us over the past number of weeks and months, for finally getting some of those matters straightened out. I ask them again to keep a close eye on the situation and perhaps give some additional authority to local forestry or employment officials, if payments should be delayed beyond three weeks in the future, so that locally they may have the authority to be able to meet emergency payments until such time as the broader questions can be straightened out.

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, it goes without

saying that I want to thank the Hon. Member for his words of appreciation for the peple of the Department of Employment and Immigration. I am sure that his comments and those of his Progressive Conservative colleagues regarding improvements that have been made, and particularly the substantial amount of work being done by departmental employees, especially in the areas they represent on the West Coast, will be greatly appreciated by the people concerned. Many people are aware, and I am sure all Hon. Members and most Canadians have realized that Employment and Immigration employees have had an enormous workload during the past year. The Department and the Government have taken steps to try to reduce delays, and the Minister of Employment and Immigration (Mr. Axworthy) informed the Hon. Member accordingly when he enquired about this in the House.

We have had to increase the number of staff in order to answer requests as quickly as possible, and in the British Columbia Region we have also set up a computerized system in order to be able to provide a quick response to all requests and provide efficient service to people who are seeking work and are to benefit from the various job creation programs we have established.

As for the recommendations made by a committee formed in my hon. colleague's riding, I am sure the Minister and the Government will bear them in mind. The Government and Cabinet are now examining various job creation projects, and the committee's recommendations will undoubtedly be most welcome. Mr. Speaker, I would hope that other groups would take similar action, and I am sure the Minister of Employment and Immigration and the Minister of Finance (Mr. Lalonde) will be very pleased to receive these recommendations.

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

The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 6.25 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, March 4, 1983

The House met at 11 a.m.

• (1105)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

POLLUTION

NECESSITY TO REDUCE TRANS-BORDER ATMOSPHERIC POLLUTION

Mr. Gaston Gourde (Lévis): Madam Speaker, the Sub-committee on Acid Rain of the Standing Committee on Fisheries and Forestry published its report in 1981. Among its recommendations, there are two which read, and I quote:

The Sub-committee recommends that Canada and the United States reach an agreement on the necessary legislation and mechanisms to substantially reduce transboundary air pollution particularly as it relates to acid rain, by the end of 1982.

The Sub-committee recommends that Governments, public interest groups, and individual Canadians in general explore and utilize all possible political, legal, administrative and media channels to ensure that acid rain-causing emissions originating in the United States are substantially reduced and that a Canada-U.S. agreement on the long-range transportation of air pollutants is signed by the end of 1982.

Madam Speaker, negotiations between Canada and the United States have failed, because although many years of research have already been done, our neighbours to the south insist that further research is necessary.

I would therefore ask Canadians to do everything they can to make Americans aware of this very serious problem, and to support the efforts of the Canadian Government. Canadians may be sure that private conversations, written statements or meetings will not be subject to censorship, unlike the NFB films.

* * *

[*English*]

AIR TRANSPORT

REPORTED PLAN TO CLOSE WINNIPEG AIR TRAFFIC CONTROL CENTRE

Mr. Jack Murta (Lisgar): Madam Speaker, I and other Manitobans were shocked to hear from a Winnipeg open line radio broadcast, the Peter Warren Show, on radio station CJOB, that the federal Government plans to eliminate 250 jobs in Winnipeg by closing down the air traffic control centre located there. These jobs are going to be relocated in Edmonton and Toronto.

Winnipeg has been an important centre of Canadian aviation for 40 years. The Winnipeg air traffic control office handles all aviation control functions for Saskatchewan, Manitoba, and northwest Ontario as far south as Sault Ste. Marie. Now that long and distinguished tradition is going to be forcibly terminated, ostensibly to avoid building a new control centre. The real reason, however, probably lies in a phrase used by a civil servant in discussing this matter. He said that "a greater federal presence was needed in Alberta." I find the implications of this remark deeply repugnant.

The loss of 250 jobs and the closing down of the air traffic control centre would have an extremely detrimental impact on Winnipeg's and Manitoba's economy. I have seen the federal Government repeatedly ignore Winnipeg's efforts to become more actively involved in Canada's growing aviation industry. This additional blow would openly confirm the suspicion shared by many Manitobans that the Government has absolutely no understanding of the skills and services the people of Manitoba have to offer. This move must be stopped.

* * *

AGRICULTURE

PLIGHT OF SOUTHWEST ONTARIO APPLE INDUSTRY

Mr. Robert Daudlin (Essex-Kent): Madam Speaker, I stand to draw attention to a persistent and increasing problem in the apple growing industry in Essex and Kent counties of Ontario. Given the extreme southwest location of these counties, the apple industry faces significantly different growing, climatic, and disease conditions than other regions of Ontario. These local growing conditions have resulted in adverse responses by many of the rootstocks and, therefore, the recommended rootstocks are proving to be totally undesirable in Essex and Kent counties.

Apple growers continue to suffer financial losses because of the lack of local performance and inadequate research information being supplied by the Departments of Agriculture, both provincially and federally. To rectify this problem, and to respond to the concerns of the growers, I urge the federal Department of Agriculture to take immediate steps to set up and finance a study at the Harrow Research Station. This study should adequately test the performance of the presently available varieties and rootstocks of apples, to determine their suitability for commercial use by the growers in these counties. The Department of Agriculture should also undertake to

recommend those varieties and rootstocks that are found to be best suited to the particular conditions in the area.

* * *

MINES AND MINING

GUIDELINES FOR YUKON PLACER INDUSTRY

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, the federal Government has developed a set of guidelines affecting the placer mining industry in Yukon Territory which, if implemented, will bring tremendous hardship to this industry and further unemployment to the people of Yukon. In fact an Environment Canada impact study, which has yet to be released officially, shows that the implementation of these guidelines would cause 47 per cent of the placer mines in Yukon to close. Consequently the Environment Canada report suggests that these guidelines be modified for the good of all Yukoners.

This is obviously the reasonable approach, but it appears the Government is not interested in the reasonable approach. Not only does it refuse to release the impact study officially, but it is now editing and tinkering with the study in order to maintain the credibility of those officials who drafted these unworkable guidelines. Clearly, the Government should scrap the proposed guidelines altogether and develop alternatives which are both practical and acceptable to the placer miners. At the very least it should release all relevant materials for public scrutiny, not merely some doctored document designed to help some Ministers and bureaucrats save face.

This is a very important matter because, unlike certain members of the cabinet, the Yukon placer mining industry will have to adhere to both the spirit and the letter of the guidelines, once they are set down.

* * *

• (1110)

INDIAN AFFAIRS

ONTARIO INDIAN FISHING AGREEMENT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the Ontario Indian Fishing Agreement was signed on December 17, 1982, in Ottawa by the provincial Minister of Natural Resources and the five Ontario Indian organizations. The federal Government refused to sign on the grounds that the Agreement was unconstitutional. It has since come to light that both the Minister of Indian Affairs and Northern Development (Mr. Munro) and the Minister of Fisheries and Oceans (Mr. De Bané) have indicated that they misunderstood the Agreement and that it is in fact not unconstitutional.

In September the Minister of Indian Affairs and Northern Development committed himself to the principle of the Agreement, including 100 per cent funding of 20 Indian conservation officers to be trained and made responsible to the Minister of Natural Resources. At the December 17 meeting both federal Ministers undertook to conclude the Agreement as soon as possible. They have reaffirmed through the Minister of Fisheries and Oceans their commitment to sign the Agreement. The Agreement has since been amended and sent to them. This was done on February 4. Although there was considerable public debate, the opposition to the signing of the Agreement was greatly reduced, to the point where, at a recent anglers' and hunters' convention, they endorsed the position of the chiefs of the Indian Bands.

It is necessary to go ahead with this before the fishing season starts. There is a constitutional conference coming up on Indian and Native Rights. It would be a gesture of good faith on the part of the Government if in advance of that conference it were to sign that Agreement which now appears to have almost total, if not total support, from all of the people most involved.

* * *

HEALTH

CALL FOR COMMITTEE ON GENETIC ENGINEERING AND BIOTECHNOLOGY

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, it is urgent and indeed essential that the federal Government take positive steps to promote the growth of research and development in the field of biotechnology. One manner in which this can be accomplished is through the formation of a House of Commons Standing Committee or Subcommittee on genetic engineering and biotechnology. Such a committee would regularly call on scientists and industrialists who are expert in these areas, for advice and direction in order to supply the Government with ongoing recommendations in this rapidly escalating field.

Second, I would urge the Government to reconsider its intention to turn down an application to host the proposed International Centre for Genetic Engineering and Biotechnology which is being sponsored by the United Nations Industrial Development Organization. Granted, such a centre would direct research and training in biotechnology toward the specific needs of developing countries, but this centre would be a world class research institute attracting scientists of international stature. Investment in such a project would have effective spin-offs for the biotechnology industry in Canada. It would be a catalyst for the application of science and technology in the numerous industries with a biological orientation, while at the same time it would give positive help to fill the social and economic needs of developing countries.

* * *

NATIONAL SECURITY

REFERENCES TO CANADIAN BROADCASTING CORPORATION PRODUCER

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, some years ago the then Member for Leeds noted for the first

time in this House the name of CBC producer Mark Starowicz in connection with the expelled KGB agent, Konstantin Geyvandov, who masqueraded in Ottawa as a Soviet journalist. Two years later the Attorney General of Ontario quoted in the Legislature an RCMP document according to which a Canadian media person over a period of five years was selling Geyvandov reports at clandestine meetings. Next day CBC producer Mark Starowicz identified himself as the person who, between 1970 and 1973, had accepted money for reports written for a Soviet correspondent in Ottawa.

Three months later Peter Worthington published excerpts from an RCMP document dated March 24, 1976, as well as this passage:

The RCMP report says Pravda's man in Ottawa, Geyvandov, was expelled from Canada after persuading a Canadian journalist to act on behalf of Soviet interests when reporting Canadian political events.

Mr. Worthington, as well as the Toronto *Sun,* were promptly charged under the Official Secrets Act. Needless to say, the mercenary agent of influence receiving rubles for services rendered was not charged.

I am strongly inclined to believe that the Canadian media person in the McMurtry statement and the Canadian journalist in the report referred to by Mr. Worthington are the same person. I wrote about it to the Solicitor General (Mr. Kaplan). He is reluctant to reveal the man's identity. In the meantime, CBC keeps on its payroll a senior executive who, by his own admission, was also on the payroll of a Soviet official and who, I strongly suspect, is the same person identified by the RCMP as acting on behalf of Soviet interests.

I do not believe at this stage that the Liberal Government with its track record—

Madam Speaker: Order.

* * *

• (1115)

BROADCASTING

PROVISION OF FUNDS FOR NATIVE BROADCASTERS

Mr. Neil Young (Beaches): Madam Speaker, the Government's latest broadcasting announcement contains a few new policy initiatives, some recognition of technological reality, and a whole lot of rhetoric designed to make policy inertia sound like dynamic action. Nowhere is that façade of dynamism more transparent than in the call of the Minister of Communications (Mr. Fox) for a new native peoples' thrust in broadcasting policy.

Two years ago next month, the CRTC granted the Council of Yukon Indians and the Dene Nation a licence to distribute radio and television services in the North via the Cancom satellite system. The CRTC made clear in that decision what everybody else already knew, that, if native broadcasting were going to exist, funding would have to be provided by the federal Government. The Government has had comprehensive funding proposals for native broadcasting in front of it for almost two years and has been apologizing for delays in acting on them for almost a year and a half.

The channels are there, the personnel have been trained, and the ideas and programs are ready to be developed. Let us cut out the rhetoric and provide native broadcasters with the long-term funds which they have been promised.

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

EL SALVADOR—CANADIAN POSITION ON POSSIBLE CEASEFIRE DURING PAPAL VISIT

Hon. John C. Crosbie (St. John's West): My question, Madam Speaker, in the absence of the Prime Minister and of the Secretary of State for External Affairs—there is not even a quarter of Cabinet here—is directed to the Minister of State for foreign affairs.

This Sunday, March 6, His Holiness the Pope, will visit El Salvador. The guerrilla or rebel movement there suggested or agreed to a ceasefire while the Pope was visiting El Salvador. The whole of Central America, of course, is a dangerous area. We have just seen the kind of obnoxious behaviour which is occurring in Guatemala just before his visit there. Has the Canadian Government made representations to the Government of El Salvador, which has refused to have a ceasefire on Sunday? Have we made representations urging it to do so? If we have not, why have we not? Are we intervening in the matter at all?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, the Hon. Member must know that the Canadian Government is extremely concerned about the situation in El Salvador and is showing a continuing interest in the subject. In fact, a few weeks ago, we received the Deputy Minister of Foreign Affairs of El Salvador and informed him of our concern, especially with respect to the general human rights situation in his country.

Futhermore, as the Hon. Member may know, we have now submitted a draft resolution to the U.N. Commission on Human Rights in Geneva, in which we are supporting as much as possible the conclusions of the U.N. Special Attaché on the human rights question in El Salvador, and we have tried to submit a resolution that would be endorsed by as many countries as possible in the international community.

[*English*]

CONTENT OF CANADIAN RESOLUTION ON HUMAN RIGHTS

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question was specifically about the visit of His Holiness,

the Pope, to El Salvador this Sunday, and on whether the Canadian Government has taken any interest in his safety by making a representation to the Government of El Salvador that it declare a ceasefire while His Holiness is there, in response to the same suggestion from the guerrilla side. The Minister has not answered that, and I would like him to do so.

The Minister mentioned the resolution which Canada introduced at the U.N. Commission on Human Rights. There has been a wave of protest across the country about the fact that the resolution is weak. It was no teeth. It fails to call for any political dialogue between the Government of El Salvador and the rebel forces there. Why has the Government in its resolution not called for a political dialogue between the contending forces in El Salvador? This is the only way that human rights violations will cease. Why have we not done that? Are we opposed to such a dialogue? Are we urging such a dialogue on the United States? If the Minister would deal with both those issues, I would appreciate it.

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, regarding the U.N. resolution presented to the U.N. Commission on Human Rights, it is a draft resolution which we are negotiating with a number of other delegations. As far as appealing to the parties to initiate a political dialogue, we are certainly prepared to include that aspect in our resolution, and we are also prepared to appeal to the international community to cease all military aid to El Salvador. Therefore, as far as the first half of the question is concerned, namely, whether we have made any direct representation recently, urging a cease-fire during the Pope's visit to El Salvador, I can inform the Hon. Member that we are urging the Salvadorean parties to initiate a cease-fire, without specifying any particular events to justify doing so. The Pope's visit as such should not be grounds for bringing about a cease-fire which we have been seeking for quite some time.

• (1120)

[*English*]

Mr. Crosbie: Madam Speaker, I gather from the Minister's reply that we have not made representations to El Salvador in connection with the visit of His Holiness the Pope. I can assure the Minister that there are many hundreds of thousands of people in this country who are very concerned about the Pope's safety, and I think representations should be made today.

PARLIAMENTARY SUBCOMMITTEE'S RECOMMENDATIONS

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary is directed to the same Minister. The final report of the Subcommittee on Canada's relations with Latin America and the Caribbean was tabled on November 30, 1982. The Minister will know that report asked the Government to make a written response to the Committee's recommendations and to schedule a day's debate in the House, the same treatment accorded to the Committee on North South Relations. Three months have passed and we have had no response to the recommendations, although the Prime Minister indicated he favoured our joining the OAS but he was just waiting for a report from the Secretary of State for External Affairs.

Can the Minister tell the House if the Government is going to observe that request by making a written response to the Subcommittee's recommendations, and schedule a debate in the House on the report? Further, what is the position on the OAS? Are we going to have an answer on the recommendations of the majority, in that area?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, I am indeed aware of the contents of the report of the Sub-Committee of the Committee on External Affairs and National Defence, which examines Canada's policy on Latin America. After the report was published, it was said on several occasions, and in fact I myself made this clear, that we were very impressed with the excellent work done by the members of this committee. However, I am not in a position today to give exact dates for our response to the committee's report, but I think it would be reasonable to assume that such response will be forthcoming by the beginning of this summer.

* * *

[*English*]

AIRPORTS

SALE OF SURPLUS EXPROPRIATED LANDS AT MIRABEL

Mr. Scott Fennell (Ontario): Madam Speaker, my question is directed to the Minister of Public Works regarding the sale of land at Mirabel. Mr. J. P. Goyer, head of the Canada Lands Company, has issued a notice to tenants of surplus Mirabel lands to the effect that those wishing to purchase the property they occupy must put down a 5 per cent deposit immediately and arrange for full payment within 30 days. If they do not, the deposit is lost. Can the Minister say if this is accurate?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I am not familiar with those facts. I will look into this and report.

IMPOSITION OF TIME LIMIT ON PROSPECTIVE PURCHASERS

Mr. Scott Fennell (Ontario): Madam Speaker, I am amazed that the Minister who is responsible for Canada Lands is not aware of how those lands are being disposed of, since it has been brought up in this House so often. Does he feel that 30 days are an adequate amount of time for these tenants to arrange financing to purchase the property? Does he feel it is fair that these people will lose their deposit if they cannot arrange the financing within 30 days?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, obviously I am not in favour of being unfair to anyone. However, I have to be cautious, because the last time the Hon. Member and his former Leader raised this issue, both of them were misinformed and I had to provide both of them with a legal opinion. I would like to check the facts before I try to answer the Hon. Member's allegations.

* * *

• (1125)

AIR TRANSPORT

AIR CANADA SEAT SALE—ROLE OF CONTINENTAL AIRLINES OF UNITED STATES

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I think the Minister of Transport is well aware that the United States is holding thousands of Canadian tourists hostage in order to bail out Continental Airlines of the United States. Is the Minister also aware of the possible links this airline has with the CIA, the White House, and the U.S. Civil Aeronautics Board which cancelled Air Canada's discount seat fares and, if so, what is the Canadian Government going to do about it?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, obviously I cannot interfere in American policies. I am aware of the power of Continental Airlines, and I am aware of the power of the American Government. But I am a realist, so we have been discussing this for a number of days. At eleven o'clock it was go; it 11:10 it was touch. We are working on it now. I am very attentive to the western interest and to CP Air's interest in that, and my western caucus is following me very closely.

Mr. Baker (Nepean-Carleton): You have nothing to lose, so you are gambling everything.

Mr. Pepin: I am very cautious, particularly about the route that exists between Canada and Australia in the Pacific. That route has been developing for 20-odd years and we are not about to give it away. We are having discussions now and we hope that they will work.

U.S. POSITION ON CANADA'S AIR AGREEMENTS WITH OTHER NATIONS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, as everyone knows, Continental Airlines wants to cut Canadian traffic to the Orient because it has lost business since the end of the Vietnam War.

I know that negotiations are extremely sensitive at the moment, but I should like to know in greater detail what action the Canadian Government proposes to take to prevent United States authorities from interfering in Canadian airline policy and our foreign relations and treaties, and transport relations with Australia?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, "interfering" is not really the right word. There is a border between Canada and the United States. It is undefended. We have to negotiate with the United States in order to ensure that trans-border routes are established between the two countries, and in order to maximize communications between the people of our two countries. This is terribly difficult because of the geography and the numbers involved. The population of the United States is ten times that of Canada; consequently, to the United States, Canadian points are but an extension of their hub and spoke system. To us, each of these routes is single; it has to be developed, it has to be fed, and it has to be viable.

Some Americans do not understand that too well, and I do not blame them. It is the right of a big power not to understand the rights of smaller powers. That is why, for a number of years now, we have been discussing this. We are now into the seventh round of discussions on air relationships with the Americans. We have failed, up to now. We feel that they do not understand our case, and they feel that we are dragging our feet.

This is a symbol of what can happen. In their instance they have tied a decision on Air Canada and American Airlines' special fares to a resolution of the question of Continental. We are being careful because, in the resolution of the Continental question, they might establish beach-heads or points of principle with which we do not want to live. That is why the negotiation is quite complicated. It is very difficult, but we hope that good sense will prevail and that people will be able to travel.

Mr. Rose: Madam Speaker, the Minister is too diplomatic to mention the fact that deep philosophical differences are involved as well. There is a difference between the regulation and protection of our airlines and the deregulation policy of the United States which has left many American airlines flat broke and in hock to the bank. I am not interested in saving Continental Airlines in order to save the Rockefellers, and neither are other Canadians.

DANGER PRESENTED BY U.S. POSITION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I should like to ask the Minister to reassure the House that no beachheads will be established on the Canada-Australia line. If we allow U.S. airlines to siphon off Canadian traffic to Australia, how soon will United States authorities be up here trying to siphon off Canadian traffic to Europe?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I thank the Hon. Member for his advice. I had thought of a number of these things, if not all of them, before. The difficulty now is that we are trying to take three major points into account. First of all, there are the 100,000 people who had made plans to go to the United States to see Aunt Annie and Uncle Charles, and so on. We are mindful of that, and we are mindful of the route that I indicated, the Pacific

CP Air route. Also we are mindful of the general mood, climate or atmosphere of Canada-United States relationships. We are trying to combine that, shake it well, and serve it dry.

• (1130)

PLIGHT OF WEEKEND TRAVELLERS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I have a brief supplementary question for the Minister of Transport. Philosophy to one side for a moment, can the Minister tell those Canadians who are planning or hoping to travel later today whether or not they will be able to, and briefly can he indicate the nature of the proposal made by the United States late last night?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, on the first question, I cannot really say. I think sometime after twelve, one or two o'clock, we will have to cut whatever it is that we cut.

An Hon. Member: Bait.

Mr. Pepin: Cut bait. Let us say two o'clock, but the problem on Continental is that in the many conversations to which I have referred, with Mr. Harman, the Canadian negotiator, or I directly with Mr. Trent of the Transportation Department of the United States, reference was constantly made to mirror image. I understood that to mean that we would give Continental the equivalent or the mirror image of what Canada has on the Pacific. It is a strange mirror, because it tends to agrandize what it is supposed to reflect. They have been asking for much more than the mirror image. The name of the game has been to reduce that and bring it back to the normal job of a mirror, which is to reflect reality.

SUGGESTED NEGOTIATION OF OVER-ALL CANADA-UNITED STATES PROTOCOL

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my supplementary question is directed to the same Minister. In view of the 100,000 Canadians who are on pins and needles with regard to their travel plans, and who must be very happy that the United States is our friend, not our enemy, will the Minister of Transport have his officials instigate negotiations once this immediate problem is resolved with the United States, to arrive at some kind of protocol whereby this kind of ham-fisted action will not occur again?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, to speak very frankly and confidentially on this subject—

Mr. Crosbie: We won't say a word.

Mr. Pepin: No, you don't. Traditionally, negotiating with the Americans has always been very complicated because power in the United States is divided among many people, agencies, departments and so on. It is always very complicated. If I look back 15 years, we have always had in the United States a number of people in the American administration or in Congress who sympathized with Canada, who had a knowledge of it, who understood and made it a point of honour for them to understand our situation. Maybe through lack of effort on my part, or on our part generally, we do not find this commodity as often as we did in the past. The Ambassador is helping tremendously in establishing that good relationship.

In air transportation, because of this crisis on Continental we may have reached a number of them by constantly repeating that Canada is not the United States, that what is good for the United States is not necessarily good for Canada. They are not even sure their deregulation is good for the United States, so how can we go ahead and accept that? The present situation has given us plenty of opportunity to contact a great number of people in the United States. Maybe it will be a blessing in disguise, the fact that we have reached so many of them.

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ACCESS TO INFORMATION

DATE OF LEGISLATION'S PROCLAMATION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Minister of Transport in his capacity as Acting Prime Minister. Some time ago the President of the Treasury Board, who is responsible for the administration of freedom of information and, I gather, privacy, indicated that Bill C-43 would be proclaimed and put into law on April 1, 1983. Is that still the intention of the Government?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I apologize, but I do not know the answer to that. Perhaps my hon. friend could ask it again on Monday when the Ministers will be here.

NOMINATION OF COMMISSIONERS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I would like to ask the Minister another question with respect to Bill C-43. There are now public stories appearing in the public press about the nominations of the Government for the positions of Information Commissioner and Privacy Commissioner. It is important with respect to those two nominations that these matters not be dissipated in rumour, and that those people be appointed prior to April 1 which, as far as I know, is still the date the Government has in mind, and the Acting Prime Minister will check that.

Will he also undertake to consult with his colleagues and whatever officials are necessary in order to make the appropriate announcements at the earliest possible date prior to the proclamation of the statute, so that those individuals can be in place before that time?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I can assure the Hon. Member for Nepean-Carleton—in fact, he can check with his Parliamentary House

Leader—that I have already initiated negotiations with the representatives of the two Opposition parties, since the appointment of the Information Commissioner requires a joint resolution of the House of Commons and the Senate. I know that my counterpart in the Senate is doing the same. We are now at the consultation stage. Obviously, sooner or later a joint resolution will have to be presented in the House. Up to now, a number of Members have indicated that they were not necessarily opposed to the proposals but would like to express certain views.

However, our parliamentary schedule is pretty full. We have some very urgent bills that must be adopted before we consider representations on any other motion, so that as soon as we have dealt with the urgent legislation, and if we get a consensus in both the Senate and the House of Commons, we shall then table the appropriate joint resolution regarding this important appointment.

* * *

[*English*]

NATIONAL SECURITY

CASE OF FORMER RCMP CONSTABLE

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I have a couple of security matters which have been before the House before, that I would like to get cleared up. My first question is for the Minister of Justice in his role as Attorney General. Since November 23 last, when it was publicly announced that the matter had been placed in his hands, the Minister of Justice has been pleading ignorance about the case of Long Knife, the pseudonym for the ex-RCMP corporal who recently admitted selling out a potential Canadian double agent to the Soviets for more than $4,000. I do not know how much more bluntly, simply, or directly, I can put it to the Minister: Will James Morrison be charged or not?

Hon. Mark MacGuigan (Minister of Justice): Madam Speaker, I have to tell the Hon. Member that I have still not received a report from my Department on this matter. Until such time as the matter is brought before me, I am not in a position to be able to make a decision.

Mr. Lawrence: That is almost unbelievable, but I guess not.

REQUEST FOR RELEASE OF GOUZENKO INQUIRY EXHIBITS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my supplementary question is directed to the Solicitor General. It is now over 18 months since the Gouzenko trancripts were released and we were told an internal departmental inquiry was underway which would report back to the House and to the Minister as to whether the actual exhibits and transcripts, the documentation of 30 years ago which Gouzenko took out of the Russian Embassy, should or should not be released. Will they be released, or will they not be released?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, as the Hon. Member indicated in his question, the transcripts have already been made public. The review process has turned its attention now to a collection of materials which are of great interest to the public that were generated by various Government Departments in the course of the hearings. These materials are contained, of course, right across the whole of the Government, not in one place. This inquiry, which I think is of great value and should be given priority, is underway now. As those documents are reviewed for the purpose of gathering them to make them public, the review will then turn its attention to the numerous exhibits to which the Hon. Member referred. It is a matter to which attention is being given.

• (1140)

If there were more resources available for allocations, it would go more quickly. But the job is being done, and it is being done seriously. I hope very shortly it will be possible to make public all the internal material generated within the Government in relation to the hearings, because there have been many requests for it.

* * *

INDUSTRY

ACCESS TO TECHNOLOGY CONFERENCE

Mr. Dan Heap (Spadina): Madam Speaker, in the absence of the Secretary of State of External Affairs I will direct my question to the Minister of Industry, Trade and Commerce. As the Minister knows, his Government is hosting a conference in Ottawa starting on Monday, called "Hi Tech 83", to promote increased participation by Canadian manufacturers in foreign, defence, and related high-tech areas. The Government has refused to release information requested by Members of Parliament and has restricted their access to this conference. Will the Minister tell the House why such secrecy is being used, and what the Government is hiding?

Miss MacDonald: It is the age of information.

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, in the absence of my colleague I will take notice of the question and I will try to get an answer back for the Hon. Member.

PROMOTION OF ARMS SALES

Mr. Dan Heap (Spadina): Madam Speaker, I will direct my supplementary question to the Minister of Transport in his capacity as Acting Prime Minister. Since the Government has invited to this secret conference not only U.S. military officials and Canadian trade commissioners from sixty posts abroad,

including Chile, Argentina, South Korea, and the Phillipines—governments with shockingly bad records of vital repression against their own people—will the Minister tell us why the taxpayers' money is being used to promote arms sales abroad, and especially why the Government is promoting high-tech arms sales to such repressive governments as Chile, Argentina, South Korea, and the Phillipines? Will the Minister also tell us how this conference fits into U.S. military plans?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, quite obviously I do not know the exact answer to this question, but a reflection comes to mind. If Canada were going to trade only with countries that were universally loved in Canada, Canada would not trade much. Presumably some of my friends in the New Democratic Party would probably indicate that we should break commercial relations with the United States quite regularly. That is my reflection for today. If you trade only with countries you love, you diminish singularly your chances of economic wealth. As different Canadians love and dislike different countries, the choice would be quite difficult to make.

* * *

EXTERNAL AFFAIRS

EL SALVADOR—REQUEST THAT PRESIDENT BE INVITED TO CANADA

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Secretary of State for External Affairs or whomever will be taking his place in the House today. In view of the fact the Government feted and honoured in various ways the Foreign Minister from Nicaragua, does the Government plan to extend an invitation to President Majano of El Salvador to come to Canada to have some discussions, and present his point of view with respect to the crisis in that country, and, if so, has any overture been made?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, as I said earlier today in my first reply, three weeks ago we met with the Deputy Minister of External Affairs of El Salvador for the purpose of continuing the dialogue with the authorities of this country. Our own Assistant Deputy Secretary for External Affairs went to El Salvador about two months ago, I believe it was last December, to pursue this dialogue with the Salvadorean authorities.

[*English*]

PROVISION OF EXTERNAL AID

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my supplementary question is for the same Minister. He must be well aware of the fact that aid in the millions of dollars is still being extended to Nicaragua, yet El Salvador, which has chosen the democratic route and plans a general election later this year, in December, has been virtually cut off from all aid. Would the Minister indicate whether this matter is being reconsidered and, if not, how can he justify such aid to a socialistic country such as Nicaragua and no aid, to speak of, to a country that has opted for democracy?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, the Hon. Member seems to have forgotten that fighting is going on at the present time inside Salvadorean territory, and we have every reason to believe that foreign military support is involved. Generally speaking, Canada's policy has always been to avoid any involvement with countries where armed conflicts or civil wars involve rebel movements and actual fighting. As far as aid to Nicaragua is concerned, I believe this country is among the poorest in the world, and that whatever its political affiliation, it has a stable government and its reconstruction plan needs the assistance of all undustrialized countries, and I believe that Canada is fulfilling its role in the international community as a responsible partner by providing assistance to this country.

* * *

EXTERNAL AFFAIRS

INVITATION TO EL SALVADOR

Mr. Maurice Dupras (Labelle): Madam Speaker, my question is directed to the Minister of State (External Relations) and is supplementary to the question put by the Member for York-Peel, which concerned an invitation sent to President Magana of El Salvador to visit Canada. If we intend to invite the real head of Government of El Salvador, I would suggest to the Minister of State that perhaps it would be better to invite General Garcia and Mr. Roberto Da Buisson, who are the two real bosses of El Salvador, not the President.

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, I think these two questions have amply demonstrated our problems in sending an invitation to El Salvador.

* * *

[*English*]

THE ADMINISTRATION

CAPE BRETON COAL AGREEMENT—DEPUTY MINISTER'S MEMORANDUM OF JANUARY 15, 1981

Right Hon. Joe Clark (Yellowhead): Madam Speaker, I have a question for the Minister of Finance respecting his Deputy Minister. Can he tell us whether his Deputy Minister received a reply to his Deputy Minister's memorandum of January 15, 1981, to his then Minister, respecting the Gillespie affair?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, obviously this is a question which should be addressed to the Minister of Energy.

Mr. Crosbie: Cover up.

ADVICE ON POSSIBLE BREACH OF MINISTERIAL CONDUCT GUIDELINES

Right Hon. Joe Clark (Yellowhead): Madam Speaker, the Minister of Energy will recall that I asked him the other day whether there had been a reply to the request that the now Minister of Finance act or comment on the memorandum of January 15, 1981, from his then and present Deputy Minister, Mr. Mickey Cohen. The Minister, I am sure, is interested in knowing all of the details and revealing them to the House. Has he asked his colleague, the present Minister of Finance, whether that colleague acted on the advice given to him in the January 15, 1981, memorandum that there was an action in breach of the conflict of interest guidelines respecting Mr. Alastair Gillespie? What was the action taken by the present Minister of Finance?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I have checked this question of the Hon. Member and I think this note was mentioned on the memorandum. There was no discussion about it with the Minister and this note has not been followed up by anybody else.

Mr. Lawrence: Ping pong.

ROLE OF FORMER ENERGY MINISTER

Right Hon. Joe Clark (Yellowhead): Madam Speaker, just so I can be clear about this, is the Minister telling us that the present Minister of Finance was advised on January 15 by his Deputy Minister, as indicated in a document tabled in this House, of dealings in breach of the conflict of interest guidelines, and that Minister did nothing about it? Is that what he is telling us?

[*Translation*]

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, that is not what I said. I said there was no discussion about it with the Minister and that the note that was in the dossier was not brought to his attention.

* * *

[*English*]

AIR TRANSPORT

WINNIPEG AIR TRAFFIC CONTROL CENTRE

Mr. Jack Murta (Lisgar): Madam Speaker, my question is for the Minister of Transport. Manitobans generally were shocked to learn this morning of the proposed shut down of the air traffic control centre in Winnipeg. The services of that centre are to be relocated in both Toronto and Edmonton. On top of that there is the loss of some 250 jobs to the Province of Manitoba, more specifically to the City of Winnipeg. This proposed move cannot be allowed to happen at this time. Winnipeg has asked for a new control centre to be built, and six new control centres have been built across Canada. Could the Minister intervene to put a stop to this insane action which will severely damage the economy in Manitoba and also hurt the whole aviation industry in the Province?

• (1150)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am very pleased to comfort my hon. friend for the weekend. I will read a note which I have just received. It states, "There is no talk by Transport Canada officials of a permanent move from Winnipeg. Stop. All that is being considered is a temporary relocation of controllers while asbestos problems are being resolved to protect controllers' own health."

Some Hon. Members: Stop.

Mr. Pepin: Stop.

Some Hon. Members: Hear, hear!

Mr. Hees: Watch those stops.

TEMPORARY RELOCATION OF CONTROLLERS

Mr. Jack Murta (Lisgar): Madam Speaker, my supplementary question is also directed to the Minister of Transport. His answer, which he received just a few minutes ago in the form of that note, is reassuring. Can he indicate to the House the length of the temporary relocation, and will this "temporary relocation" be carried out in Edmonton and Winnipeg, as the information available to me has indicated? Lastly, if it is the case that there will be construction, as is my assumption from his answer, could he also indicate when the construction of this new terminal or facility will be started in Manitoba?

Mr. Nielsen: Got another telegram?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I cannot do that, but I will make sure that my hon. friend has the answer before the end of the morning. This asbestos situation has created problems in all airports. Taking it off walls, ceilings and floors has necessitated some adjustments. What is taking place in Winnipeg also took place in Ottawa some days ago. I will inform the Hon. Member of the exact number of days it will take to adjust to this necessity.

* * *

FINANCE

INQUIRY RESPECTING DATE OF BUDGET PRESENTATION

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Minister of Finance who, on a

number of occasions, has acknowledged that unemployment levels for this year will remain at very high levels. The Minister will know that if one factors in the number of people entering the job market for the first time this year, and recognizing the number of jobs that are being permanently lost, one will find that, simply to maintain the status quo, new jobs will have to be created to the extent of 5.5 per cent above the existing level.

We have been listening for many months now as the Minister has promised to take stimulative measures with regard to the economy by a variety of techniques. We were hoping to have a budget, first of all, at the end of February. Then we were hopeful that it would be in March. Now rumours are that the Minister is probably considering April. Will the Minister of Finance please give a clear message to the people of Canada on when he will make that budget statement so that we can begin the process of rebuilding the country?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am certainly very eager to present a budget. I can indicate to you that if the House were to proceed expeditiously with the various Bills dealing with the Income Tax Act and borrowing authority, it would be easier to proceed with a budget shortly thereafter, but quite clearly the debate on those Bills is dragging. The debate has been proceeding for days and days and we still do not see the end. I can tell the Hon. Member that I am just as eager to introduce a budget as he is eager to hear one.

Mr. Baker (Nepean-Carleton): Produce.

Mr. Lalonde: We will see when it can be done, when it will be convenient for all concerned.

Mr. Riis: Madam Speaker, I do not suppose that the Hon. Member is suggesting that the Opposition is holding up any of the Bills. When the Government is asking for $19 billion after only two or three days of discussion, I certainly do not think it amounts to holding up any Bill.

ROYAL BANK POLICY OF SEIZING FARMS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my supplementary question, which is directed to the Minister of Finance, relates to the action of the Royal Bank of Canada. The Minister will probably be one of the most able in the House to appreciate the value of the family farm, having himself been part of a family which has lived on the land for many generations. Does the Minister support the new policy of the Royal Bank of Canada whereby it will foreclose on a family farm and will then be prepared to lease or rent the land back to its original owner as a way of adjusting to these difficult times?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, it is not so much a matter of whether I support or oppose the policy; rather, it is a matter of policy decided by a private institution. What I have noticed from the press reports on this plan of the Royal Bank is that it has indeed been very well received by some spokesmen for the agricultural and farming community who said that this would at least ensure that families would remain on the farm. They have hoped that there would be some arrangement whereby these families could return to their farms when their financial situation improves, rather than having them removed from the farms they have occupied for many years, and sometimes for generations.

Some farming community spokesmen have noted that the Royal Bank has acted in a very humane way compared to the alternative of removing the people from the farms they have occupied for years. It is a matter of judgment, and I will not stand up here and condemn the Royal Bank for doing this. It is a matter for people to decide as to whether they would rather have the Bank exercise its full right rather than lease back the farms to the families concerned. Obviously and ideally, my objective is to reduce interest rates in this country and ease the interest rate burden on farmers and small-businessmen and others. The Hon. Member will have noticed that yesterday the Bank of Canada rate was the lowest in four and a half years. That is action which will benefit the farmers as well as everyone else in the community, and we will proceed with the kind of action which I hope will lead to lower interest rates and make things easier for everyone.

Some Hon. Members: Hear, hear!

* * *

EMPLOYMENT

SUMMER PROGRAM FOR STUDENTS—APPLICATION CLOSING DATE

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, I have received representations from my constituency with respect to the closing date for applications for the various elements of the Summer Canada Program. I suppose I would like to address my question to the Acting Prime Minister of the day and request that he draw the fact to the attention of the Minister of Employment and Immigration that there has been no advertising of this Program and its closing date in many rural areas. I would ask whether the Minister would extend the date for receiving eligible applications for all elements of the Program for at least two additional weeks?

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I can inform the Hon. Member that many Government Members have also made representations to the Minister of Employment and Immigration regarding this possibility. The proposal has been analyzed within the Department and we are certainly going to examine it and consider the feasibility of extending the deadline for a few days after March 4. I can inform the Hon. Member right now that departmental employees across Canada are considering this possibility and that projects will be accepted after March 4.

[*English*]

REQUEST FOR POSTPONEMENT OF CLOSING DATE

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, I would like to ask a supplementary question. The officials of the Department in the various areas of Canada cannot act unilaterally and must have authority from the Minister in charge because he is the one over whose signature the regulations and directives have come down to these people. Without ministerial authority and prompt ministerial decision, it will be impossible for many deserving people to take advantage of the various elements of this program. I would urge the Minister to act immediately by extending the closing date by a minimum of two weeks so that the proper publicity and application opportunity may take place. Would he please make that representation to the Minister?

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I will try to answer the Hon. Member's question more slowly this time. I said just now that representations had been made to the Department and that employees of the Department of Employment and Immigration across Canada were informed that they would be able to accept applications after March 4.

* * *

[*English*]

PENITENTIARIES

EDMONTON INSTITUTION—PLACEMENT OF INMATES IN DOUBLE CELLS

Hon. Marcel Lambert (Edmonton West): Madam Speaker, it has been announced that there is to be some doubling up of prisoners who are inmates in the cells of the Edmonton Institution. To what extent is it intended that this be carried out? Is the Minister satisfied that it is proper policy, in view of the objections of both the guards and the inmates?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I think that reports have greatly exaggerated the amount of doubling which is occurring in the institution.

Miss MacDonald: Oh?

Mr. Kaplan: There are close to 11,000 inmates in federal penitentiaries. Less than 400 are in double cells. This compares very favourably with any other penitentiary or correctional system in our country. It is certainly much better than that found in Provinces and which I have viewed directly. Also, we have a far lower crowding problem, if I can put it that way, than any system at all in the United States. Still, I am not happy about it. I am looking for alternative ways of being able to maintain our policy of having a separate cell for every inmate.

The difficulty now is that there has been a rapid increase in the inmate population, which is really the result of the imposition of longer sentences and of a far more conservative policy by the National Parole Board than has ever existed in the past. Inmates who apply for parole are being released at only one-half the rate that they were being released ten years ago.

• (1200)

There is a construction program under way. It will not provide an immediate solution because we are not in a position to open any of these institutions in the immediate short term. I am concerned about the problem; I am looking for solutions, and it is not my intention to institute double-bunking as a permanent feature of the federal penitentiary system.

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THE SENATE

RUMOURED APPOINTMENT OF ALASTAIR GILLESPIE

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is directed to the Acting Prime Minister and concerns another federal institution in this country, the other place. It is based on a rumour emanating from a highly placed source in this House that Mr. Alastair Gillespie is being appointed to the Senate. Could the Acting Prime Minister rise at once and reassure this House and the country at large that there is absolutely no foundation to this rumour?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it is well known that under any regime, that of the Hon. Member for Yellowhead as well as this one, appointments to the Senate are the exclusive prerogative of the Prime Minister, and comments on those appointments are not particularly welcomed.

* * *

[*Translation*]

HOUSE OF COMMONS

APPOINTMENT OF LAW CLERK AND PARLIAMENTARY COUNSEL AND OF CLERK ASSISTANTS

Madam Speaker: Order, please. It is my duty to inform the House that the Governor in Council has appointed Marcel Pelletier, Q.C., as Law Clerk and Parliamentary Counsel and P. A. C. Laundy and Robert Marleau as Clerk Assistants of the House of Commons.

I must say that I am very sorry to see Mr. Pelletier leave the Office of the House, where he worked for thirteen years. I wish to express my warm appreciation for the services he has rendered to the House of Commons of Canada. His competence and his vast knowledge of parliamentary procedure as well as his cheerful and calm disposition have made it a great pleasure to work with him. I am sure that all Hon. Members will agree that he leaves behind him a tradition of tremendous intellectual integrity and unconditional dedication to the institution he has served so well.

Some Hon. Members: Hear, hear!

Madam Speaker: Fortunately for us, he is not leaving us altogether. In his new duties as Law Clerk and Parliamentary Counsel, one of his tasks will be to forge links between his new office and his former one, so as to improve the capabilities of the Office by establishing the necessary liaison and structured exchanges.

[*English*]

It is with much regret but much gratitude that I wish Mr. Marcel Pelletier well in his new function as Law Clerk and Parliamentary Counsel. I am only comforted by the thought that in his new responsibility he will still be able to serve the House.

Some Hon. Members: Hear, hear!

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I know it is not customary to comment on announcements from the Chair but I rise to associate the Opposition wholeheartedly and completely with every comment you have made with respect to Mr. Pelletier.

Some Hon. Members: Hear, hear!

Mr. Neil Young (Beaches): Madam Speaker, on behalf of my party I also wish Mr. Pelletier well in all his future endeavours. I am sure he will handle them as well as he has served this House.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I would like to add that I am happy to see my Opposition friends appreciate this judicious decision by Cabinet, since these appointments are made by Order in Council. Furthermore, I would like to extend my best wishes to Mr. Pelletier and to our new Clerk Assistants who, I am sure, will serve the House and its Members very well in their new functions.

[*English*]

Madam Speaker: Now may I welcome to their new responsibilities Mr. Laundy and Mr. Marleau as Clerk Assistants. They both come to their new responsibilities in the full knowledge of the importance and difficulties of that function. Of course, their performance up until now at the Table and elsewhere is a guarantee to us all that we do have a very strong team to assist the Chair and the House in its proceedings. Welcome to you both, and congratulations.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

PETITION

MR. FULTON—AMAX OPERATIONS IN BRITISH COLUMBIA

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the petition presented by the Hon. Member for Skeena (Mr. Fulton) on Thursday, March 3, 1983, and finds that it meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. KING—PORNOGRAPHIC FILMS ON PAY TV

Mr. Fred King (Okanagan-Similkameen): Madam Speaker, I rise to present a petition, the intent of which is to pray this House to take note of the grievance stated by 68 members of Grace Lutheran Church, Lakeview Heights, Kelowna, British Columbia, who ask this House to ban pornographic material on First Choice Pay TV or any other Canadian TV stations for home viewing, and further request that legislation and any other appropriate steps be taken to stop existing pornographic TV programming and further expansion of the same.

The petitioners pray and beseech this House to consider this vital issue which concerns them, with due respect for the moral quality of life in our Canadian society in the certain assurance that this honourable House will therefore provide a remedy.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,529 and 4,646.

[*Text*]

DOCUMENT "CANAGREX: RESPONDING TO A NEED"

Question No. 4,529—**Mr. Wise:**

1. Did the Department of Agriculture publish a document entitled "Canagrex: Responding to a Need" and, if so, how many copies were (a) printed (b) distributed?

2. Were the documents distributed according to an automatic mailing list and, if so, to whom were they distributed?

3. Were the documents distributed on a request basis?

4. Did the Government only include the two editorials which have come out in favour of Canagrex and not the more than 20 editorials which have opposed the legislation as presently drafted and, if so, for what reason?

5. What were the total publishing and printing costs for the document?

Hon. E. F. Whelan (Minister of Agriculture): 1. Yes. (a) 750 copies of the publication were printed, (b) approximately 600 copies have been distributed.

2. Yes, only to the news media and Members of Parliament.

3. Yes, the publication is used to answer general enquiries about Canagrex.

4. Yes, articles opposing could be found but not editorials.

5. Total publishing and printing costs amounted to approximately $3,100.

ADVISORY COMMITTEE ON INTERNATIONAL COLLABORATION IN MICRO-INFORMATICS

Question No. 4,646—**Mr. Mazankowski:**

Was an Advisory Committee on International Collaboration in Micro-informatics established and, if so (a) who are the members (b) what is the background or expertise of each member (c) what are the terms of reference (d) how often has it met and how often is it required to meet (e) what is the budget or anticipated cost of the Committee and for what specific tasks will monies be allocated?

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned:

(a) MOSST is now in the process of deciding how to form an Advisory Committee on International Collaboration in Micro-informatics. Members will be drawn from business, universities, research institutes, labour and Government.

(b) Members will be experienced in education or in information technologies such as micro-informatics.

(c) This Committee will advise the government on Canada's involvement in the World Centre—Informatics and Human Resources.

(d) To be determined.

(e) Costs will be minimal. Non-government members will be reimbursed for their travel and accommodation expenses.

[*English*]

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered.

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QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 4,397, as revised, could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 4,397, as revised, be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

DIAND—EMPLOYMENT OF OUTSIDE CONSULTANTS

Question No. 4,397 (revised)—**Mr. Shields:**

1. Were outside consultants employed by the Department of Indian Affairs and Northern Development in the fiscal year (*a*) 1980-81 (*b*) 1981-82 and, if so, how many and what was the total amount paid?

Borrowing Authority

2. Were any consultants paid more than $10,000 and, if so, in each case (*a*) what was his/her name (*b*) what was the amount paid (*c*) what services were provided?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions stand?

Mr. Stevens: Madam Speaker, I rise on a point of order to ask the Parliamentary Secretary once again with respect to Question 2,042, that was asked on January 29, 1981, asking simply what was the total cost of the Prime Minister's December/January world tour of that year, 1980/1981, and what percentage of the total cost of the trip will be paid by the Canadian taxpayer. As we have been asking for some time why this information has not been given to the Canadian public, I am getting more curious all the time as to why it is being hidden.

• (1210)

Mr. Smith: Madam Speaker, there is no question whatsoever of anything being hidden, of course.

Some Hon. Members: Oh, oh!

Mr. Smith: This is a complicated question and providing the answer to it will take some time. However, I am delighted that the Hon. Member has drawn this to my attention. I can assure him I will look into it on his behalf.

Madam Speaker: Shall the remaining questions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed from Monday, February 28, 1983, consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly, (p. 22957).

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, Bill C-143, the borrowing authority for $19 billion, is another illustration of the ineptitude and irresponsibility to the taxpayer of the present Liberal Government. Once again the Liberal Government is in need of funds, but funds which so far have no direction. Where and how this enormous sum is to be

spent is yet to be stated. Projected shortfalls seem to be constant with the current Government.

The present deficit is approximately $23.6 billion and the estimated deficit for the fiscal year 1983-84 is $29 billion. The Government has asked the Canadian people to follow a program of restraint, although the Government itself is unable to control its spending. The attitude is: "Don't do as I do, do as I say"

There are a number of occurrences which exemplify my point. On November 17 I asked the Minister of Justice (Mr. MacGuigan) if he could give any indication of what the total cost will be to administer the Charter of Rights and patriate the Constitution. The Minister evaded the question. I followed up with a question to the President of the Treasury Board (Mr. Gray) as to whether he has conducted a cost-benefit analysis of patriating the Constitution. He evaded the question as well.

Canadians have a right to answers to questions about how much of their tax dollars are being spent and on what. They have a right to know what benefits these expenditures will bring them. The Auditor General has reported sloppy accounting procedures in the Government. It was found that the Government over-estimated its worth by $11 billion, assets are $4 billion less than projected and liabilities are in fact $12 billion more than were outlined.

Once again the Government is proving itself to be irresponsible to Canadian taxpayers as it persists with blank-cheque spending. No cost-benefit analysis has been done. The Government is voting for legislation on expenditure programs about which it does not have any idea of the cost involved.

The problem is escalated in that expenditures are being advocated of which no one seems to be aware and which certainly are not approved by the legislature. I ask that the Auditor General be requested to review legislation in aid of providing an estimate before the House is asked to vote on expenditures. Members do not actually know for what they are voting.

Negligence on the part of the Government has given rise to various inefficient and costly Government policies which can readily be cited. Complications in the Charter of Rights have caused an outlay of $102,000 for a contract from the Justice Department to study this entangled state of affairs at the University of Ottawa. Coupled with this expense is a $1.8 million increase in administrative costs and related expenses for the proclamation of the Constitution which are also to be borne by the Justice Department. Where is the cost accounting? Who knows how much more wasteful expenditure will be permitted while jobless Canadians suffer because of this flagrant exhaustion of funds that should be put to better use for their benefit?

To add insult to injury, the official languages program is costing more than $448 million annually. Apparently there is no actual figure available. Either no one knows or no one is willing to let the cost be known of trying to force bilingualism on an unwilling work force. In 1982 one Member of the Liberal work force was most willing to learn French. Janet Smith, an assistant secretary to the Cabinet, was sent to Nice in Southern France for four months to learn French. The cost to the taxpayer of this Riviera education was $12,000 plus Ms. Smith's salary, which is in the range of $60,000 to $70,000 per year.

Friends of mine in the federal civil service in Ottawa, after receiving a language diagnostic analysis, were informed that it will take 11 months to learn the French language. They were sent back to the Department and are dead-ended. They will only be trained for eight months. If you work for the Prime Minister (Mr. Trudeau), you are sent to the South of France.

Between September, 1981 and August, 1982 another civil servant, this time a field officer in the Barrie office of the Department of National Health and Welfare's income security program, attended a French language training course in Toronto at the expense of the taxpayer. The cost to the Government in wages was between $22,000 and $25,000, plus the same amount in wages for this individual's replacement employed in an acting position. The accommodation expense for 11 months totalled $9,295 plus $6,000 in other expenses. This is another example of the double standard of the Liberal Party. Those who cannot learn the French language in eight months are dead-ended. Their careers are finished. Others receive expense accounts and apartments and are sent to the south of France.

The translation of 276 million words at 24 cents cost Canadians $66 million last year. Training for the Armed Forces will cost $59 million. Between 1973 and 1977, $268 million was spent to make only 8,300 civil servants proficient in a second language. Although billions of dollars have been spent, only some 14,000 public servants have become bilingual.

These constitute the visible costs only. To date no one has recorded the indirect costs that a forced bilingual program has on private companies which must deal with the federal Government. Incidentally, the Secretary of State (Mr. Joyal) has legislation to deal with the private sector. If they do not comply with the Official Languages Act, they will receive jail sentences and fines. How does one put a dollar figure on lost time and misinformation because of communication restrictions? The Members of this House should decide whether Canadians would prefer to stand in the soup lines and ask for soup or be able to ask for it in either language.

The ominous dissipation of public funds by this Government has been exemplified time and time again. Illustrative of this fact in broader terms is the national deficit which has been revised twice since November 1981 from $10 billion to $25 billion. This is an increase of 250 per cent. The projected figure for the upcoming fiscal year is $29 billion. Bill C-143 is breaking all records. It is the largest borrowing Bill in Canadian history. Is this the example the Government is setting for the public?

I stand again today to make an earnest appeal to the Government to find a system of cost-benefit analysis before enacting any further blank-cheque legislation. Canadians want to know the benefits accrued to them through their ever-increasing tax dollars.

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, Bill C-143 is only two pages in length but it speaks volumes about our current financial state in Canada.

Since the November, 1981 budget when the 1982-83 fiscal deficit was estimated to be $10 billion, we have seen an incompetent Government plundering our Treasury and watched the deficit increase by 260 per cent.

While the Government has argued that much of this extra funding has been needed to finance cost increases in programs related to the recession—for example, increased UIC and welfare payments—the problem is much deeper than that. It is the culmination of 15 years in which the size of the Government has increased at a rate much faster than the ability of Parliament effectively to manage it. What has resulted is a system that is cumbersome, expensive, inefficient and virtually unmanageable.

In a recent column by W. A. Wilson in the Saturday, February 26 Ottawa *Citizen,* he said and I quote:

• (1220)

The Government now makes a determined and dishonest effort to attribute its huge deficit to the decline in revenues brought by the recession, ignoring the fact that it was chronically in deficit for years before the economy turned down. The deficit will not disappear when times improve. Economic recovery will bring tax increases to pay for the excesses that are still going on.

When Government becomes so large after a decade of sprawling, cancerous growth, the fact that recession has no power to force the elimination of fat becomes serious. It matters now in a way that it did not matter when the '60s ended.

This leaves a troubling question: If severe recessions do not force Governments to pare away the wasteful fat, what will do it?

That is a key statement, Mr. Speaker, and I will repeat it:

If severe recessions do not force Governments to pare away the wasteful fat, what will do it?

Every year the Auditor General in his Annual Report to Parliament brings forth new evidence of financial mismanagement and waste. Every year the Government bobs and weaves and soldiers through the criticism and makes vague promises about trying harder next time. And every year we see little action to encourage financial responsibility. This past year the Auditor General spoke of the lack of accountability of the 480-odd corporations in which the Government has an interest. He told us of how PetroCan purchased oil companies at will, without requiring the approval of even the Department of Energy, Mines and Resources, much less the Parliament of Canada. Rather than examine these purchases to see how they may or may not improve the lot of Canadians, the Government has treated each and every trip to the consumers' pockets as a triumph.

Spending of Crown Corporations amounted to over $25 billion annually at the end of 1979, and it has been growing steadily ever since, largely as a result of a sort of blank-cheque mentality, the same mindset, the same malignancy, that is destroying our entire federal system. The greatest single obstacle to an economic recovery for Canadians is the wastefulness of the federal Government and the intolerable burden which this has placed on our economic system. If we simply took less out of our economy to pay for mismanagement, then we would not need "injections" by Government to stimulate—or more accurately, "simulate"—demand.

I am not asking the Government to save money by cutting Unemployment Insurance payments or by taking welfare payments away from the needy. I am not saying that we should decrease payments to pensioners. However, we should, and can, manage our existing programs in a more efficient and effective manner without causing suffering by the disadvantaged.

As an example of a program which is mismanaged, I would like to cite the Summer Canada Student Employment Program. Every year the Department of Employment and Immigration allocates many millions of dollars to provide jobs for students. Every summer, the Government also habitually delivers cheques late to some program managers, instructing these individuals to go to a bank and make personal loans to pay program workers who are waiting for their cheques. This has happened every year since I have been associated with the Program in my constituency as a Member of Parliament.

Who is supposed to bear the interest costs on these loans? I wrote to the Minister about this problem last year and in his response he indicated that if the Program sponsor, or manager, would contact one of his officials in Vancouver, they would then be compensated for interest paid on these loans. If the Government proposes to solve our unemployment problems with these make-work programs, you would think it would be well enough organized to at least pay the workers on time. After the Program has become established, as this one has, one would at least expect that Government would have figured out a way of performing this simple task.

It is not simply the interest charges which must cost the Government in this situation. The Minister, of course, must assign someone to administer the payment of these interest charges. There is also considerable cost and frustration caused to the sponsor, and many people in my riding have indicated to me that they will not apply for the Program again because it simply is not worth it. There are just too many problems.

The Department has also become less efficient in another area of the "Summer Canada" Program. In 1981 I knew how much money my constituency would be allocated by January 19, and the deadline for applications was March 16. This gave project sponsors almost two full months to develop worth-while projects and to submit proposals. This year I found out how much my constituency would be allowed on February 25, just a week ago, and the dealdine for submissions is today, March 4. Many of my constituents are only now finding out that there will be a Summer Canada Program. This smacks of gross lack of planning by the Government, if not downright mismanagement. Today, Mr. Speaker, this matter came up in Question Period, and I would urge the Minister to see if he could give us another two weeks before the cut-off dealdine on this Program. One would think that the process would become more efficient as the kinks were ironed out and as established procedures were set up. What has in fact happened is the opposite.

Another such example within the same Department is the Employment Bridging Assistance Program. Last August I wrote to the Minister indicating that this Program was being very poorly administered. I sent him copies of newspaper articles and editorials condemning the fact that participants in this Program were simply not receiving their pay cheques from the federal Government on time, and that this was placing them under considerable hardship. What is interesting is that during this same time there was not one single complaint of late pay cheques issued by private sector companies which were also involved in the Program. The Minister responded to my letter on September 30, saying, and I quote:

As you pointed out in your second and third letters, there have also been legitimate concerns relating to late payments to Employment Bridging Assistance Program participants. Although these will continue to be an unavoidable delay of approximately two weeks while participants' claims are transferred to our manual pay system, because of the tighter administrative control that is now being exercised, there should be no further lengthy delays of the type that occurred in the past.

He goes on to say:

I have been advised as well that courier service is being used to transport claim cards in order to help ensure that participants are paid as quickly as possible.

The problem has not been resolved, Mr. Speaker. Two weeks ago I received a call from a distraught constituent who was participating in the EBA Program. His cheques were still arriving anywhere from four to eight weeks late. The situation has become so serious that many people who joined the Program are now considering dropping out, because when they are collecting Unemployment Insurance, at least they receive their cheques on time, even though they are smaller. Almost all of these people are in desperate financial straits. Some of them have had to borrow from friends and relatives simply to feed themselves and their families while waiting for their cheques.

If this is the result of the Minister's "tighter administrative control", imagine how things operated when the administrative control was less efficient. Even after half a year and the added expense of having a courier service deliver the claim cards to the head office in Vancouver, the Program is so poorly run that participants must wait up to two months to collect their pay. If a private employer involved in these programs had been similarly inefficient, he would probably be out of business by now. But when the Government does it, the employees have no alternative. They must simply wait and hope for the Government cheque to appear some time in the future.

These people are not lazy, Mr. Speaker, they want to work. Everyone who has contacted me about this Program has said that they approve of it because it at least gives them a job. They do not want to simply sit and collect Unemployment Insurance benefits. However, the sloppy administration and poor management of the Department is driving people away from such programs. This is a complete and utter disgrace.

Finally, Mr. Speaker, about two weeks ago I received a news release in my office from the Public Service Alliance of Canada. In the release, the PSAC condemned the Government for its proposal to decentralize the Department of National Health and Welfare as "a totally inexcusable waste" of public funds. It goes on to state that restraint and decentralization are mutually exclusive terms. The 505 positions being moved deal with the administration of the Canada Pension Plan, Family Allowances and Old Age Security benefits. The Government is asking those least able to afford it, the pensioners, to exercise restraint, yet feels no compunction at all in spending large amounts of money in relocating 505 positions for reasons described by the PSAC as "politically motivated". Personnel will be moved from Ottawa to Timmins, Chatham and Peterborough, and from Halifax to Sydney, Nova Scotia. The Vice-President of the Public Service Alliance has said, and I quote:

The decision by Cabinet is a politically motivated plan designed to help improve the chances of the sitting Liberal Members to retain their ridings in the next election.

• (1230)

This is typical of the present administration. When it comes to taking care of Liberal MPs who are about to lose their seats in the next election, or with Peter Stollery, Donald Macdonald, Michael Pitfield and Alastair Gillespie, the Government spares no expense.

The decentralization of National Health and Welfare employees is a perfect example of the Liberal style of governing. They are willing to abuse the system to retain power, but are incapable of effectively using that power for the public good when elected. They have no sense of direction. The Government's effort at restraint is limited to a slogan, "six and five", but it is incapable of putting in place a program which would put substance behind the slogan.

Its continued mismanagement of existing funds and programs has resulted in Bill C-143, a request to borrow a further $19 billion, and that makes the six and five program a farce. No amount of gloss and slick public relations can hide that simple fact. That Bill is an admission of failure by the Government. It has failed to exercise the restraint it urges upon all other Canadians, and by doing so it has failed to provide the economic leadership which this country so desperately needs at this time.

As I said at the beginning of my speech, Mr. Speaker, Bill C-143 is only two pages long, but it speaks volumes about the incompetence of this Government.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I listened very carefully to the comments of the Hon. Member for Cariboo-Chilcotin (Mr. Greenaway) and I must say I agree with the concerns he has raised and the problems he has identified with so many of the direct job-creation programs of the Government. I certainly would like to lend my support to the concerns he has raised.

However, in the few minutes that I have this afternoon I want to focus on the issue before the House now to refer this matter of borrowing $19 billion to committee for further discussion and examination. I would like to list the groups from one constituency in western Canada who have communicated to their Member of Parliament on this matter. Various priests and ministers, mayors and councils, labour

councils, chambers of commerce, business and professional groups, church groups, specific unions, community groups and ethnic organizations, service clubs, special interest groups, and a variety of businesses and different individuals have taken time over the last number of days to communicate to a Member of Parliament a simple question to be raised in the House. This is from a community which is experiencing unemployment levels of nearly 30 per cent as defined by Statistics Canada. The question is: What indication is Government giving to justify borrowing $19 billion?

With some reluctance, Mr. Speaker, I have had to respond to each and every inquiry that I do not know. Members of Parliament are unable at this time to determine the Government's priorities when it comes to spending $19 billion. I know the Minister, when he introduced this request some days ago, suggested that we simply have to wait until the Estimates are tabled and then there will be a very clear indication what the priorities and goals of this Government are. Well, I have looked through those Estimates. I discussed them with a number of my colleagues and it is difficult to say, looking at that information, just what the specific goals and objectives of the Government are. Are they to work towards a full employment option? Are they to work towards higher productivity in Canada? Are they to restrain or stimulate the economy? Are they to move more towards the process of Canadianization? One can list a whole number of questions. Yet looking at the Estimates, Mr. Speaker, it is unclear what the Government's priorities are.

Another question usually raised is: What is the Government trying to do? Is it trying to assist us in some direct way? One can lay out the list of job-creation programs which the Hon. Member for Cariboo-Chilcotin mentioned in his remarks, the alphabet soup of LIPs and FLIPs and BLIPs and NEEDs, a whole list of things that the Government has in place designed to create jobs. But we as Members of Parliament know that that is by and large an ad hoc approach, a band-aid approach. They do put a handful of people to work for a short period of time, hopefully to allow certain people to requalify for UI benefits; but by and large, if we are talking about thousands out of work in a particular region, we are creating jobs for a few hundred and obviously it is not solving the problem.

What frustrates people, Mr. Speaker, is when they read on a regular basis about the millions of dollars going to assist certain firms in bail-outs, or assisting certain firms to reorganize their financial affairs. I am not talking about millions of dollars or tens of millions of dollars; in many cases we are talking about hundreds of millions of dollars which go to a single firm. Dome Petroleum, Chrysler and Massey-Ferguson spring to mind. I could go on because there is a whole variety of firms receiving hundreds of millions of dollars of taxpayers' money to assist them in restructuring their financial obligations so that they can continue in business.

Small businesses and farmers and ranchers, and I suspect fishermen in other parts of Canada, are asking why it is they get no assistance, absolutely nothing, other than being possibly eligible for some of these simplistic make-work programs with all the red tape and hassle and so on that the previous speaker mentioned. Is this what we get? Why do we not get these other forms of assistance? Then, Mr. Speaker, they begin to get very cynical when they see certain businesses collapsing, such as in the forest industry, with thousands of jobs lost, which jobs will not return as the result of restructuring going on in that sector. Then they hear that a certain industry in central Canada will be getting a bail-out to enable thousands of jobs to remain in place. They will get financial assistance to shore up that industry to enable them to continue. That is fine, Mr. Speaker, but the point is that if they are going to do it for one industry, one sector in one region of Canada, what about the other parts of Canada? What about industries in other parts of Canada which some of us would argue get very little assistance? In some cases they get absolutely no assistance at all.

We have been listening to the Minister of Finance (Mr. Lalonde) saying: "Just wait until the Estimates come out and then you will understand what is going on"; or more recently he is saying the budget will soon be coming down, perhaps in March, maybe April, and then we will get an idea of how the Government plans to spend the $19 billion. Well, Mr. Speaker, that is asking a great deal of the people of Canada, remembering this was the Government whose leader back in 1980, in Toronto, said this Party will not stand by and let the recession come. Unfortunately, he meant it. The Government did a whole number of things to ensure that the recession came, faster and bigger than perhaps it normally would.

This is the same Government that says yes, we have an industrial strategy in this country. It is called dependency on the oil industry. We have identified the petroleum industry as the goose and the revenue coming from that industry is the golden egg. That was our strategy, our economic saviour. That was what we were going to depend on for economic recovery in this country. When the Government reached into the nest and lifted up the goose to get at the golden egg, what it found was not an egg. It found other material and the whole thing collapsed. The one strategy in place collapsed because of the assumption that energy prices were going to continue to increase forever.

Mr. Corbett: What did they find?

Mr. Riis: What did they find? I will leave that up to one's imagination.

This is the same Government, Mr. Speaker, which says: "Have faith in us and the upcoming budget". This is the same Government which created a situation in Canada where people went to sleep one night and when they woke up the next morning they could easily have thought they were in Poland. Workers in the public sector across the country found that some of their basic rights had been dropped stripped away. They found that the basic right of free collective bargaining was no more. This is the Government that time and time again has told us that Liberals are good for us. Hon. Members opposite say that their policies are good for Canadians, but that is like saying that bush fires and floods in Australia are

good for Australians. That is not the case, Mr. Speaker, and it is not the kind of statement that builds confidence.

• (1240)

I suspect that the scorched earth policy that the Government has introduced, the fact that 1.6 million people are unemployed and that the Estimates tell us that the Government's commitment to direct job creation is an increase of $100 million from last year, all demonstrate very clearly that solving the problem of unemployment in the country is not a priority. The Government has another priority. As the Minister of Finance told us recently, the Government is not interested in promoting a major stimulus in order to get people back to work. Contrary to what the Prime Minister (Mr. Trudeau) said recently, the Minister of Finance now says the Government is backing off from that idea and this hesitation is gaining strength in caucus and in Cabinet.

I want to end my remarks by saying that economic recovery in the country cannot occur when 1.6 million people are out of work and increasing numbers of people are threatened with losing their jobs. The consuming public must regain confidence before recovery can occur. But this confidence will not build while people see their neighbours out of work and face the prospect of unemployment themselves.

I make a plea to Members of the Government, Mr. Speaker, to see to it that the budget contains serious, major and bold steps toward short-term and long-term job creation. Unless it does, economic recovery will not occur in 1983 as we had all hoped it would.

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, I appreciate the opportunity this afternoon to speak on this Bill. I will address it from a very positive point of view rather than a negative point of view and make some concrete suggestions about what the Government might do with the $19 billion it intends to borrow. I take it as a positive sign that the Government has not yet made any announcement about the plans for the utilization of that $19 billion, a sum that would have made old "What's a million" C. D. Howe blush with shame.

I think it is unfortunate that the Minister of Transport (Mr. Pepin), who was in his place a short time ago and obviously has other business, is no longer present. The bulk of what I have to say and the suggestions that I will make during the short time available to me will be directed to transportation and in particular to matters that I have dealt with in the House from time to time in the past. I think my remarks will be of particular interest to the Department of Transport and to the Minister.

I feel it is vitally important for the future confidence of Canadians that they feel that this enormous sum of money will be utilized for the benefit of Canadians generally rather than for a select few in a select area for a period of time of short duration. What they are talking about is something that is close to the heart of all Canadians—their future and their jobs.

The Government has taken the position that, in the final analysis, the six and five program may prove to be of some benefit to Canadians. I hope that will be the case but I think the program has to be implemented and has to be shown to be implemented to the benefit of all Canadians.

I want to stress the issue of the six and five program in relation to the CPR, Mr. Speaker, and the fact that the CPR has become part of the legislation. It has included its employees in the legislative process; it has legislated its employees into the six and five program. We know that the CPR is the beneficiary of a great amount of money through various Government programs, not the least of which is the Crowsnest agreement and other subsidies, such as those conferred on VIA Rail and through other associations with the government.

I think it is necessary that we petition the CPR on behalf of its employees. I know that many Hon. Members have concerns both outside and inside Canada, such as the right of human beings to live in dignity and in the style that we as Canadians should be accustomed to. My plea will be for those employees of the CPR who are particularly affected by the six and five restraint program yet who, unfortunately, are not being treated in a manner which befits an industry of such substance and of such high profile in this country as the CPR.

I want particularly to refer to the group of Canadians who belong to the Canadian Brotherhood of Railway, Airline and Steamship Clerks in the Saint John region of New Brunswick. They are concerned about their future, the future of their families and their jobs. They have been tied to the six and five program since its implementation. Their main concern is job security, as many of them have lost jobs. For some of them the job future is bleak. They have petitioned Members of Parliament to urge the Government to impress upon the CPR its responsibility to the community to act as a good corporate citizen benefiting from the six and five program.

I urge the Minister of Transport to appeal to the CPR to recognize that job security is not only vital to the individuals involved but is vital to the security of the entire region. Many of these people have lost their jobs and now other jobs are in doubt. Twenty-eight jobs have been lost in the customer service centre, 62 truckers in the Saint John area recently lost their jobs and there are rumours that another 17 jobs will be lost in the McAdam and Saint John area by May 1. All these people are entitled to know what the future holds and they are also entitled to benefit from some of the money that will accrue to Canadians through the Government's proposal to borrow this $19 billion.

I am glad to see the Minister of Industry, Trade and Commerce (Mr. Lumley) in his seat. Two months ago I questioned him about the shipbuilding policy review that the Government had announced. I asked him when he would be undertaking implementation of that legislation for the benefit of shipyard workers in the Saint John area. At that time the Minister assured us that, if we gave him some assurance of co-operation in the passage of the Bill, he would introduce it forthwith or within a very short period of time. We have anxiously awaited

introduction of this particular Bill in the House but to date we have not seen it.

• (1250)

We know there is an accelerated program before Cabinet at the present time which deals with shipbuilding and that the Minister will have some input into those particular measures. This accelerated program would be used to stimulate the shipbuilding industry, and hopefully the Minister will see fit to encourage his colleagues to spend some of this $19 billion in this area. We know that $150 million, for instance, was allotted for the purpose of the construction of two buoy tender icebreakers, that there is a program in place for modifying offshore vessels for aid in navigation and that $78 million has been allotted for that particular construction project. We also know that this accelerated program is now before Cabinet. We hope it is implemented and that Cabinet agrees to it, so that some people in the area will have the advantage of at least future job security. There are many things for which the Government can utilize that money to enhance the security of people in job-related areas and in a meaningful way, not in a band-aid way. I strongly urge the Government to do that.

Also I urge the Minister of Transport to implement his program for increased VIA Rail services rather than decreased ones. We know that when the matter of the elimination of the Atlantic Limited was raised here some time ago, the Minister promised that the Maritimes region, in particular southern New Brunswick, would have LRC participation by 1983. Now we understand it has been extended to 1985. Perhaps the Government will use some of the $19 billion for the restoration and improvement of rail services in southern New Brunswick which have been taken away from us. We see that another ten VIA Rail jobs in the Moncton region will be cut.

I ask the Government to allow this money to be used for the benefit of Canadians in a universal manner, not only in band-aid projects or for the benefit of a few constituents who happen to be located in constituencies represented by sitting Liberal Members and support the Government. I see the Hon. Member Northumberland-Miramichi (Mr. Dionne) is present in the Chamber. I know his concern for the people of his region. I encourage him to rise in his place and urge the Government and the Minister of Public Works (Mr. LeBlanc) to meet with officials in that area so that they will have access to some of those funds. I ask the Government to let this money be used for the benefit of all Canadians.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I am very pleased to follow in this debate the very positive note established by the Hon. Member for Fundy-Royal (Mr. Corbett) and also the other Hon. Members on this side of the House who have spoken. We have noticed the absence of Government Members participating in this debate. Perhaps that this is to be expected, but I think the tone of the debate is a positive one which should be supported by both sides of the House.

Bill C-143 is in several parts. The first part would allow an additional $5 billion worth of borrowing power for fiscal year 1982-83 and an additional amount of $14 billion which will give us borrowing authority for fiscal year 1983-84. Obviously our major concern is the second part of this two-page Bill and the $14 billion which will be borrowed by the Government without it having established what are its priorities and what the money will be used for.

This entire debate takes place in a context which is unfortunate for Canadians. It sees us in the midst of a recession which has been unparalleled, certainly in my lifetime and probably in the lifetimes of most Members of the House. This recession is marked by a lack of confidence which is also unparalleled in my experience. There is a lack of certainty about where the Government is going, what it will do and what are its priorities.

We all know too well that it is clearly the priority of politicians to be re-elected. Many of the moves of the Government in the allocation of funding and in looking at opportunities in Canada have unfortunately been misdirected toward allowing the Government to assume the best profile in the eyes of the electorate. It has failed miserably, as indicated by the feelings of Canadians across the country in different polls. In fact, this is one of the essential ingredients in its planning and its approach to the allocation of public funds. We regret that and can only encourage Government Members, instead of viewing their position from the point of view of trying to get re-elected, to try to think of the interests of the country and the future planning which is necessary if we are to develop our potential.

I would like to spend a little time establishing what are our debts and liabilities in Canada in contrast to our assets. This borrowing Bill has established that our cash requirements for the fiscal year will be $26.1 billion. If we add that cash requirement, Government deficits and so on together, we end up with a total debt of approximately $120 billion. There are different methods of figuring this amount. I found it somewhat confusing. I do not think it would be extraordinary to think that other Hon. Members and the public in general would find it confusing.

One of the best short explanations I could find appeared in *The Financial Post* on February 26, 1983. I would like to read into the record our assets and liabilities. First, under liabilities, on top of the $120 billion in securities that we have as liabilities, which include Canada Savings Bonds, Treasury bills and Government of Canada marketable bonds, we have $20 billion or so in liabilities. They are comprised of the following. There is $3 billion in loans from domestic and foreign banks to support the Canadian dollar. There is $1 billion in coins. Coins are a direct liability of the federal Government, whereas dollar bills are a liability of the Bank of Canada. There is another $1 billion in life insurance and pensions, mostly annuities which were sold by Ottawa up until 1968, and there is $15 billion in such things as matured debt, bonds which have reached maturity but have not yet been cashed, provincial tax collected but not given to the Provinces, money owed to the Canada Pension Plan but not yet paid, and interest due but not paid. I will talk about the total of these in a minute.

After we have listed our liabilities, under assets we have, as the federal Government's major asset, about $32 billion representing its share in the assets of Crown corporations. There is also about $7 billion in loans to the Provinces, Territories, other countries and international organizations. There is $1 billion in things such as taxes accrued, the Veterans Loans Act, mortgages and Ottawa's 48.5 per cent interest in the Canada Development Corporation. Fixed capital assets are also included. They are buildings, Armed Forces equipment, machinery, other equipment, natural resources and so on.

It would raise the assets total considerably if we combined all these items. Indeed, if natural resources were included, we would see the federal Government in a very large surplus position. We cannot for our balance sheet count on those. There has been very clear demonstration in the past several months, particularly with what is happening in OPEC and so on, to show that we cannot rely in a traditional manner on natural resources. We are in a pinch right now because the Government counted on the revenues and taxes it hoped to achieve through the National Energy Program. Indeed, they will fall far short of the expectations of even a few short months ago.

My time is coming to a close. I have had very little time to contribute to this debate, except to read into the record what are our assets and liabilities. But in conclusion, as I call it one o'clock, let me indicate that Canadians are really looking for an indication of confidence in leadership and management of Government. This Government has not shown that. It is its responsibility to establish that vital link as soon as possible in order to achieve economic recovery.

The Acting Speaker (Mr. Blaker): Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I think it is worth reminding ourselves that Bill C-143, which is now before us, is intended to empower this Government to borrow, first, $5 billion before the end of this fiscal year, and to pass $2 billion of that borrowing power, if that amount remains, on to the next fiscal year. In addition to the $5 billion, the Government is seeking from Parliament the authority to borrow another $14 billion for next year. The Government is seeking the authority to borrow that amount without telling Parliament or anyone else the purpose for which that $14 billion is intended.

We are also dealing with an amendment put forward by the New Democratic Party which asks that the subject matter of this Bill be referred to a committee, especially the $14 billion portion of it. The New Democratic Party is concerned about that, as we are. Members on the other side of the House do not seem to be concerned about it at all.

Mr. Baker (Nepean-Carleton): Look at them, they are unconcerned.

Mr. Munro (Esquimalt-Saanich): But $14 billion for next year's unspecified purposes is the basis for our consideration this afternoon.

This is the first time to my knowledge, and I venture to say within the experience of anyone in this chamber, possibly the first time in the experience of anyone in any democratic parliamentary institution, that a Government has dared to put out its begging bowl to ask for authority to borrow an amount of this magnitude, $19 billion without showing cause. This is the first time; may it be the last.

Even more reprehensible, the Government is asking this Parliament in March, 1983, to authorize this Government, which has shown its disregard for public finance, to borrow funds for the next fiscal year. I think it is worth reminding those who are listening that kings have lost their heads for less.

Parliamentary control over Government spending by long tradition—going back at least three and one-half centuries, possibly even longer—rests on the proposition that no Parliament will grant funds that are to be spent beyond the fiscal year in which they are requested. This principle after a long struggle was embedded in parliamentary practice as a result of Parliament's long struggle with Charles I; and we all know what happened to him. "Pierre the Terrible" may suffer the same fate.

We are being asked, let me repeat, to empower the Government to borrow $19 billion—$5 billion this year and $14 billion next year. But for what purpose? For further interventions in the economy? For further purchases like Petrofina which cost a little bit more than $1.5 billion? A purchase like that would use up about 10 per cent of the $14 billion. Perhaps the Government wants to advertise more about energy self-sufficiency, which we are told is "that close" to being realized. That is not quite true either. That energy advertising cost just less than one million dollars. Those are the sorts of things the Government presumably wants the $14 billion for—

Mr. Baker (Nepean-Carleton): They are closing bases in the riding of Northumberland-Miramichi.

Mr. Munro (Esquimalt-Saanich): —and possibly to pay their friends, the Gillespies of this world, for their participation in projects which, if we are to believe the documentation brought forward most recently, are uneconomic.

• (1410)

Perhaps it is to find the $11 million which the Minister offered to an enterprise in my riding last weekend, if I remember correctly, or perhaps it was the weekend before, of which $7 million would be a straight grant and $4 million would be an interest-free loan. This money was offered in order to create an automated chip industry, to be run by

people whose experience in this particular field is nil. The Government wants a test bed for automating the development of the chip industry in my riding. That would amount to $11 million. Is that the sort of project that the Government has in mind? We must bear the fact in mind that $19 billion will be adding almost 13 per cent to the federal debt which now stands on our books.

Mr. Baker (Nepean-Carleton): Think of it!

Mr. Munro (Esquimalt-Saanich): Thirteen per cent will be added to our debt if this Bill is passed.

Here is the record. In 1970 there was a budget surplus of about $400,000. The net debt at that particular time stood at $17 billion, less than what we are being asked today to authorize the Government to borrow. That $17 billion represented 20 per cent of the GNP. In 1975, five years later, the net debt amounted to about $20 billion. It had grown slowly over those five years, but the proportion of the GNP that that debt represented had dropped to about 13 per cent. Between 1975 and 1983-84, the period we are now discussing, Ottawa's cumulative deficit has brought our total net debt to $152 billion, which represents almost 40 per cent of the Gross National Product.

An Hon. Member: Tell us about the transfers to the Provinces.

Mr. Munro (Esquimalt-Saanich): It had risen from 20 per cent in 1970 to 40 per cent in 1983-84. That is really quite a record for a Government, but I suppose it has been working on it pretty hard.

What does this mean to me and to you, Mr. Speaker? When I was discussing the financing of various enterprises and Government interference in the economy, I was reminded of having seen the most recent edition of *Chimo,* the publication with the dartboard on the cover. There was an interesting series of articles by 17 prominent businessmen who spoke of this very matter concerning state intervention in the economy, raising the questions: "Is it a blessing? Is it a curse? Is it good? Is it bad? Is it for co-operation?" I would highly recommend that issue of *Chimo* to Your Honour as something which ought to be read.

Let me return to the subject of what this large debt of $152 billion means to everyone. Here I have recourse to *The Financial Times* of February 28, an article on the front page dealing with this matter in some detail. For example, that debt represents $6,200 per man, woman and child in this country, no matter the age of the child. A child who is being born now already has a debt of $6,200 on its shoulders. The debt interest is $530. For a family of four, the debt is $24,800, with interest of $2,100.

You are not uneasy, are you, Mr. Speaker? My ten minutes has not nearly come to an end.

Mr. Deputy Speaker: Yes.

Mr. Munro (Esquimalt-Saanich): Oh, Mr. Speaker! I am just beginning to explain to you the seriousness of this particular problem.

Mr. Baker (Nepean-Carleton): The House will give him all the time he needs.

Mr. Deputy Speaker: I know the Hon. Member has explanations but ten minutes has expired.

Mr. Munro (Esquimalt-Saanich): May I continue with unanimous consent?

Mr. Deputy Speaker: The Hon. Member may continue with the unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Baker (Nepean-Carleton): Shame!

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Mr. Speaker, Bill C-143 asks this House to approve borrowing by the present Government of Canada of an additional $19 billion. The Government already has a borrowing authority of $21.1 billion for the current year, consisting of $3.5 billion of authority carried over from previous years, $6.6 billion from Bill C-111, $7 billion from Bill C-125, and $4 billion from Bill C-128.

Additional borrowing authority of $5 billion for 1982-83 is requested in Bill C-143, which would bring the total authority for 1982-83 up to $26.1 billion. As much as $2 billion of the $5 billion requested in this Bill, if passed, may be used in future years. In addition, the Bill would permit the Government to borrow an additional $14 billion in 1983-84, which just happens to be close to the time for another federal election. It will be interesting to see which ridings and interest groups will be pork-barreled as we enter the pre-election period.

Buying votes has been successful in the past but people have now begun to appreciate the fact that they will be made to suffer, along with their children, grandchildren and great grandchildren, as a direct result of the Government's misspending and mismanagement. The day of short-term gain to retain power has gone. It is unfortunate that future Governments, whatever their political persuasion, along with the people of Canada will have to pay dearly for the costly mistakes that this so-called "Liberal" administration has been and is hoisting on the richest country in the world. It is sad to see such potential wasted and Canada being compared to a banana republic.

Mr. Baker (Nepean-Carleton): The nation weeps.

Mr. Vankoughnet: The Minister of Finance (Mr. Lalonde) has refused to provide a forecast of the Government's financial requirements for the fiscal year 1983. The Government has had the audacity to imply that we should trust its statement that it needs $5 billion now and $14 billion to start off next

year on the right foot. Parliament, in effect, is being asked to grant authority for a year for which there are no current projections. No other authority would grant a line of credit to a bankrupt creditor who refused to provide up to date financial statements, so why should the House?

As of mid-February, the Government had $4 billion in cash deposits, of which $2 billion could be drawn before there were problems, and $500 million in unused borrowing authority. If Bill C-143 is passed, the Government will have $21.5 billion with which to operate.

Over the past 15 years, Government spending has risen at an unprecedented rate. On a national accounts basis, where data is comparable over time, spending climbed some $12.4 billion in 1968-69 to an estimated $90.6 billion this year, an increase of 630 per cent. A significant portion of the increase has occurred since the re-election of the Liberals to the House in February of 1980.

Relative to 1979-80, spending has risen by 59 per cent on a public accounts basis, or 66 per cent on a national accounts basis. Spending in 1982-83 alone increased by 20.5 per cent on a national accounts basis, or by 19.6 per cent on a public accounts basis. So much for the six and five program. Spending on a national accounts basis is now equal to 26 per cent of Canada's Gross National Product. The deficit today is equal to 34 per cent of all expenditures. For every $4 the Government spends, it must borrow $1.

There are only two ways to finance the deficit. One is by borrowing more money. In 1982, borrowing by the federal Government accounted for 51 per cent of all new security issues placed in Canada. The other way is by printing money. Over the past 12 years, the Bank of Canada has monetarised a total of $12 billion of the Government's financial requirements. Borrowing of that magnitude clearly must have an effect on the supply and demand for money, and thus on the interest rates which must be borne by the private sector, and on average Canadians, of whom 1.6 million officially, and many more thousands unofficially, are out of work through the policy of the Government and previous administrations over the past decade.

Government debt and the interest on the debt is becoming a very serious problem. The gross debt, which amounts to the total liabilities of the Government of Canada, includes not only interest but pension fund liabilities and several other items as well. At the end of the 1981-82 fiscal year, the gross debt was $134 billion. By the end of the current fiscal year the gross debt will be as high as $160 billion. In comparison the gross debt was $31 billion when the present Prime Minister (Mr. Trudeau) took office. The cost of interest on the debt in fiscal 1982-1983 is forecast to be $16.7 billion. That is the equivalent of one revenue dollar in three, or one expenditure dollar in five. It is more than double the cost of interest that prevailed only three years ago in 1979-1980. It is more than ten times the cost of interest in 1968-1969. If the Government only borrowed to pay interest on the debt, its annual financial requirements would soar to $40 billion by the end of this decade. The ever-growing interest burden which this year will cost $16.7 billion is the equivalent of $700 for every man, woman and child and $1,700 for each taxpayer in Canada.

• (1420)

Bill C-143 is dangerous because it creates further uncertainty and can only lead to disruptive speculation in the financial markets as to the state of the federal Government's finances. Parliament is being asked to vote borrowing authority without being given information as to the future direction of Government finances. Canada's poor economic performance will continue to have a negative impact on the finances of the Government as the cost of social assistance rises and revenues stagnate or fall. Any recovery that does occur is likely to be a weak recovery, based mainly on external factors.

People to whom I talk are sick and tired of being told by Government that this is a world recession and therefore it is the fault of our major trading partners, such as the United States, Germany, Britain and Japan. The fact is that whatever the world problem, Canada should be one of the most successful countries because of the human and natural resources which we have in this country. However, because of bad management and incompetence, Canada is now listed as being twenty-fourth out of 24 OECD countries in economic performance.

Confidence in this Government not only because of its fiscal conduct but because of the moral conduct of its members, is at an all-time low. How can Canadians have respect for Parliamentarians when Cabinet Ministers are continually mixed up in affairs such as the Gillespie controversy, the so-called judges affair or the Minister who forged the signature of the husband of his mistress for an abortion, a married woman with whom he was having an affair?

I have just received a petition of over 1,000 names objecting to pornography and obscenity on Pay TV. In recent weeks many Canadians have expressed their concern that First Choice Pay TV would be introducing a Playboy channel. We live in an era that does not need any further promotion of sex or the permissive attitude which lowers public morals. How can Canadians have respect for a Government which has lost control of its bureaucracy, or for a Prime Minister who courts Marxist policies? Is this $14 billion going to be used to support Marxist regimes or will it be used to help farmers, whose bankruptcy rate in January of 1983 was up 32 per cent over the same period in 1982?

I would like to see some of this money that the Government throws away to Marxist countries used in the federal riding of Hastings-Frontenac-Lennox and Addington. It would be a welcome relief to eastern Ontario if the Department of Regional Economic Expansion, which is responsible for federal Government efforts to overcome regional economic disparities, had some of this $19 billion to implement a program to develop economic and social policies designed to reduce disparity and increase employment opportunities in eastern Ontario.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I wish we were not engaged in this debate. I think it is extremely difficult to Hon. Members who take their jobs seriously to discuss honestly the request of the Government for some $19 billion, $14 billion of which will be spent in the early part of the coming fiscal year.

I was saying to my colleague from Kamloops-Shuswap (Mr. Riis) just a moment ago that I had a constituent call me yesterday to discuss, among other things, the Government's request for additional borrowing. He said to me: "The hard part for us who are away from Ottawa and trying to follow the events is trying to make a determination as to how the Government might spend the money". He said to me: "Tell me, Ian, how do you think the Government will spend the money?" I could only think of one way to reply—"Badly".

I came to the conclusion a long time ago that the Government was not in control of the expenditures of the country, was not clear where it was going, had very little to offer in the way of programs that even appeared to begin to meet the obvious needs of the majority of Canadians and was in fact engaged in a hanging-on process. It reminds me of the poster that one can see in a poster shop of a kitten hanging over a bar and it says: "Hang in there, baby." That is how I thought of this Government as I watched it operate over the course of the last two years.

My colleague has put in an amendment that suggests that at least the $14 billion should be referred to committee for a very careful review, and I think that any fair-minded person in the House of Commons who honestly took their job seriously and thought that it was in fact the responsibility of the Hon. Members of the House of Commons to be scrupulous in their review of Government taxing measures and expenditures could come to no other conclusion than that this $14 billion, needed though it may be, has not been brought forward with adequate justification to back up the request. They would conclude that it has not been brought forward in such a way that those of us who do in fact report back to our constituencies on a regular basis could feel confident of knowing how to answer the serious question: "What is this money to be used for?"

I suggested, and I continue to suggest, that the Government ought not to be borrowing in March for next year. What we should have had in March was a statement from the Government as to its spending intentions. We should have seen quite clearly a program-by-program outline of how the Government proposed to deal with the social and economic problems of this country for the next 12 months. That should be before us now. We should also have before us the proposals of the Government with regard to how they propose to raise money, including this borrowing; how they propose to tax; how they propose to deficit finance, if they do; and to what extent deficit financing and subsequent borrowing will play a major part in the coming 12 months as far as the careful management of Canada's economy is concerned.

I would have liked to see the Government get into the habit of putting before Parliament in the early months of the year—in fact, I would go even further and say I would prefer that the Government put before Parliament in the last quarter of the previous year—its projections for the coming fiscal period, both in terms of expenditure and in terms of revenue and taxation. I think we have to try in this House, if we are ever going to get responsible Government, to sell the idea that responsibility for spending and for taxing rests with Parliament. It is not just the domain of the Government. It is not just the Cabinet which makes those decisions. Neither is it simply Cabinet in consultation with some, if not all, of their backbenchers. The final decision and responsibility must surely rest with all Members of Parliament.

• (1430)

The only way that that concept can be approached is if we change the system entirely. Before the Government is given any further authority to go to the money lenders of the world and raise additional capital, we in the House of Commons should demand that the Government bring forward all of its projections, its expenditures and program projections. Then, having looked at the overview, we can reasonably and sensibly come to conclusions as to what is being asked.

I said earlier that there are certain things for which borrowing may well be appropriate. In our daily lives, we all engage in borrowing at some time or other. However, there is a distinction between borrowing in order to take a trip to Las Vegas to put money in the slot machines or on a gambling table and borrowing for the purchase of a home. Anyone would say that is a pretty simple comparison and they know the difference between the two. Borrowing for the purpose of buying a home and paying it back over a long period of time is a worth-while investment in one's future.

If the Government were borrowing for the purpose of establishing some stability in this country, if it were in the business of borrowing money in order to expand the railroad and transportation system, if it were in the business of coming to Parliament and asking for the right to borrow in order to build a new and modern port system on the coasts of this country and in the interior, or to develop a system which would allow us properly to exploit the resources in the long-term, best interests of this country, I might be inclined to say that kind of borrowing makes sense. That is the kind of borrowing from which you derive a significant return. It is truly an investment borrowing.

Members of Parliament have a responsibility to attempt to extract from the Government those kinds of commitments. The Hon. Member for Ottawa Centre (Mr. Evans), who adopts his normal smiling posture, is listening to me. I know he will take this to heart and dash back to the appropriate people in Cabinet and suggest that if only they were only to listen to Deans, things would be better around here! Others say that too. I do not personally say it.

I want to stress that the kind of borrowing we are now doing does not meet the justification, at least none that we have now, that would allow us to feel confident that what is about to be done will serve us well either in the short or long term. We all understand that even now this country is capable of massive

economic undertaking. This country is second to none in terms of its resource capacity and its ability to be self-sufficient both in energy and in food. We have access to two entire worlds, the Pacific rim on one side and the European sphere on the other.

Before you rise to your feet, Mr. Speaker, let me say that with that potential and with proper management of our finances, I am confident that this country will go ahead by leaps and bounds. If the Government were kind enough to heed what we are asking for, we could achieve the goals we are setting.

Mr. Jack Murta (Lisgar): Mr. Speaker, I want to make a few comments on this legislation. It is one thing to be asked to okay a $19 billion spending Bill, although that figure is so large that even Members of this House of Commons cannot grasp the significance of it. It is something else entirely to be asked to approve the borrowing of that amount of money without any information as to how, when or where it will be spent That is what I find most offensive about this legislation.

We have been asked to sign a blank cheque. The Government wants $5 billion for the current fiscal year, which ends in approximately five weeks. We have already been asked to grant authority to borrow $14 billion for fiscal 1983-84. The Minister of Finance (Mr. Lalonde) has suggested that, depending on the economy, that amount might last until midsummer.

It is madness to ask Members elected to this House of Commons to deal with figures that we cannot in good conscience grapple with. We are asked to pass this legislation when we have no idea in the world where the money will be spent. That is not only true of Opposition Members but of Members on the Government side as well.

The amount of the borrowing will have a very dramatic effect on the business community over the next number of months. It may threaten the recovery we all hope will take place. It will fuel inflationary expectations as we look further into 1983. This will have a direct effect on other segments of the economy which will have to compete with the federal Government when borrowing money. This will not only affect how Canadians view their Government but people outside Canada. The credibility of the Government in the whole area of economics has been totally shattered.

In 1981 the then Minister of Finance, now Secretary of State for External Affairs (Mr. MacEachen), budgeted for a $10.5 billion deficit for the 1982-83 year. Seven months later that figure was revised to $19.6 billion. By October of that same year the deficit had increased to $22.6 billion, and it is still climbing. Today we are talking of a budget deficit in the neighbourhood of $27 billion. Many people now believe that the budget deficit will go as high as $30 billion. The figures are becoming astronomical. They do not mean anything to the Canadian people. Canadians do not realize where we are going. They only know that we are in very serious financial trouble.

This Government thought its financial requirement for this year would be $6.6 billion. It is total madness for the Government to come to us now and ask for, in effect, a blank cheque. It is, in effect, saying: "Pass this legislation and trust us". Surely, this is not the way to run a country. Given the Government's track record, how could we support such a request without proper documentation? Back in 1982, the then Minister of Finance, the Hon. Allan MacEachen, indicated before the Standing Committee on Finance, Trade and Economic Affairs on May 31, 1982, and I quote:

• (1440)

> I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update of both the economic situation and the fiscal situation.

At page 20081 of *Hansard* of October 27, 1982, the present Minister of Finance said this, and I quote:

> In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-84 and future fiscal years, and then seek additional borrowing authority as required.

Obviously, that has not happened and, Mr. Speaker, we are going to take as long a period of time as necessary in dealing with this particular legislation because we do not know where we are going. We do not know what we are doing, and I believe the Canadian people do not deserve this kind of representation from their elected Members of Parliament.

This is the largest borrowing in Canadian history which we have been asked to comment on. The $19 billion which we are talking about today equals total federal Government spending for 1973-74. When I was first elected in the fall of 1970, Mr. Speaker, total federal Government spending was only $15.8 billion. Today it is estimated at $88 billion. The $19 billion which we have been asked to comment on and give our approval to means, Mr. Speaker, that the Government wants to borrow for six months the equivalent of $3.16 billion per month, or $100 million per day, or $4.5 million per hour for every 24-hour day. We are spending money at that great rate in this country without any direction as to how the money should be spent.

The Government has failed to give us leadership, not only in the economy but in the area, for instance, of training Canadians for skilled jobs. This is all part of the economy. Newspapers are filled with ads at the present time offering employment to Canadians, but they have to be skilled. We have not made the transition yet in terms of training Canadians for skilled work. We have no industrial strategy to show us exactly where we are going.

I would like to comment briefly on the effect of the mismanagement which has taken place in this country. Of course, I am better able to comment on my own constituency of Lisgar in southern Manitoba. The mismanagement of this Government in my particular part of the country has caused a tremendous degree of uncertainty and low morale. There is indecision as to what will happen in the future even in terms of the coming spring. There is no trust in Government, or Government institutions, and that may be, Mr. Speaker, one of the worst results of the Government's mismanagement. It has caused a general lack of the objectivity which is going to be needed if

we are going to pull ourselves out of our current economic situation.

This Bill is inappropriate because of the numbers we are talking about, but it is even more inappropriate because we have been asked to deal with something and we have no idea where we are going with it. We are faced with the Estimates and we desperately need a budget, and a budget now.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, this is the second occasion on which I have had an opportunity to speak to this particular Bill. On the previous occasion I covered certain other ground but this time I want to talk about the nature of the amendment. I also want to talk about the clear and absolute breach of the undertaking of the Minister of Finance (Mr. Lalonde) not only to this House but the undertaking to the members of the Finance, Trade and Economic Affairs Committee given by his predecessor. Surely to goodness, the present Minister of Finance is in a position to be able to consider what the former Minister of Finance said, because he echoed it last October.

It may be that some Hon. Members have already referred to the particular words which I will quote shortly, but I believe Hon. Members should be reminded of them, as well as people from one end of the country to the other. They indicate the "loosey-doosey" nature of the Minister's principles, not only from what we saw in Coalgate, but the attitude of the Government on its own guidelines, and what I believe was a clear breach of those guidelines, albeit by some peculiar twisting of logic, guidelines dependent upon what they mean to the individual concerned.

There has been since 1982 a number of borrowing authorities, which incidentally totalled approximately $21.2 billion compared to the projected financial requirements of only $17.1 billion as outlined in the June 28 budget. The Official Opposition was able to get the Government to reduce the amounts which were projected in these various Bills. In Bill C-125 the borrowing authority asked for was trimmed from $11 billion to $7 billion. Bill 128, which replaced it, gave the Government the necessary borrowing authority. At present there are no up-to-date forecasts to show that the Government needs even $5 billion in borrowing authority because there is money left over. There is money on hand. By some rule of thumb the Minister says he requires $5 billion to carry him to mid-summer. This is what the present Minister of Finance said last October 27 when he made his budgetary statement, as recorded in *Hansard* at page 20081:

> In the budget I intend to present early in 1983—

May I interject here that even today he indicated it would be likely some time late in April before he delivered a budget. That is "early in 1983", four months into the year? He continued:

> —I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-84 and future fiscal years, and then seek additional borrowing authority as required.

And I wish to underline these words, Mr. Speaker:

> —and then seek additional borrowing authority as required.

• (1450)

Bill C-143, Mr. Speaker, is the answer as to how much faith we should put in the words of the Minister of Finance. He says not only does he need $5 billion until June, but then he comes along with the second portion of what is an omnibus Bill. I would have thought that after the lesson of last year the Government would keep away from omnibus Bills, which this is. There is a borrowing authority for 1982-83 and then there is added a second part to the Bill known as the borrowing authority for 1983-84, for $14 billion.

I sympathize with the objective, I suppose, of the amendment before us, although with the greatest respect I frankly do not understand what the amendment is going to do. Frankly, to me it is written in pure Sanskrit as far as I can understand, because it asks that the order be discharged, the Bill withdrawn and the subject matter thereof, particularly the $14 billion section, be referred to committee. But why? The budget has not come down. The Government has said, through its most authoritative Minister in this field, that there would be a budget before he sought borrowing authority. I do not know what our friends in the New Democratic Party are trying to do when they say refer that portion to committee. What is it to do with that? What is it to report back and in what way?

There is only one way to deal with this Bill, and that is insist that it be split and we vote on the first portion, and I think generally, after some hemming and hawing, we would accept it, but not the second portion. I referred to this in my speech the other day. I said that I am unalterably opposed to the second portion of the Bill. With the greatest respect to the mover of the amendment, I do not see what the amendment is going to achieve. As a matter of fact, I have some doubt as to why the amendment was ever accepted. However, it was; therefore, I can only say that this Bill has to be defeated or the Government backed into the corner of withdrawing the second portion.

Hon. Members opposite, Mr. Speaker, do not question the $14 billion. Not one of them has said to his Minister: "Well, why are you not waiting until after the budget, as you said?" No, they are sheep. I doubt if the Minister of Finance has consulted his provincial counterparts to see where on earth they are going to borrow all that money this year. In other words, that there is going to be an orderly placing of Government obligations on the market. That is another point. The federal Government is going to go rampaging in, snare off all the ground, and the Provinces who have legitimate needs are going to be told to go peddle their wares with others who have had to go to Europe to try to get money.

Mr. Otto Jelinek (Halton): Mr. Speaker, because this Bill is probably the single most important piece of economic legislation and will affect every Canadian today, allow me to repeat briefly some of the massive statistics which have arisen as a result before I outline what I believe could and should be some potential and perhaps definite solutions.

As you know, Mr. Speaker, the Liberal Government is not only asking for a further $5 billion to supplement the $21.6

billion it has already borrowed for the fiscal year 1982-83, but the Liberals have the audacity to demand from Parliament a further $14 billion borrowing authority for 1983-84 with absolutely no accounting or explanation whatsoever. We, and Canadians in general, do not know how, where and why this largest money grab in Canadian history will be spent. What will the interest cost be? How much will be collected from personal income tax and corporate taxes? What does the increased outlay consist of?

In effect, Parliament is being asked to grant authority for a year for which there are no current forecasts. Will the deficit next year be $20 billion, $25 billion or $30 billion? No banker would grant a line of credit to a bankrupt creditor who refused to provide up-to-date financial statements. Therefore, why should Parliament grant it to the Government under these conditions? These are just some of the questions that must be answered.

However, and unfortunately, what is abundantly clear is the reason for this massive tax grab by the Government. The reason, of course, is the Liberals' continuing and growing rate of excessive, wasteful, unnecessary, shameful and perhaps even criminal Government spending. This is not a temporary phenomenon either, because ever since the Grits were returned to office 15 years ago, all caution and control on tax dollars spent went out the window, creating a spending bonanza unparalleled not only in our nation's history but anywhere in the industrialized western world. No wonder we rank 24th out of 24 countries on the economic and productive scales. We are dead last, but that does not have to be in this nation of wealth and potential unmatched anywhere in the world. We should be number one, but immediate changes in spending habits must be made.

For example, we cannot continue to prop up the CBC to the tune of $800 million per year when private networks can provide adequate service at no cost to the taxpayer. Nor should the taxpayer pay $800 per day to former Liberal Finance Minister Donald Macdonald for ascertaining what is wrong with our economy today and telling us about it three years from now. The Liberal Government should stop advertising itself, a selfish and political habit which cost the taxpayer $100 million last year alone. The Post Office is yet another example. While postal rates have more than doubled in recent years, the Post Office still has a deficit of approximately $500 million and it is not even efficient. If it was not so important a service, the Post Office would be a joke.

There are virtually hundreds of other areas where the Government can and should make spending cuts in order to prevent this type of massive borrowing. Time does not permit me to name them all, but there are some I would like to bring forward. For example, the costly and bloated civil service should be reduced by attrition and the introduction of sunset laws. Even the Auditor General says one third of civil servants do not even know what their jobs are supposed to be. Cutting the cost of Government Departments is possible, as demonstrated by the short-lived Conservative Government in 1979. Liberal consulting costs, Mr. Speaker, totalled $2,010,874,347 last year. That is over $2 billion, Mr. Speaker. Surely some of the highly paid mandarins who are supposed to be so knowledgeable in their areas of responsibility should be able to do their jobs effectively rather than having to demand the services of consultants and consultating consultants and probably consulting civil servants sitting in an ivory tower who do not know what the real world is all about and do not listen to the consultants in any event, just as the Liberal Government does not listen.

• (1500)

Foreign aid is out of control. Spending through CIDA alone has skyrocketed to a record $1,089,000,000, not to mention the long list of other Government agencies that are paying out millions of dollars to various countries in the world, including some countries behind the Iron Curtain.

Then there is the cost of Unemployment Insurance benefits. Canadians know that the cost to the taxpayer increased by 134 per cent last year to $2.9 billion. I do not suggest that it should be eliminated. Instead of the Government creating jobs in the private sector through the offer of incentives, it is spending hundred and hundreds of millions of dollars on phoney temporary make-work programs, many of which existed under a different name in the first place. It does not create long-term jobs and therefore unemployment continues to grow to 1.6 million people and the cost has skyrocketed to $2.9 billion.

Whatever happened to the Government's much touted six and five program? With all the examples I can give and the hundreds of others that exist, it seems that the Liberal Government is telling Canadians, "Do as I say, not as I do". In short, Mr. Speaker, this irresponsible Government has increased Government spending by 630 per cent in the last decade to the point where the federal deficit is now projected to be $30 billion this year. That will increase our national debt to $200 billion or, to put it in simple terms that we can all understand, $8,000 for each man, woman and child in Canada. As soon as a child is born, he or she is immediately saddled with a $8,000 debt. That debt will increase, rather than decrease. I do not think it is fair—it is not fair to allow the costs of mistakes of this Liberal administration to be passed on to our children and grandchildren.

It is no wonder that the Auditor General of Canada concluded as early as 1976 that the Liberal Government "had lost or was close to losing effective control of the public purse". Subsequent reports of the Auditor General were even more scathing. The Government does not act on the recommendations; it does not even listen.

There is no doubt that it is imperative that Government spending be cut. The fact is that unless measures are taken immediately to control spending and to create economic growth, it can be expected that the current economic situation will not improve in the near future. The argument that deficit financing is necessary under present economic conditions, is hogwash. As I said, Canadians are sick and tired of passing on the Goverment's debt load to their children.

To back up this comment I want to share with the House the results of a questionnaire that I sent out to my constituents last month. I asked whether deficit financing—and I explained what it meant—would be preferred to a reduction in Government spending. A staggering 99.8 per cent of respondents chose a reduction in Government spending and emphatically wrote in every response that Parliament must take action in this regard. I believe that the wishes of my constituents are indicative of the wishes of Canadians in most other parts of the country.

The need to get federal Government spending under control is obvious, Mr. Speaker. The problem is: if a majority Government, like the present Liberal administration, refuses to act in this regard, what can be done?

First, I believe that a special all-Party parliamentary committee should be struck forthwith to do nothing else but deal with Government expenditures. It should be able to come to Parliament, take specific action and have Parliament take the necessary action to reduce spending, and it should insist that Parliament listen to the recommendations of the Auditor General. Only then will Parliament and Canadians be able to fulfil their potential.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I am pleased to speak briefly on Bill C-143 which is before the Housing asking for borrowing authority in the sum of $19 billion. Recently when I was in my constituency, a constituent who came into my office shook his head and asked how it could be that the Government would come to Parliament and ask for $5 billion in this fiscal year and some $14 billion for the next fiscal year, when no statement whatsoever had been made of the Government's priorities and objectives for this money.

Surely that is the fundamental question before us as we debate this Bill today. No one in this House would suggest that if the Government is prepared to come forward with sensible objectives for spending money to create jobs in difficult economic times, Members would resist it. However, we take strong exception to the Government saying, "Trust us. We want $14 billion for the next fiscal year ending March 1984 but we still will not tell you what our priorities are." I suggest that that is an irresponsible approach to financing this country, and certainly I believe that the question my constituent asked has not yet been answered by the representatives of the Government in the House today or on any other day.

There are a number of areas of concern about this proposal. As the Hon. Member for Kamloops-Shuswap (Mr. Riis) put it, basically we are being asked to buy a pig in a poke. We are being asked to authorize the Government to spend $14 billion in the next fiscal year when we do not have the confidence that the Government will spend it wisely. In fact, the record of the Government is such that I do not believe it should be authorized a single penny until it indicates a fundamental change in its priorities.

There are still some 2 million Canadians out of work and literally millions more who, while they have a job, are working in an atmosphere of insecurity and fear of losing it. There are thousands and thousands of Canadians who are in part-time jobs and who are not using their full skills, and so their talent is being wasted.

What has the Government proposed in terms of priorities and job creation? Mr. Speaker, it has offered no real alternative whatsoever. It is clear that the major victims of the Government's lack of priorities on job creation are women and young people. These are the groups that are disproportionately affected.

We are not talking about short-term job-creation programs, important though they may be. In the last few months the New Democratic Party has put forward a number of proposals for creating jobs in the short term. We have come to grips with the fact that in a civilized society today, every Canadian who wants a job should be entitled to a job. It is absolutely and fundamemtally immoral that 2 million Canadians, half of them young people, still do not have work. Not only is it immoral, but it does not make any economic sense.

We have seen the Estimates with respect to Unemployment Insurance for the coming fiscal year. We know the cost of welfare in all Provinces is increasing dramatically. Recently, an article in the Vancouver *Sun* indicated that one out of three residents of British Columbia presently receives all or part of his monthly income from some sort of Government assistance. On this side we advocate that Canadians should have an opportunity to work. They want that opportunity; they do not want to be on the welfare rolls or collecting Unemployment Insurance. Not only does that have an economic impact but it also has a profound social and personal impact.

I could give many illustrations, as I am sure all Members of the House could, of the devastating consequences of the failure of the Government's economic policy, but I shall just give a couple.

About two weeks ago in my constituency office I received a telephone call from a grandmother. She was phoning because she did not know where to turn, she said. Her grandson has just graduated from UBC where he had spent six years getting a degree in applied science. He is a qualified engineer, but some eight months after he graduated he is still looking for a job. What kind of society is it or what kind of Government is it that would permit that tragic waste of human potential?

• (1510)

There are many illustrations, as I said. There is the 56-year old gentleman who got off the bus in Burnaby and came into my constituency office. He sat down and said "Mr. Robinson, after some 30 years in the same job I have been laid off. I have lost my job, not because I did not do a good job, not because I did not want to work." He had lost his job simply because the downturn in the economy was such that his employer could not afford to keep him on any longer. Also he said, "How do I go back home, face my family and tell them that we will get Unemployment Insurance as long as we are entitled to it, but after that we will have to go on welfare?" There are far too

many Canadians who are faced with that reality today, but not everyone is hurting in these difficult economic times.

There are a number of examples of people who are not hurting. One is the Canadian banking community. It is doing quite nicely, thank you very much. In fact its profits last year were incredibly high, particularly by comparison with the previous year which was a record year. Even though it was a very difficult time for thousands and thousands of Canadians, the banks did very well. They managed to look after themselves with the assistance of their allies in Government, to the extent that many of them effectively paid no taxes whatsoever.

What about equity and fairness? What kind of fairness is there in an economic system which allows those who are big and powerful to continue to get bigger, more powerful and more wealthy, at the same time as it literally condemns millions of Canadians to economic servitude? In their recent statement the Catholic Bishops said it far more eloquently than I could, that this system, which is based upon the pursuit of profit and upon the aggrandizement of capital at the expense of labour, is fundamentally immoral. We must reshape our priorities so that we have an economic system which serves the needs of people, not an economic system which increasingly serves the needs of only a wealthy few. There are a number of recipients of this largesse. We need look no further than the friends of the Liberal Government such as Michael Pitfield who was appointed to the Senate. Surely that must be one of the most cynical appointments at a cost of literally millions of dollars to Canadians. Also there is the appointment of Donald Macdonald, leadership candidate and former Conservative—former Liberal, I should say. I am sorry I confused the two, but there is not a great deal of difference. Mr. Macdonald, who is receiving some $800 per day, says that he needs money for the overhead of his law firm.

Mr. Pepin: Oh!

Mr. Robinson (Burnaby): Mr. Macdonald is not serving the people of Canada as a lawyer. He is serving the people of Canada, his good friend, the Minister of Transport (Mr. Pepin), and his colleagues as a commissioner. To suggest that he needs overhead for his law firm is absolute rubbish.

I suppose none of us should be particularly surprised at this gravy-train approach to friends of the Liberal Government. We need look no further than the recent Gillespie affair for a further illustration of that. I know that my time is limited, but I want to say that the Bill is fundamentally wrong. It continues to reflect the policies of a bankrupt Government, policies which have not in any way represented a significant difference from those of the Conservative Party.

For example, the Conservative Party is silent on the scandalous situation of bank profits and the fact that both the Liberals and the Conservatives receive some $50,000 a year from each of the major banks, which I am sure has something to do with it. These are the same banks which have refused to allow Canadians to renegotiate their mortgages. If their mortgages have terms of less than five years, they are locked into them at very high rates of interest.

I am sorry my time has come to an end. I very strongly urge all Members of Parliament to reject the Bill and to call upon the Government to come to its sense and reorder its economic priorities to create jobs for all Canadians.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, indeed it is a pleasure to follow the Hon. Member for Burnaby (Mr. Robinson). The New Democratic Party is guilty, and the more guilty it feels the louder it gets. To listen to the Hon. Member for Burnaby rise on behalf of unemployed Canadians and say to the House that it is immoral to have a society in which people cannot have jobs is to assert a truth. It is immoral, but the real immorality of which 1.6 million Canadians should be aware today is that back in December 1979 a Government was defeated, one which had been in place for nine months, and it was not a Liberal Government. Jobs in this country had increased on an average of 35,000 per month in the private sector; in nine months over 300,000 more jobs were created. For that little rump group from the West to rise in the House and throw out a Government which was creating jobs was truly an immoral act.

Mr. Robinson (Burnaby): The people of Canada passed judgment on you.

Mr. Hawkes: For it to stand in this House and throw out the Government of the Right Hon. Member for Yellowhead (Mr. Clark) when in fact its budget was judged by the Canadian Welfare Council to be the fairest budget—

Mr. Robinson (Burnaby): The people of Canada threw out that Government.

Mr. Roche: You threw it out.

Mr. Deputy Speaker: Order, please. The Hon. Member for Kamloops-Shuswap (Mr. Riis) is rising on a point of order.

Mr. Riis: Mr. Speaker, I believe the record will show that it was the people of Canada who decided that the Progressive Conservative Government should not continue in power.

Mr. Hawkes: In this Chamber on that night I was here, and you stood and you threw out the Government. It was your motion, and it was a budget which was the fairest—

Mr. Deputy Speaker: Order, please. The Hon. Member's remarks should be addressed to the chair, and I assure him that this occupant of the Chair was not here on that occasion.

Mr. Hawkes: I stand corrected, Mr. Speaker. I hate to saddle you with their burdens, because their guilt is so deep and so true. That Government created 35,000 jobs per month in its nine-month life. That Government was reducing the federal deficit and the interest payments. That budget was reducing the burden of regulation on the small-business sector.

Mr. Riis: Then why did the people of Canada throw you out?

Mr. Hawkes: That Government was putting a transportation system in place in the West to export food. That Government was treating the poor people of Canada in a fairer manner than they had been treated in a decade. That Government was giving pensions to widowers between 60 and 65 years of age. That Government was doing everything which the New Democratic Party stands for in the House and which it says needs to be done, but the immorality was in standing in this Chamber and throwing that Government out of office; that was an immoral act.

Mr. Riis: Louder.

Mr. Hawkes: We have a situation in the country today where the Liberal Government spends $150 for every $100 it collects. If one does that in one's budget month after month or year after year, one is bankrupt in a big hurry. This Government is bankrupt. Where is the history of that?

I should like to refer to the time when that history began. It was in 1973 and 1974. I was not in the House at that time, but it was a minority Liberal Government. John Turner was the Finance Minister, and the NDP supported those budgets in good times. This caused Canadian taxpayers to go into debt in ever-increasing amounts. Those were the budgets which the NDP supported. They were good-times budgets under which they were borrowing money instead of paying their way. In hard times, when there is not enough money for welfare, Unemployment Insurance and job creation, we ought to know that the reason for that is that in good times the New Democratic Party, in its marriage with the Liberal Party of Canada, was borrowing money that was not necessary, to do things that were not necessary but had the consequence one decade later of reducing the degrees of freedom which Parliamentarians and Canadians have to help people who are in trouble.

That is another immoral act. It sits there unchallengeable in the history of the country—vote for budgets which put taxpayers in debt when they do not need to be, then stand in the House a decade later and say that we should be doing things differently.

• (1520)

Now let us go into modern history. The federal Government is borrowing this year something very close to $1,100 for every man, woman and child in this country. Fifty one per cent of the money borrowed for new securities in this country last year was borrowed by the federal Government. Every time the federal Government goes to the marketplace to borrow a dollar, it competes with you, me and everybody else who wants to borrow a dollar. The federal Government competes with those people who want to borrow to buy a home, a car, a washing machine. The consequence of that borrowing in the first instance is to raise interest rates. That is the first thing. It also makes the cost of borrowing more expensive for every single Canadian who needs to borrow money.

Second, this Government, in conjunction with the New Democratic Party, spends today, which means that all the children who are in school now will have to pay it back tomorrow. In other words, it is okay to waste money today because others will be the ones having to pay it back tomorrow. That is the second consequence of borrowing which is not fair to future generations.

Although we see this particular $19 billion borrowing Bill, we may not realize that we are participating in history as a result if it. No government in the history of this nation has ever brought forth a piece of legislation in which it asked to borrow so much money at any one time. This is the largest borrowing Bill in our history.

This makes me think of my own family budget. I borrow money for things that will last a long time. I borrowed money to buy a home, to buy a car, to buy a washer and dryer, to buy living room furniture and beds, but I pay off my debts as quickly as I can.

Why is the federal Government borrowing money? The federal Government borrows money simply to spend it. It does not borrow money to produce the kinds of things that will last, endure and help.

If the Government were here today asking for the support of Parliamentarians to borrow money to improve the transportation system in our country, significantly and if the Government were asking us to borrow money to get a sector of the economy going, perhaps the oil and gas or the lumber or food sectors in order to put in better infrastructure so that in the long-term we would be a more productive nation having more taxpayers and fewer tax spenders, we could stand in the House and support the Government.

However, when in this fiscal year alone the federal Government, through hidden and direct subsidies, has given $1 billion to one company called Petro-Canada and another $600 million-odd to it so that it could buy service stations that already exist, what happens, Mr. Speaker, is that 5 per cent or 6 per cent of that money is completely wasted.

Petro-Canada has not produced a single job in this country. It simply bought out an existing company? It changed the name of the employer. If this sum of money were put into new developments and new jobs, we could support the borrowing.

I say to Liberal Members opposite and to Members of the New Democratic Party, "Wake up, bring this borrowing to a halt and let us defeat the Bill together."

Mr. Doug Neil (Moose Jaw): Mr. Speaker, it is always interesting to sit in the House and listen to our socialist friends to the left who speak in very pious, sanctimonious and puritanical tones and then make snide remarks to Members of the Opposition and to Members of the Government. But when someone either from the Conservative or Liberal Parties makes any comment about them, their very thin skin shows through because they shout, they scream and they howl.

We are dealing today with Bill C-143, a Bill made up of two parts. The first part contains a request to borrow $5 billion by the Government of Canada for the period ending March 31, 1983, which is less than a month from now. The second part

contains a request to authorize the borrowing of $14 billion for the 1983-1984 taxation year. The total of these two sums amounts to $19 billion. When and if this Bill is passed, it means the Government will have had the authority to borrow $26.2 billion in the fiscal period 1982-1983.

It is interesting to note that this Bill for $19 billion is the largest borrowing Bill that has ever been put before our Parliament. Equally it is very enlightening to look back at statistics over the years. If one goes back to the 1968-1969 fiscal year, the figure for the public expenditure or the Estimates—the total cost of operating our whole country—was some $12.39 billion. In that same year the interest on the public debt was about $1.4 billion or 11.7 per cent of the total budget expenditures. That year, 1968-1969, was the year the present Prime Minister (Mr. Trudeau) first took power. Then if we look ahead from 1968-1969 to the 1983-1984 fiscal year, the one into which we are now entering, we find from the Estimates tabled by the Minister a week or so ago that expenditures for the coming fiscal year are some $88.9 billion. Of that $88.9 billion, some $18.5 billion will be used to pay interest on the public debt or to service our debt. That figure of $18.5 billion represents 20.9 per cent of the total estimated budgetary expenditures. If we compare those two fiscal years, 1968-1969 and 1983-1984, we find that public expenditures have risen some 750 per cent, or 7.5 times. The interest on our public debt has risen some 1,285 per cent, or 12.8 times. In other words, the interest that we will be paying in the 1983-84 fiscal year on our public debt exceeds the total cost of running the country in 1968-69 by over 50 per cent. I want to impress upon Hon. Members the fact that I am referring to the interest only and comparing that to the total cost of running the country. It is almost unbelievable.

• (1530)

It is also interesting to relate these figures on a per capita basis. If one considers the Estimates for the coming fiscal year which amount to $88.9 billion, one finds that this amounts to some $3,560 per capita, or for every man, woman and child in Canada. If one relates this figure to the 282 constituencies, one finds that each constituency is faced with a debt this year, or cost of running the country, of some $315 million. Let us consider the interest on the public debt of $18 billion plus. If one relates that on a per capita basis, one finds that this year alone every man, woman and child in Canada is responsible for $700 of interest on our public debt. That has nothing to do with paying back any part of the capital.

People ask me, "How long can this continue? What has happened to our country?" One can tell people that the Government has overspent, and they understand that fact. However, I think a simple way of explaining it to people is to compare Government to a small-businessman, a farmer or another individual. If one spends more than one takes in, one will eventually end up in trouble. In the case of an individual, he or she ends up in bankruptcy.

In normal times, when a businessman sees that he is running into financial difficulties, he has one or two options. He tries to increase sales, but if times are tough, he sometimes has difficulty in increasing his sales and cash flow. However, most important, he cuts his costs. He looks around and tries to find where he can cut back on an expenditure so that his costs will not exceed his income. A businessman who is shrewd enough to do those things usually survives.

The Government has a similar option. It can cut expenses, but it can also increase its income through taxes, which it does, and it can borrow.

I see, Mr. Speaker, that my allotted time has expired. I will simply say that that is exactly what the Government has done. It has not cut expenses. It has borrowed and borrowed and borrowed, year after year, and that is why we are in this trouble today.

Mr. Douglas Roche (Edmonton South): Mr. Speaker, you may be wondering why so many Conservative Members are rising to oppose the Bill. Not least among our reasons is that, despite the sanctimonious offerings of the NDP a few moments ago, as we tried to find any representatives of that Party to oppose the Bill, there is not even one Member of the NDP in the House of Commons at this moment. That is why the Conservative Party is needed to fight this kind of Government.

Mr. Riis: Point of order!

An Hon. Member: You were not in the House at the right time.

Mr. Riis: Mr. Speaker, I do not know if it is normal practice for Hon. Member to refer to people who are absent from their seats. However, I want to remind the Hon. Member that I was standing at the back—

Mr. Deputy Speaker: The Hon. Member for Kamloops-Shuswap (Mr. Riis) has made his point.

An Hon. Member: You do it all the time.

Mr. Riis: Low blow.

Mr. Roche: I am glad that the spokesman for the NDP is—

An Hon. Member: The sole Member.

Mr. Roche: —is present to hear these words, because—

Mr. Pepin: Be specific.

An Hon. Member: He is leaving again.

Mr. Roche: Maybe he likes my television image and he wants to watch the proceedings on TV, and that is all right.

Mr. Riis: Why don't you say something, Doug? You are above those comments.

Mr. Pepin: Don't be bellicose.

Mr. Roche: To get down to some serious discussion, Bill C-143 comprises two pieces of paper without any kind of

explanation, and asks for $19 billion. It is the largest borrowing authority Bill in the history of our country. I must ask whether or not seven out of ten Canadians can be wrong. The latest Gallup poll showed that seven out of ten Canadians have little or no confidence in the Government. It is no wonder that is so, when the Government has a deficit of $27.5 billion and now comes before us with a small, two-page Bill requesting authority to borrow $19 billion, when the debt servicing of the federal deficit has now reached 20.9 per cent. Those figures are horrendous. It is the Conservatives who are fighting the Bill, and if anyone asks why that is so, that is the reason.

The performance of the Government reminds me of that of many of the developing countries around the world today. I often speak, in my responsibilities here, about developing countries. I can tell Your Honour that as I rise to speak to Bill C-143 this afternoon, I almost feel as though I were referring to a developing country. Do you realize, Mr. Speaker, that of the 24 industrialized countries in the OECD, the economic performance of Canada was ranked last? That is a shocking statement, a shocking performance by the Government.

My objections to the Bill concern both what the Government is doing and how it is doing it. It is requesting $19 billion, which works out to $1 billion a week from now until the Bill constitutes the largest borrowing authority Bill in Canadian history. It must be viewed in the context of the deficit of almost $27.5 billion.

When the Prime Minister (Mr. Trudeau) came to power in 1968, the deficit stood at $497 million, meaning that it has increased some 60 times since then. In 1968, there were 358,000 unemployed. Today, there are 1.6 million. The $19 billion in spending authority sought through the Bill represents the size of the entire budget of the federal Government from 1973 to 1974, the very first year I came to Parliament.

The current deficit of $27.5 billion means that every man, woman and child in Canada carries a debt of $1,125 or $3,700 per family. I cite these figures to highlight the magnitude of the Bill. It is a comment on the Government's economic mismanagement. In the future, moreover, the massive size of the deficit will place severe constraints on economic policy, leaving a legacy of debt to the taxpayers of the future.

I do not have time to go into detail concerning how the Government's deficit could be both reduced and better applied. However, I refer Hon. Members to the excellent three-point program introduced earlier in the debate by my Party's finance critic, the Hon. Member for Etobicoke Centre (Mr. Wilson), and the nine suggestions offered by the Hon. Member for Vegreville (Mr. Mazankowski). I remember the words of the present Prime Minister who, in the 1980 election campaign, said that the Government was going to hold the line on Government expenditure growth down to below the rate of the GNP. The Prime Minister said that the deficit would be reduced in a phased and orderly fashion and any new expenditure programs to meet the evolving needs and requirements of Canadians would be financed by reallocating existing expenditures or by increases in revenue. So much for those words and that campaign rhetoric that was forced on the Canadian people by our friends from the NDP, who voted out the only decent Government that this country has had in the last 20 years.

• (1540)

Since returning to office, the Liberals have spent at twice the rate of growth in the GNP and their deficit has more than doubled, all that since 1980. No wonder we are standing in our place to oppose this kind of Government performance.

The substance of what the Government is doing through this Bill is made much worse by the incomprehensible manner in which it is being done. In November of 1981, the then Minister of Finance predicted a budgetary deficit of $10.5 billion for 1982-83. In May, 1982 he was speaking in terms of a deficit of $19.2 billion. Last October, the new Minister of Finance (Mr. Lalonde) forecast a deficit of $23.6 billion. Now it is up to $27.5 billion, with anticipation of going up to $30 bilion next year.

This fourth borrowing Bill now before us, the fourth in the last eight months, stands for an increase in the deficit of well over two and one-half times, in just 15 months. What guarantee do we have that the Government will not come back to the House within a couple of months, arrogantly demanding more and more and using its majority to force such a Bill through the House of Commons, despite the fact that seven out of ten Canadians today have no confidence in the economic record of this Government?

In view of this abysmal record, Sir, I would expect the Government to be concerned about its own credibility. Such does not appear to be the case. This failure to project with a modicum of accuracy and to fulfil its promises with even a modicum of decency should have brought expressions of remorse. Above all, we on this side of the House would have liked to have seen an explanation of why the Government had so erred, as well as some signs of measures to rectify this colossal error. Instead, no documentation has been provided to us beyond specifics such as figures on the Unemployment Insurance fund, financing for established programs, and the entire question of revenue. What is more, this kind of accounting had been explicitly promised by both the present Minister of Finance and his predecessor, now the Deputy Prime Minister (Mr. MacEachen) who promised, and I quote:

> I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation—

So much for another broken Liberal promise!

Notwithstanding, Bill C-143 effectively asks the House to sign a blank cheque. Any creditor who walked into a financial institution asking for this massive line of credit without spelling out how the loan would be used and how it would be repaid would be thrown out in an instant. That is what the Canadian electorate is going to do with this Government—throw it out the instant they get that first opportunity, in an election.

In conclusion, this supplementary borrowing authority Bill is but another nail in the casket of this Liberal regime. Not only does that Government do the wrong thing, it insists on going

about it the wrong way, and forcing its way through by the arbitrary use of its majority in the House of Commons, notwithstanding the fact that it has lost the confidence of the Canadian people.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, the supplementary borrowing authority that we are discussing in the House of Commons today has the Liberal Government asking the Parliament of Canada to approve borrowing of some $19 billion. The Government has not explained exactly how this money is going to be spent. We understand that there is a shortfall of some $5 billion in terms of the current year's budget, but we have little knowledge as to what the Government is going to do with the other $14 billion.

I suppose that the Government is asking us, on behalf of all Canadians, to trust it. I personally find it hard to trust this Government when it says in effect, "This is what we want. We cannot tell you what it is for, but trust us."

The New Democratic Party does not trust this Government, nor do many Canadians across this country. For example, last year the budget projected approximately a $10 billion deficit for the 1982-83 fiscal year, but the end result was a deficit of $26 billion. The accumulation of our national debt over the years amounts to what could be, by the end of this fiscal year, approximately $160 billion. It would be impossible to find a business, an individual or a law practice in this country that could operate under the same financial management as this Government is operating under and asking Parliament to approve.

Another more pressing issue of mismanagement by this Government lies in the plan of the Minister of Transport (Mr. Pepin) to change the statutory rates for movement of grain. Possibly part of the money which the Government is requesting to borrow will be used in this plan, but let me use the example of the Crow rate to point out the mistrust that has built up in Canadians for this Government.

In the Battlefords-Meadow Lake constituency which I represent, by the year 1990 it will cost the grain-producers some $42 million to $46 million per year to move their grain to the ports. In fact, the cost is becoming so astronomical that it could possibly be cheaper to move grain through the United States, if the Americans would allow us to do so, and through the river system there to New Orleans, as opposed to moving it to our ports in Canada. I think it is a very sad situation in which we find ourselves.

I pointed out earlier that the change in the Crow rates will cost, in my constituency alone, somewhere between $42 million and $46 million per year. That is based on approximately 7,000 Wheat Board permit-holders who reside within the Battlefords-Meadow Lake constituency. In areas like this, agricultural economists say that the dollar produced by the farmer has a multiplier effect of somewhere between four to seven times. By simple mathematics, if the multiplier effect amounted to a minimum of $4, looking at the cost of $42 million per year, that would take out of the economy of the Battlefords-Meadow Lake area $168 million a year by the year 1990. The worst scenario that is predicted is that if it costs the producers of The Battlefords-Meadow Lake constituency $46 million a year and it has a multiplier effect of seven times, it could cost the economy of our local area $322 million a year.

Agriculture is a very important part of the economy in northwestern Saskatchewan, and this will have very serious effects not only on farmers themselves but on the business community and, in fact, all of the people who live within that area.

• (1550)

I see that the Minister of Transport, the Member for Ottawa-Carleton, has left the Chamber. The Ottawa-Carleton riding cannot stand to hear too much about the Pepin plan, as it has been called, the change in the Crow rate, because that is a damaging thing which this Government is doing to the grain producers of this country.

The Government says the grain producers have to pay more in order to upgrade the rail lines and get their products to the ports and on to the international markets which are so important. We had a trade advantage, it might be called, of some $6 billion last year because of agricultural products which we were able to move under the statutory Crow rate. Once this is gone, it may not be financially viable for Canadian farmers to produce, especially those grains which fall under the statutory Crow rate. They will pay more for transportation than the price they actually receive for the product. We could end up with a very serious situation economically and in terms of the food production on which we are so dependent in our over-all economy. If I am not mistaken, 20 per cent of our economy is based on agriculture.

As I mentioned earlier, the Government says it is necessary to increase the cost of grain transportation to farmers so that the money can be used to upgrade the rail transportation system, even though by the end of this decade grain will only account for between 14 and 20 per cent of all products moved over the rail line. The products making up the larger amount will be coal, some of it owned by Canadian Pacific, petrochemical products and potash. These products are not now moved with any great efficiency unless the railways tend to benefit.

The Crow rate is an historic rate. Taken in isolation, one might come to the conclusion that it should be changed, but not so. We cannot look at the Crow rate in isolation. We must look at it in a global context.

The railway companies of Canada, especially Canadian Pacific Railway, were paid handsomely with millions of acres of land and millions of dollars in subsidies and grants for putting in place a rail transportation system in Canada. In fact, they had resources to draw funds from if in future years the statutory Crow rate did not fully compensate them for the movement of grain. The railway companies have forgotten about that. The profits which they have received from their ventures, ventures made possible by the Government of Canada through land grants, money and rolling stock, were

not re-invested in the rail system of Canada. Obviously they were invested in the many other diverse operations of Canadian Pacific. They now come back to Parliament to say they need more money. Maybe they do in terms of movement of grain. However, they should be able to draw from the vast resources they have been given. They were originally given to them to subsidize grain transportation in this country. The companies have forgotten that, and the Liberal Government has forgotten it as well. They say the farmers should pay more to move their products to the ports and on to the markets.

We in the New Democratic Party say that the Crow rate should be maintained. On the other hand, the railways should not lose money in transporting grain to the ports. If the railways suffer a valid loss, they should be compensated, but not by the farmers alone. It should be by the people of Canada through their Government because of the vast importance of agriculture to the Canadian economy. This should be shared equally among all sectors of the Canadian economy.

Before closing, I would like to return to the item before us. The borrowing authority for $19 billion is not looked upon favourably by myself as an individual Member of Parliament. It is shameful that this Government can come and ask us for this sum of money without laying out a plan, that it can simply ask us to trust it when it has betrayed so many trusts in the past.

Mr. Baker (Nepean-Carleton): They are absolutely shameless.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I want to speak briefly on this Bill which the Government is insisting that we pass with undue haste. The Government is asking for a record amount under this borrowing authority of some $19 billion. What is so unusual is that it is asking for part of the money for the present fiscal year, the majority of it, however, to be spent in the next fiscal year, even though we have not had a budget.

When the Government dealt with the financial mess this country is in last October, it gave us the up-to-date statistics and their projections. Four months later they need a further $4 billion more than what they projected. In order to get through the end of fiscal 1982-83, they must increase the deficit from $22.1 billion to the new figure of $26.2 billion. The Government wants an additional $4 billion. They are not sure why they want $4 billion. They agree they need $3 billion now. They want to borrow an additional $2 billion for a possible $5 billion for this fiscal year. If this money is not needed, it wants to transfer the $2 billion into the next fiscal year. Therefore, it will have $3 billion or $5 billion for this year, depending on what it wants to do. It is rather unique for the Government to be in the situation of not knowing whether it will need that $2 billion this year or keep it for next year when we are only 27 days away from the end of the fiscal year.

The part of the Bill which upsets most people who have been dealing with it in this debate and a great number of Canadians is that the Government, which promised to bring in a budget early in 1983, is now almost a quarter of the way into the new year and there is no intention of bringing in the budget until April or May, which will be one-third into the year.

The Government is not telling us why or on what it intends to spend the money, but it wants $14 billion to spend. I do not know whether this will go to financing more projects for Mr. Gillespie or toward hire more people in the situation of Donald Macdonald. Canadians are becoming a little jaded, tired and cynical about this Government and the way it spends money.

The House of Commons, its committees and individual Members, the whole system of Government, only works with a certain amount of goodwill, faith and trust by one side in the other. We have to work together. The Government has destroyed much of the trust, goodwill and faith that it might have had in its reservoir. The Hon. Members in the House do not trust the Government, they do not trust what the Government is doing and, I believe, by and large, that feeling reflects what the people in the country feel. The whittling away of the power of Parliament, the whittling away of the ability of Parliament or its committees to scrutinize the devious methods which the Government uses to get its will done, has made people very cynical about the entire political process. I do not believe that the Canadian people today have nearly as much trust in their politicians as they had just a decade or two ago. I do not believe that the Canadian people are willing to write a carte blanche cheque to the present Liberal Government for $14 billion without receiving some indication of what it is in fact going to be spending it on, without getting some detail by way of a budget.

• (1600)

It was not too long ago, Mr. Speaker, that the former Minister of Finance set down what he thought was a practical, intelligent statement. I quote from the report of the Standing Committee on Finance, Trade and Economic Affairs of May 31, 1982 where he said:

> I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update of both the economic situation and the fiscal situation.

That rule was good on May 31, 1982, but less than a year later it does not seem to apply to the Minister of Finance any longer. Of course, we heard that rules were set down dealing with the conduct of Cabinet Ministers within a two-year period, but they did not apply, either. Just last October 27 *Hansard* records the present Minister of Finance making a promise. That promise was that he would introduce a new budget before he sought any more authority to borrow money. On page 20081 of *Hansard* he says, and I quote:

> In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-84 and future fiscal years, and then seek additional borrowing authority as required.

So it is a precondition to seeking any more borrowing authority that we were going to have a budget with some detail as to what the Government's plans and projections were for the 1983-84 fiscal year, as well as the following fiscal years. The promise made by the present Minister of Finance on October 27, 1982, is now also out the window. We have had two Ministers of Finance in a row who have made promises and

commitments, set down guidelines, and now the Government does not want to follow them. What we have been asked for by the introduction of Bill C-143 is a carte blanche cheque for $19 billion, "some of which we are going to use this year, some next year, and the part we are not sure we are going to use this year, we are going to carry over to next year." I do not believe anyone would lend anyone such a large sum of money, or give anyone a line of credit, without knowing what their projections were and why they wanted it.

The interesting part is that this Liberal Government has become so used to spending money, it is not really sure why it needs it. Let us take a look at some historical facts. In 1968-69 when the present Prime Minister (Mr. Trudeau) first came to office as the head of the Liberal Government, the Government only needed $12.4 billion. That has increased now to $90.6 billion for the upcoming year, which is an increase of 630 per cent.

I see that my time has now run out and perhaps I will have an opportunity to continue with this point when we get back to the main motion.

Mr. Fred King (Okanagan-Similkameen): Mr. Speaker, the Canadian Horticultural Council met in session in Ottawa earlier this week at its annual convention, providing an opportunity for farmers of horticultural crops from across Canada to get together to discuss various aspects of their business in which they have shared interest. The concern of the Horticultural Council this year reflects the damage which the recession is doing to the farm communities. To this extent, farmers have much in common with other segments of our Canadian economy.

Nearly every domestic Canadian producer is troubled by the share of the Canadian market which is taken by cheaper offshore products. Our problem in farming in Canada, as in manufacturing, is that our cost of production in many instances exceeds the costs of competitive foreign products delivered to our Canadian markets. One of our main Canadian distinctions, which presently work against our competitive effectiveness in all segments of our economy, is to be found in the expanding share of our Gross National Product which is being seized by Government. The demands of Government are presently dramatized by Bill C-143, a request for authority to borrow an additional $19 billion simply to keep the Government operating for the next several months, and operating in its "normal" fashion, I might say. Borrowing of this magnitude must tell Canadians that one reason we are losing our competitive edge is that the money which the Government spends eventually costs us in tax dollars, eventually reflects in the cost of every commodity we produce, and eventually makes Canada less competitive than other areas of the world.

There is no pleasure in responding to the challenge thrown out by the Minister of Finance (Mr. Lalonde) when, on February 17, he asked the House to approve the request of the Government for authority to borrow $19 billion. This House, if it is foolish enough to approve this latest borrowing authority Bill, will be simply shifting a permanent burden of debt to the backs of the youth of Canada who, like my grandchildren, Tara, Lucas, Tasha and Trione, will be the future wage earners and taxpayers of our nation. How can there be any suggestion of a docile acceptance by this House of the request of the Minister for yet another $19 billion? When and where is it going to end? I believe it will only end when the Government itself is prepared to discipline its own fiscal demands. The six and five restraint is for others, not for this Government. That is very apparent.

Saturday Night magazine, in its February issue, deals with this issue in an article entitled, "Is Government spending out of control?" It quotes Dian Cohen as observing:

> The $76-billion budget, . . . "means that three and a half million Canadians are working all year so that the government can spend their money."

The article goes on to state:

> The government's "six and five" restraint programme offers little in the way of economic substance, . . . pinning the blame for a faltering economy, or even the blame for high government spending, on the pay package of public servants is a gross distortion of reality.

I would like to read what the article says about the six and five restraint program. It says:

> Savings generated by "six and five" will reduce total government expenditures by less than one per cent.

● (1610)

The patent phoniness of Government Members representing their six and five policy as being responsible for the lowering inflation rate is in character with past distortions. The Government they support so obediently has killed the economy, wrecked the ambition and hope of the people, offended investment, and reduced the spirit of adventure and risk-taking by removing opportunities for success. Having broken the confidence that Canadians have had in themselves historically, as well as in their Government and their country, having killed the expectations of Canadians by placing more than 1.5 million people on the unemployment rolls, Members opposite engage themselves in chest thumping in unison, claiming for themselves the success for six and five which they could not possibly under any circumstances have achieved.

Crediting the six and five program with bringing inflation under 10 per cent is about as rational as the farmer who goes into the chicken house, kills all the chickens, and a week later takes pride that the weasels are no longer getting the eggs. Or perhaps like the arsonist standing in the cold ashes of his house, taking pleasure in the fact that he no longer spends anything on house repairs. This Government's achievement is that it has killed the economy, not that it has succeeded in reducing inflation.

The Hon. Member for Willowdale (Mr. Peterson), who I am sorry to say is absent, challenged us to be honest; be moral, he said. What advice from a source which recently demonstrated that this Government considers anything which benefits Liberals to be moral! The failure of the Government to provide a rationale for its borrowing authority demands is an indication of its contempt for Parliament and the nation. Or is it that this Government is simply so utterly ashamed of its role in bringing the economy to a state of collapse that it cannot

bear to expose itself to the truth? Not only is Bill C-143 unprecedented in size, but is unprecedented in the circumstances surrounding the request. It is the norm to ask the House for leave to borrow money for purposes of the Government which are known, understood and debatable in the House. It is far from usual to suggest to the House, which has the responsibility to understand, debate, approve and, if possible, control Government spending regimes, that it dissociate itself from that responsibility and become, as the Leader of the Opposition (Mr. Nielsen) put it, simply a rubber stamp in the hands of the Government.

It is not the intention of Members on this side to become the putty in the hands of the Government which the Members opposite have become, molding themselves instantly and easily and completely to the political priorities of the Cabinet. It seems no more important to follow the traditions of this House in the matter of the latest borrowing authority Bill than it is for Cabinet Ministers and ex-Cabinet Ministers to observe the Prime Minister's own guidelines for conduct. These guidelines were clearly breached by Ministers of the Crown and by an ex-Minister in the Coalgate affair. The Deputy Prime Minister (Mr. MacEachen) states that it is up to each person's conscience to define how these guidelines should be observed. Well, Scripture speaks of the time when there was no king in Israel, every man was doing what was right in his own eyes, and that was not a good time in the history of Israel.

Mrs. Jennifer Cossitt (Leeds-Grenville): Mr. Speaker, it is always a pleasure to listen to the Hon. Member for Okanagan-Similkameen (Mr. King). I have enjoyed his remarks on this Bill.

I am very pleased to have the opportunity to speak today on Bill C-143 because I am concerned about the far reaching effect it will have on so many Canadians. On the surface this Bill is asking for authority to borrow an unprecedented amount of $19 billion. The Government wants further authority to borrow $5 billion just to cover its spending to the end of this fiscal year, and then another $14 billion to start off the next fiscal year. Authority to borrow such a large sum of money before the year has ended is no way to start out, particularly in view of the disastrous year just ending.

It is time, Mr. Speaker, that this Government gave us some indication as to when all this borrowing will end. To date the Government has asked for and received the authority to borrow $21.1 billion for this year alone, and the additional $5 billion it is requesting will bring it up to almost $27 billion. Will it be enough? If we look at the Government's past record we can see that it will not be enough. It is never enough. The Government is like a slot machine, it eats money, spits out a little in return and then asks for more. But there comes a time when we have to say: stop. We have to make the Government accountable. We have to make the Government reassess its fiscal policies and make an honest attempt at balancing the budget instead of creating larger and larger deficits. It is this present attitude of "we can always borrow the money" that is driving this country into the ground and toward bankruptcy. Expenditure of public funds must be accountable to Parliament.

Three years ago, Mr. Speaker, interest on the national debt was half of what it is today, some $16.7 billion. To the average Canadian, that means one out of three dollars the Government takes in through taxes is going toward paying the interest on a debt which is over $134 billion. It is time the Government faced the reality that it has to find other means to pay its debts. It is time it faced the reality that Canada cannot continue forever to operate on a deficit basis, otherwise we will continue to fall further and further behind every year as this Government continues to muddle its way through budget after budget and borrowing authority Bill after borrowing authority Bill.

We have now reached the stage, Mr. Speaker, when the Minister of Finance (Mr. Lalonde) will not even provide us with the necessary information and financial forecasts so that Parliament can scrutinize the need for this increased spending. We have reached a point when the Government asks Parliament for more and more money and hopes we will not even ask why and for what. There is no bank in this country, Mr. Speaker, which would approve a loan to any citizen without the reasons being specified. Is this any way to run a country? We have to know why the Government needs $14 billion of borrowing authority for the next year. We have to know why we should be giving our approval to borrow this kind of money. What we in the Opposition cannot accept is that this Government has not yet learned its lesson, that deficit financing cannot last forever. We cannot accept that this Government cannot do a better job of trying to balance its budget.

The cost of borrowing money to finance programs the Government could otherwise fund through better fiscal management is a cost much too high for Canadians to bear. We have a Government which is operating on annual budgets in the billions, operating on annual budgets from a bottomless trough, yet the difference is that my constituents—indeed, all Canadians—do not constantly borrow money needed to pay their bills. They use other means, they adjust their lifestyles in keeping with reduced incomes and rising prices. The time is long past when this Government should operate within its own projected estimates and not have come to Parliament time and time again asking for more and more.

What we are seeing is a Government so far in debt, it has lost the room to manoeuvre. Just a few short years ago, if the Government was not doing as well as it should, it had the flexibility to inject funds into programs to put the country back on the right road again. Now the Government has incurred such a disastrously large deficit through constant mismanagement that it cannot afford to adopt fiscal measures that will stimulate the economy, get people back to work and get businesses moving again.

• (1620)

With such a large deficit, the Government cannot afford to produce the tax incentives that are so desperately needed to get people to spend money instead of saving it.

What we are seeing is a Government that is chasing its own tail, going around and around in circles. The more it borrows the less flexibility it has, and the less flexibility it has the more it has to borrow.

The Liberal Government is the biggest borrower we have in Canada. It borrows for everything. The Government needs a Royal commission on the economy—we borrow. The Government needs money to pay exorbitant stipends to its old

friends—we borrow. The Government needs to pay for the use of JetStars by Cabinet Ministers—we borrow.

Let us take a look at how much it costs each and every taxpayer of this country to finance this deficit. Fifteen years ago, the deficit used only 4 per cent of the Government's spending money—this year, 34 per cent of the total expenditures are taken up by the deficit—a deficit the Minister of Finance is asking us to increase with the passage of this Bill. That is an increase of 30 per cent in 15 years.

On the other hand, if the Liberal Government had managed to balance its budget for the last 15 years, the cost of servicing the debt would be only $3.3 billion. That is a far cry from the $16.7 billion we are facing today.

But the worse effect of this continued borrowing and continued mismanagement of the affairs of Canada is the loss of confidence other nations have in Canada and the continued loss of confidence Canadians have in their country. We used to be an industrial power, but now we cannot even begin to compete. We stand twenty-fourth out of 24 countries in productive capacity. Economists predict that we will be the last country out of the recession, and that is not something the Hon. Members opposite can blame on the world recession.

The Government has been operating in the red since 1970. That is 13 years of operating at a loss—a deplorable record of a Liberal Government that knows no restrictions. Any businessman knows that you cannot recover from 13 years of operating in the red unless you take some drastic action such as cutting costs and stimulating sales through effective marketing strategies. What strategies has the Government produced? It has only produced a defence of its policies at great expense to the taxpayer.

It cost the Canadian taxpayer $70 million to learn that the six and five program is working—that is advocacy advertising. It cost the Canadian taxpayer $10 million for Government hospitality—food, drink and entertainment. That money could have been better spent on employment programs and could have provided employment for 10,000 people. This in turn would have meant more taxes and netted revenue for the Government and more money being spent in the economy as well as savings to the Government on UIC benefits.

The metric program has cost the Canadian taxpayer a total of $65 million to date. It has also cost the business sector additional costs in conversion measures and has created a furor among Canadians that still rages.

Mr. Speaker, I could go on for hours but I realize that my time is limited. There is much to say about government waste but my major concern about this borrowing authority and all the previous borrowing authorities we have seen go through here in recent years, is the effect it will have on our citizens in the future. The effects on the younger generation of today of a stagnant economy and an escalating deficit is evident in the many letters I am receiving from students who are frustrated and wondering why they have to pay for the extravagant and ostentatious spending habits of an irresponsible Government. Students are faced with high unemployment and little prospect of job when they graduate. They are starting off their adult life with no hope for a secure financial future.

No, Mr. Speaker, I cannot condone the request by the Government to borrow a further $19 billion unless it is prepared to take a responsible and realistic view of its spending habits and be accountable to Parliament for its spending needs.

Mr. Vince Dantzer (Okanagan North): Mr. Speaker, like others in the House I am very pleased to have the opportunity to speak on Bill C-143. I consider this to be an historic event because this is the largest, one-shot request for supplementary borrowing authority in the history of this Parliament. I would be happy if I could be assured that this is a unique event, that this is the only time the request would be as low, but I am very much afraid that I cannot hope for that.

Bill C-143 requests authority to borrow $19 billion. Someone once asked how you could get your arms around $19 billion. Never mind your arms, Mr. Speaker, how do you get your mind to grasp the extent of the $19 billion requested by a Government that congratulates itself on its restraint program?

The only thing about Bill C-143 that smacks of restraint is the amount of paper used to ask for the authority—it is one sheet of paper, printed on both sides. The first side requests authority for $5 billion. I suppose the natural thing for Members to ask is why the Government wants the $5 billion. In this little sheet of paper it is stated that it may be required for public works and general purposes. The second page contains a request for a further $14 billion. All day long Members in the House have been asking why the Government wants to borrow $14 billion. The stated purpose, according to this paper, is that it is required for public works and general purposes.

How can we possibly get a handle on what the Government is trying to do? Perhaps I can tackle it this way, Mr. Speaker. You are a family man, a father and a grandfather, and I am sure other Liberal Members have children and grandchildren. If one of their children or grandchildren asked them for 50 cents or a dollar, they would probably ask what it was for. If the child answered that it was just for spending, presumably the parent would hand over the money.

If the Government asked us for authority to borrow $1 billion, we would probably reply in the same way and not insist on a detailed account of what it was for. But suppose the child or grandchild asked for $100 or $150. Surely the parent would want to know what it was going to be spent on. If the child still answered it was just for spending, how many parents or grandparents would hand the money over without some explanation of what it was for?

It is somewhat the same with this little piece of paper which requests $14 billion. It is an unreasonable request. The Canadian people are the parents of the Government and are responsible for its existence. The situation is the same—the Government, through Members of this House, is asking the Canadian people for money, and the Canadian people are entitled to ask what it is for. They are entitled to know why the Government wants $14 billion.

• (1630)

It is almost inconceivable what we are being asked to do. How can any Member of the House, certainly any Opposition Member, return to his or her constituency and answer as to why the Government was just given authority to borrow $14 billion? How could we reply to such a question? How will Liberal backbenchers reply to their constituents when asked why they gave the Government the authority to borrow and spend $14 billion? When they are asked what it was for, what will they say? They are not interested and they do not care. Their excuse will be, "I am sorry, but I was not in the House; I was back home in my constituency". We are entitled to know before we pass this Bill what the funds will be used for.

On February 17, 1983, the Minister of Finance informed the House that as of February 11 a total of $20.6 billion of borrowing authority had been used of the $21 billion authorized. Now the Minister is asking us to authorize a further $5 billion immediately and another $14 billion to be spent by next summer. The House will not be in recess for that long, the Government does not need that $14 billion now. If it does, we would like to know why. It may well be that the net deficit is far larger than the Minister of Finance is prepared to tell us.

This is the third time the Liberal Government has come before the House in the past year for supplementary borrowing authority. First, there was Bill C-111 for $6.6 billion; then there was Bill C-125 for $7 billion; then Bill C-128 for $4 billion. They have all been passed. The Opposition has kept hammering at the Government to stop increasing the Government debt. Speaker after speaker has pointed out today that we have not obtained any kind of answer or explanation from the Government.

I remember in 1980 when I was first elected to the House of Commons. At that time the Liberal Government had left a deficit running of $10 billion. I could not comprehend that figure at that time, and I remember discussing it with my constituents. They could not understand it either. I said that surely this was the height of irresponsibility which the Government would show. It is not even three years, and the deficit has almost tripled; it is now $27.6 billion or $26.9 billion. In any event, it will be $30 billion the next time the Minister opens his mouth.

That has to be an irresponsibility which no Government in the western world has exercised before. The Government has attempted to disguise the increases in the borrowing authority in a variety of ways. Every time it asks for a larger amount, it expects the House to pass without question various borrowing Bills. Canadians are very much aware of the delinquent fiscal policies and economic mismanagement of successive Liberal Governments since 1968 which have thrust the country into a recession, I would say almost a depression. Certainly it is a recession of which we have not seen the likes since the 1930s. As many speakers have indicated, Canada's economic decline is the worst of the 24 OECD countries. By the third quarter of 1982, Canadian manufacturers were operating at the lowest level of capacity and utilization since records were first kept in 1961.

I see Mr. Speaker is motioning that my time is up. I might say that my time is not up. It is the Liberal Government's and the Liberal Party's time that is up. As soon as Canadians get an opportunity, they will show them that their time is up.

Mr. Bruce Halliday (Oxford): Mr. Speaker, it is difficult to follow an act like the one of the Hon. Member for Okanagan North (Mr. Dantzer).

Mr. Dionne (Northumberland-Miramichi): Try.

Mr. Halliday: Indeed I will. I have in my hand Bill C-143. As the Hon. Member for Okanagan North said, it is a Bill of less than two pages. It is interesting because it is somewhat different from the usual supplementary borrowing authority Bills which come before us, in as much as it is divided into two parts. We would not be surprised if it contained only one part, because we are in the habit of receiving such Bills in the past where we were expected to provide some borrowing authority. Having only a few weeks to go to the end of the current fiscal year, we would expect, as in the past, that the Government would need some more money. Indeed it does. It needs another $5 billion to finish out this fiscal year which ends on March 31. It would not surprise us to have that particular part of the Bill to deal with, but the Government has surprised us this time. As the Hon. Member for Edmonton West (Mr. Lambert) said earlier this afternoon, the Government has given us a two-part Bill. The vicious and offensive part about it is that the Government has also probably gone into six months of the next fiscal year and is seeking borrowing authority for another $14 billion. The worst part of it all is that the Government has completely refused to give any explanation of why it needs that extra money. It would be very repetitive to go through some of the analogies. The Hon. Member for Okanagan North did an excellent job of bringing to your attention, Mr. Speaker, how you would handle your grandchildren if they were to come to you and ask for a significantly large sum of money. Knowing you as I do, I am sure you would not handle them in the way the Government is expecting us to handle its request for $14 billion for the next fiscal year.

As I said, it is a two-page Bill. It is very simple, but it has to be contrasted with the 295-page Bill which we were debating yesterday and have been for some time. It was a Bill to amend the Income Tax Act; it was not the Income Tax Act itself. The Government has found ways and means of digging into the purses of every Canadian to extract a little more money here and there from Canadians who have justly and rightly earned the money. It takes some 295 pages for it to get all the money it can, but when it comes to explaining how it will spend the money, it is so arrogant that it does it in a page and three-quarters. The Government expects the Opposition to sit back and accept it.

There was a time in parliamentary history when this could not have happened. Some of my colleagues go back further than I and can probably remember days when it would have been very difficult for a Government to put through such a Bill because it would have been stymied in the House until Members were told something about it. The Bill would not have

passed because of unending debate. It would not have passed until the Government had committed itself to some explanation of what it was all about.

This brings me to what I feel is of great concern to me and of increasing concern to the people of Canada. I am referring to the attitudes and characteristics of the present Government and their adverse effect on our total parliamentary system, as well as the respect of Canadians not only for Members of Parliament and governments but for the parliamentary system, which should be something very dear to all of us.

In my last few minutes I would like to make some comments about some very serious and deplorable characteristics of the present Government which need to be brought to the attention of the people of Canada. Actually, they know about them. Their feelings about the Government and all of us in the House are aroused as a result of attempts by the Government to do what it is doing in Bill C-143.

We are seeing signs of a lack of trustworthiness. If not that, it is incompetence or both. It is very manifest in this Bill. One has to go back only three or four months to the time when the Minister of Finance gave his financial statement in the House. You have heard it before in these debates. This is so important as evidence of what I am trying to say that I will repeat it, not for your benefit, Mr. Speaker, but for the benefit of about 140 Liberal backbenchers, only one of whom is here today. The Minister of Finance (Mr. Lalonde) on October 27, 1982, in this House, as reported in *Hansard* at page 20081, said:

• (1640)

As you know, Mr. Speaker, the Government is presently seeking a $4 billion increase in its borrowing authority under the provisions of Standing Order 72A. I have outlined the factors leading to this request. I have also made it clear by the estimates I have presented that further borrowing authority will be required before the end of this fiscal year. In the budget I intend to present early in 1983, I will review again the fiscal situation for the curent fiscal year, set out estimates for 1983-1984 and future fiscal years, and then seek additional borrowing authority as required.

That was a commitment on the part of the Minister of Finance to give us a budget and set out estimates and future predictions, and he concluded his sentence with:

—and then seek additional borrowing authority as required.

Let me give one more example of this lack of trustworthiness. The Secretary of State for External Affairs (Mr. MacEachen) when he was Minister of Finance appeared before the Standing Committee on Finance, Trade and Economic Affairs on May 31, 1982, less than a year ago, had this to say:

I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update of both the economic situation and the fiscal situation.

Here we have two very senior Ministers telling the House and the Canadian people that they will give us some information before seeking further borrowing authority. But what do we have? We have Bill C-143 before us and we do not have that information. It is that kind of attitude that causes cynicism with regard to Parliament and to governments. I can say that honestly about this Government in particular. I hope that when we get rid of this Government we will not see that cynicism existing and pervading in the country as it does today.

Some Hon. Members: Hear, hear!

Mr. Halliday: A second characteristic of this Government alarms me. That of the arrogance, the secrecy and the contempt this Government has for Parliament. I could give a full hour's speech on the contempt this Government has had for Parliament over the years, but I do not think it could be expressed any more effectively than it was in an editorial that appeared in a leading Canadian newspaper, the Toronto *Star*. That newspaper is not known to be a supporter of the Progressive Conservative Party, but is often a supporter of the Liberal Party. On February 20, 1983, the editorial was headed "Sidestepping Parliament". This editorial was describing the attempt of the Minister of Finance to get money without saying what he wants it for. In part, this editorial reads:

—it would be tempting to look on his corner-cutting as a necessary evil. But to do so would undermine the supremacy of Parliament.

That is precisely right. The present Government has no respect for the supremacy of Parliament. The editorial continues:

One of the lynchpins of our democracy is the belief that directly elected representatives of the people—not mandarins in the finance department—should make the final decisions on how and where and in what quantities our budget is to be disbursed.

That is very true. There is another characteristic of the present Government which is downgrading the feeling of Canadians about Parliament. This Government is prepared to sidestep Parliament and it is prepared to denigrate the role of Parliamentarians in order to satisfy the Government's own needs. We have to admit that over the last 12 years it has done that. This Government has succeeded in being re-elected by this kind of action.

Finally, there is the matter of deceit. I trust deceit is a parliamentary word. What we are witnessing here through Bill C-143 is nothing less than deceit. We are seeing deferred taxes being levied against Canadian people and future generations, as my colleague pointed out.

I see you are about to rise, Mr. Speaker, and I will conclude by saying that this Government has three types of personality defects. I think they are leading to the downgrading of Parliament and to the cynicism that we now see right aross the country.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, over the years we have seen the present Government ignore the House. It passes regulations by Order in Council. We hear so much about this. I want to put a typical example on the record. I had a telephone call earlier this week from a gun collector. He asked me about the gun Bill that had been passed in Parliament. I told him that I did not know anything about a gun Bill that had been passed in Parliament. But we found out that it was another Order in Council. This is another example of sneaking something in through the back door. This should not be part of our democracy that we are hoping to enjoy in Canada today.

Mr. Baker (Nepean-Carleton): Right on.

Mr. Scott (Victoria-Haliburton): This Government is asking to borrow an additional $14 billion, but the Government has not yet explained the reasons for the borrowing. This mismanagement has brought us to a situation where we can anticipate a deficit this year which will probably be around $30 billion over the year.

The Minister of Finance (Mr. Lalonde) and the Prime Minister (Mr. Trudeau) may feel confortable talking about owing billions of dollars. I can assure you, Mr. Speaker, I do not nor do most Canadians. It is inconceivable to most of us what a billion dollars really means. At big-buck Mac's rate of $800 a day for chairing the Commission on the Economy, he could work for approximately 1,250,000 days or 3,425 years on $1 billion. That is 102,750 years on $30 billion. Calculated at 14 per cent interest, the annual interest on that $30 billion amounts to $4.2 billion. Mr. Macdonald could survive on that for 14,385 years. This gives us some concept of what a billion dollars really is.

A figure more understandable to most Canadians is $6,100. That figure represents something just below the poverty level for a single-income family as established by the Senate report in 1981. It is also the cost to Canadian taxpayers of the salaries of the commissioners for each day the Macdonald Commission sits. Does the Minister of National Health and Welfare (Miss Bégin) sleep comfortably at night knowing that this amount is slightly more than a single senior citizen would see on full pension and full supplement for one full year? Or does this Government simply write off this discrepancy to the cost of patronage? At $6,100 a day a big-buck Mac commission is no bargain.

In 1980 this Government was elected to run this country. It made all sorts of promises. It was not elected to hire Royal commissions to run the country after it made a mess of it for the last three years. The Canadian people must look at this. We all remember the promises in the 1980 election campaign. On January 12, 1980, the Prime Minister stated that he would hold the line on Government growth under the rate of the Gross National Product; the deficit would be reduced in a phased and orderly fashion; any new expenditure programs to meet the evolving needs and requirements of Canadians would be financed by re-allocating existing expenditures or by increases in revenues; that his Government would not add to the deficit by adding new programs. Of course, this is now a joke. The Gross National Product of 13.5 per cent in 1982 spending grew by 16.7 per cent. If Bill C-131 is approved, Old Age Security payments will increase in the second quarter of 1983 by only 1.2 per cent, which is the equivalent of only a 4.8 per cent yearly increase.

• (1650)

How can the Government explain to senior citizens why they are being held to an increase well below 6 per cent when the Government is creating what amounts to a new program costing more per day than seniors receive per year, especially in light of the statement of the Prime Minister? How can the Government justify an increase in the deficit, as Bill C-143 will permit, caused by events such as the creation of this Commission, after reading that statement?

My constituency has a population of approximately 90,000 people, of whom approximately 60,000 are eligible voters. Labour Canada statistics show that in January of this year, the employment to population ratio in my area was approximately 49 per cent. I think it is therefore legitimate to say that the maximum number of taxpayers would be approximately 29,400.

These taxpayers share the burden of the near $30 billion deficit, with their share being approximately $110,160,000. This works out to an amount of $3,746.96 per taxpayer. In other words, the Government of Canada has run up a debt on behalf of each taxpayer in my constituency of almost $4,000. They are the ones who will ultimately have to pay the interest on the debt. At 14 per cent, a competitive rate for a personal loan these days, they will be paying around $525 this year in taxes just for this purpose. That is what the deficit means to Canadians. They are paying extra taxes because the Government has mismanaged the economy of Canada.

In Bill C-143, the Government is asking Parliament to give consent to keep on misusing public funds. Tacitly, the Government is requesting us to approve a deficit, the scope of which most of us cannot even imagine. As if that were not bad enough, it is also requesting permission to run up a similar deficit in the next fiscal year, whether we need it or not. This House, my friends, is not a rubberstamp designed to approve the Government's every whim. This is the executive boardroom of the nation. We are expected to analyze proposed legislation in a representative and fair manner. How can we do so when this legislation lacks detail and purpose? It also proposes to bankrupt our country. I urge the Minister of Finance to withdraw the Bill in its present form.

Some Hon. Members: Hear, hear!

Mr. Forrestall: Mr. Speaker, I wonder if I might call it five o'clock.

Mr. Deputy Speaker: Is there agreement to calling it five o'clock?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: It being five o'clock p.m., this House stands adjourned until Monday next at eleven o'clock a.m. pursuant to Standing Order 2(1).

At 4.55 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 7, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—EQUALITY FOR WOMEN

Hon. Flora MacDonald (Kingston and the Islands) moved:

This House condemns the Government for the apathy that it has shown toward issues affecting Canadian women and for its failure to promote equality for women, and its inaction with respect to pension reform for women, and its tacit approval of sexual stereotyping and abusive material in the media, as demonstrated by the Government's unwillingness to prevent pornographic films from being shown on pay television, and its lack of commitment to its own affirmative action programme within the public service, and calls upon the Government to immediately establish a standing committee of Parliament empowered to deal with issues that have a particular impact upon women and to review the progress, or lack thereof, made by the Government with respect to such issues.

She said: Mr. Speaker, it is a profound privilege to rise in the House today, on the eve of International Women's Day, at the beginning of this week dedicated to women internationally, and to move this motion on behalf of my Party.

The events in history from 1857 and in 1908 which are commemorated in tomorrow's celebration may long be in the past, but the indifference which gave rise to the sweatshops, to the cotton mills and to the injustices of that day unfortunately still too frequently live on. It is for that reason that the rights of women, which are given prominence on March 8 each year and indeed throughout this week, should be given equal prominence on every day of the year.

[*Translation*]

Indifference to the concerns and lack of respect for the rights of half the Canadian population is continuing. That is why, we, Members of the Progressive Conservative Party, have put this motion before the House.

[*English*]

For make no mistake, there is still a deep-rooted apathy in Canada toward women's issues and the condition of women, whether in the labour force or in the home. That apathy, as our motion indicates, is particularly prevalent in the ranks of the federal Government, the one body which could by its leadership, its action and by its participation do so much to improve the status of women if the political will and the political determination were there to do so. Unfortunately, it has not.

• (1110)

We all know what the response to that criticism will be. The Hon. Ministers opposite will rise up and one after the other congratulate themselves on what they have done over the past year. They will cite the new Charter of Rights and the Constitution. There in black and white, we will be told, is proof positive of what the Government's commitment is to the rights of women. We will be told once again how certain Ministers fought for those rights to be entrenched in the Constitution. Oh, how we will be told! Forget, they will say, the original constitutional proposals which excluded women's rights altogether. Forget that the former Minister responsible for the status of women tried so crudely to manipulate the Advisory Council on the Status of Women. Forget the spontaneous fury and the anger of women the length and breadth of this country against that manipulation; and, indeed, forget the tremendously successful efforts of these women, not once but twice, to move the Government from its original constitutional position. Forget, they will try to intimate, that the amendments which led to the insertion of equal rights for women in the Constitution were moved first by the New Democratic Party, and then the re-insertion, when they were cancelled, of the amendment moved by the Progressive Conservative Party. That is how those rights were put into the Constitution, by the Opposition Parties of the day.

Some Hon. Members: Hear, hear!

Miss MacDonald: We should not be surprised at such forgetfulness on the part of the Government, the forgetfulness of a whole clutch of Ministers, from the Prime Minister (Mr. Trudeau) right on down which has been shown over these past two weeks. That kind of forgetfulness is a hallmark of the present Liberal Government. But let us not forget, sir, that the Constitution requires legislation to eradicate the legal inequalities which exist under present law. Let us not forget that the Government has three years beginning last year to introduce such legislation, after which interpretation will have to be left up to the courts. And let us not forget that to date not one single piece of such legislation has come before the House.

The Government even recently admitted through a Justice official—and I have the quote here from the Ottawa *Citizen* of November 8—that its review of all legislation to bring that legislation into conformity with the Charter of Rights does not include a review of laws which discriminate against women

since this, the Government indicates, can be safely ignored until after 1985.

Not only is the Government failing to review its laws to determine which are discriminatory, but it is also refusing to amend laws which blatantly discriminate against women. For instance, the Indian Act: the Government has made no move to amend Section 12(1)(b) of the Indian Act, even though there has been international condemnation of it. As well, a special subcommittee of the Standing Committee on Indian Affairs and Northern Development in the fall of 1982 called for its immediate repeal. There has not even been one representative of the Native Women's Association of Canada invited to the Constitutional Conference on Native Rights which is to be held here in Ottawa on March 15 and 16, even though one of the major items includes the rights of native women.

• (1115)

With regard to the Unemployment Insurance Act, the Government has failed to amend sections of that Act which discriminate against pregnant women. These discriminatory aspects have been brought to the attention of the Government by the Canadian Human Rights Commission in its unsuccessful attempts last December to amend the Canadian Human Rights Act. They were unsuccessful, Mr. Speaker, because they offended the very groups they were intended to benefit. The Government touched on the issue of discrimination on the basis of pregnancy, but only within the very narrow confines of the Human Rights Act. The fact that the Canadian Human Rights Act cannot override the discriminatory aspects of the Unemployment Insurance Act was left untouched.

These and other Acts have not even been considered by the Government in this three-year period. I could mention the Income Tax Act, the Elections Act and a great many other Acts which today discriminate against women. If the three-year period between 1982 and 1985 goes by without substantial action on the part of the federal Government to introduce and pass the legislation necessary to confirm equal rights for women, then the result is that our courts are going to be swamped. It may take decades to rule through the courts on every challenge. Now, the Government of the day may be able to afford the time, so it thinks; I am saying to the Government that the women of Canada cannot afford that time.

Some Hon. Members: Hear, hear!

Miss MacDonald: But if women cannot afford legal inequality any longer, how much less can they afford economic inequality?

[*Translation*]

Equality and legal guarantees are very important to women but this does not feed and clothe the children. It does not give them dignity and comfort in their old age. That is why women must also attain economic equality.

[*English*]

Women have the right, sir, to the same opportunity of freedom from poverty and need, to dignity and self-respect, as any other Canadian. They have the right to those opportunities for themselves and their children. Largely, however, these rights continue to be denied.

Let me bring that clearly to your attention, sir, by these statistics which I will present. The facts make this so clear. Women in the labour force today in Canada earn less than half the income their male counterparts earn. Households headed by women earn only two-fifths of the income of households headed by men. Two-thirds of Canada's elderly who live below the official poverty line are women. That is 350,000 elderly women, sir, who live below the poverty line. Now, these are the economic realities that women in Canada face today, and they will continue to face those economic realities tomorrow so long as nothing is done to change the situation.

We have had a great deal of talk from this Government about its awareness and concern for the economic plight of women. We have heard of the soul searching and hand wringing over pensions, high technology, training programs and affirmative action. Government Departments have initiated reports, white papers and green papers without number. But when it comes to doing something, they do nothing. All the studies and papers are turning grey with age, and meanwhile women continue to receive the short end of the stick.

• (1120)

The Canadian Advisory Council on the Status of Women published a report two weeks ago entitled "A Working Majority—What Women must do for Pay" that makes the situation very clear. The authors of the report, Pat and Hugh Armstrong, stated that they were depressed with what they found. I recommend to Hon. Members the statement on page 216 of the report, which reads as follows:

> Depressed by an economy that continues to structure women into women's work at women's wages in spite of laws forbidding differential treatment of men and women:
>
> Depressed by the nature and condition of their paid and unpaid work which structure out alternatives even though women have been flooding into the labour force and even though domestic work and technology have dramatically changed:
>
> Depressed by women's high underemployment and unemployment rates which will continue to grow with the microelectronic revolution, in spite of women's increasing educational attainment and the recent raise in demand for women workers.

The authors said that they were depressed. They have a right to be depressed, sir. In that last statement I read lies potentially the greatest lost opportunity for women today. The explosive growth of the microelectronic industry is today a world reality.

The microchip revolution is upon us, yet what could be a fundamental opportunity for women in the labour force to obtain equality—this is the one chance for women to make that breakthrough—looks as if it will bring about disaster for women. Many jobs will be lost. Everyone that I have talked to in the industry has indicated that, in the short term, jobs will be lost, most of them in areas of employment traditionally performed by women. Many hundreds of thousands of jobs,

predominantly in the service industries, banking, insurance, communications, government, office workers, tellers, telephone operators and so on, will be lost. The Government knows this from its own reports, such as "In The Chips" which was presented to it last year, and "Employment Impacts of the New Technologies". There are similar reports from Great Britain, the United States, Japan and France. So there is adequate documentation on what will happen to women in the short run.

From its own research and from industry, the Government also knows that microtechnology may eventually lead to more jobs being created than are lost in the long run, but the question is whether those jobs will go to women. There is no indication at the moment that they will. In fact, there is every indication that these new, more exciting, better paid jobs will not go to women. That is the major problem that women are facing. No one is insisting that women get a fair share of these new jobs that will be created.

The federal Government has been called upon repeatedly to offer leadership on the microchip issue, to set priorities with regard to industry and unions and our educational institutions. These are things that the Government has been urged to do, yet research shows that women, who are the majority of displaced workers already, are going to be shut out of these new opportunities. We see that time and again, Mr. Speaker. We see it with regard to the present role of the federal Government.

I raised that question in the House not long ago with the Minister responsible for the Status of Women. I pointed out that Government training places are being cut back this year and the numbers of women who are being included in training places is a minimum of the over-all opportunities. Of those training places which remain, just 27 per cent of the industrial training places—the areas of future employment—have been allocated to women and only 6.4 per cent of the enrollees in non-traditional segments of that program are women.

• (1125)

Now, in her cavalier reply to these questions, the Minister went so far as to imply that women made redundant by high technology are already unretrainable because they do not have the proper maths and sciences. She seemed to imply that it was no problem of ours. We in the Progressive Conservative Party are not prepared to write off up to a million women who could become unemployed over the next few years.

Some Hon. Members: Hear, hear!

Miss MacDonald: This is one area that I feel has to be dealt with very substantially and immediately by the Government. It should establish a task force to help the transition through this period of high technological revolution.

There are other critical areas which my colleagues will be addressing today. The Hon. Member for Okanagan North (Mr. Dantzer) will be dealing primarily with the issue of pensions, a program that we know is the great social issue of the 1980s. That has been delayed and delayed even though it was mentioned three years ago by the Government as being of immediate concern. Now we have another study to take us forward into more delay and procrastination.

The Hon. Member for Edmonton-Strathcona (Mr. Kilgour) will be dealing with another area which has escaped the attention of the federal Government, and that is controlling sexual stereotyping. There is no action by the Government on the very serious issue of pornography on Pay TV. The Hon. Member for Edmonton-Strathcona will be dealing with that issue, but I want to mention that in the area for which the Government itself is responsible, and that is the question of affirmative action, nothing affirmative is being done and there is no action. From 1975 to 1980 the number of women in the lowest category of jobs in the federal Government increased. It went up from 79 per cent to 81 per cent. The bulk of the women in the Federal Public Service are still being ghettoized in low-paying, dead-end jobs, many of which may soon become redundant. The minimum number of increases at the upper level does not begin to offset that. I am talking about 52 female executives against 1,250 male executives, or 699 women at the senior level compared with 12,500 men.

There are a number of issues which have to be dealt with. I know that I cannot deal with them all in 20 minutes, but I want to say that one of the most critical issues which should be dealt with on this particular day has been the comments over the last couple of months of the Minister responsible for the status of women when she hurt women, angered women and made them bitter all across the country, because she denied them the feeling of worth and dignity that they should have because of their contributions to society.

It is because of these matters that we on this side feel there should be a standing committee of the House of Commons on issues relating to women. If we can have standing committees for farmers and bankers, surely we can have a standing committee for 52 per cent of the population.

Mr. Deputy Speaker: Order, please. The rules of the House permit a ten-minute period of questions and answers. Are any Hon. Members rising to put questions to the Hon. Member?

Mr. Ethier: Mr. Speaker, I listened quite attentively to the Hon. Member for Kingston and the Islands (Miss MacDonald). I wondered at times if the Hon. Member was aware of the funding the Government has committed through the Department of National Health and Welfare for the pension conference, especially as it relates to women. Is the Hon. Member aware of the funding the Government has provided for daycare centres across Canada, or is the Hon. Member aware of the Government's commitment to shelters for battered women? Can the Hon. Member tell me how many Provinces have established Ministries responsible for the status of women across this country and how many have departments?

• (1130)

While the Hon. Member is on her feet, can she tell us whether it is true that during the short-lived Clark Government that administration was committed to cutting 60,000 jobs

in the Public Service, of which approximately 80 per cent of those jobs were women's jobs? I would like to have answers to those questions.

Mr. Stevens: That is not true.

Miss MacDonald: Mr. Speaker, I can see that unfortunately the Hon. Member did not get the gist of my remarks at all. I am very sorry about that. He needs to come to grips with the basic issues that are being raised here, especially the legal and economic equality that women should have.

Perhaps I can tell the Hon. Member that I am not responsible for the provincial Governments in this country. I would like to see all provincial Governments establish Ministries responsible for the status of women. However, I would like to see far more done by the federal Government with regard to the responsibilities it has for women through the Minister responsible for the status of women.

When the Hon. Member asks me whether I am aware that money has been allocated to pension conferences, indeed, I am. I was at many of them. At every one of those conferences I urged the people from the federal Government who were involved to take some action and to stop the talk. That is what the question is all about. We have had conferences, studies and reports, but when will we have some action?

Some Hon. Members: Hear, hear!

Mrs. Erola: Mr. Speaker, I would like to address a question to the Hon. Member for Kingston and the Islands (Miss MacDonald). Is she aware that the Minister responsible for the status of women made a gesture to the native women in this country and asked them if they required assistance in their efforts to attend the upcoming conference?

Miss MacDonald: Mr. Speaker, if the Minister could inform me that there will be a representative seated at that table from the Native Council of Women, I would be delighted to offer her my congratulations.

Mr. Deputy Speaker: Are there any other questions?

Mr. Nielsen: Where are the answers?

Mr. Deputy Speaker: Is the House ready for the question?

Mr. Deans: Mr. Speaker, I rise on a point of order. Is it not the intention of the Government to make any kind of statement regard to the very fine speech made by the Hon. Member for Kingston and the Islands (Miss MacDonald)? The normal practice—

Mr. Deputy Speaker: Order, please.

An Hon. Member: It is the normal practice.

Mr. Deputy Speaker: The Hon. Member is not rising on a point of order. The Chair will recognize Hon. Members seeking the floor. At this point the Chair will recognize the Hon. Member for Nanaimo-Alberni (Mr. Miller).

Mr. Deans: Mr. Speaker, I rise again on a point of order. The normal practice—

Mr. Deputy Speaker: Order, please. The Minister, presumably, at the appropriate time will rise in debate, but at this time the Chair recognizes those Hon. Members seeking the floor for the purpose of making a speech.

Mr. Deans: Is the Minister not going to speak?

Mrs. Erola: Yes.

Mr. Deans: Then why don't you speak, as is the normal practice?

Mr. Deputy Speaker: Order, please. The Hon. Member for Nanaimo-Alberni.

Mr. Ted Miller (Nanaimo-Alberni): Mr. Speaker, it is my pleasure to speak on behalf of the New Democratic Party on this very important Opposition day motion. I congratulate the Official Opposition for presenting us with the opportunity to deal with what I think is one of the most important areas of concern in Canadian politics today.

Today we will debate the issue of women, how women function in the economy, how we as Parliamentarians perceive women's issues and the importance that we place on those issues. The Minister responsible for the status of women obviously does not want to respond to the Official Opposition at this point. I think that is an indication that she really does not take her job as seriously as she would like the public, and particularly women in this country, to believe.

Mr. Campbell (LaSalle): Mr. Speaker, I rise on a point of order. The Hon. Member mentions that the Hon. Minister responsible for the status of women is not prepared to answer the Opposition. She certainly is prepared.

Mr. Deans: She is not prepared. Why does she not get up and do it, then?

Mr. Blackburn: She does not have her speech prepared.

Mr. Deputy Speaker: Order, please. The Hon. Member does not have a point of order. The Hon. Member for Nanaimo-Alberni (Mr. Miller) has the floor.

Mr. Miller: Mr. Speaker, certainly one of the things that we cannot do in this country is to isolate women's issues from economic issues. I think we all understand just what is happening to women in the workplace today. They are usually the last people hired and the first fired from their jobs.

Let me deal with the economic issue for a moment. What is happening in the workplace? What is happening to the women in Canada under an economic program deliberately implemented not only by this federal Government but by other federal Governments around the world? We have a monetarist policy which purports to fight the causes of inflation through high interest rates. Unfortunately, it puts people out of work.

We have a situation in this country of women making far less than men in the workplace. The majority of elderly Canadian women are living below the poverty line. That situation is a disgrace and a reflection of the economic principles under which this country is operating. Nearly 39 per cent of the single parent families headed by women are low-income families. Yet less than 7 per cent of families headed by single men are poor. This shows the disparity. The average income of families headed by women is about $15,000 a year whereas the average income of families headed by men is $29,000. The average working woman with a full-time job earns about 60 per cent of what the average working man earns.

To compound those horrendous statistics, we had the spectre of both the Official Opposition and the Government implementing a restraint program. This may have been popular publicly. The restraint program was brought in under Bill C-124. When you look at the effect that Bill had on women, it is reflective of the attitude that the Official Opposition and the Government have concerning women. Bill C-124 is part of the infamous six and five program. It effectively eliminated bargaining rights, particularly for women. It was through negotiation that many of the necessary benefits were won. Bill C-124 prohibits negotiations on many maternity leave clauses for various sections of the Public Service. Clauses protecting women, particularly those pregnant, from the hazards of video display terminals in noisy, poorly ventilated buildings were also terminated by the restriction of bargaining rights. Clauses giving some protection against sexual harassment in the workplace were also negated. Equal pay for work of equal value clauses were also negated by Bill C-124. Clauses protecting women from discriminatory employment practices, such as recruitment, selection, training, promotion, classification and lay-off were also undermined by Bill C-124. This Bill was actively pursued by the federal Government in its dealing with the public, not because the Government looked at the Bill as being necessary or fair, but because the Government sensed that within the public there was a sense of insecurity, a fear of recession, and a fear about the size of the budget deficit. The Liberal Government felt, therefore, that it had a popular issue.

Unfortunately, the people most affected by Bill C-124 were women because of the six and five percentage restriction on wage increases in 1983 and 1984. The people most affected by that restriction will obviously be the low-income earners in the Canadian workplace, which just happen to be women. Rather than just happening to be women who are the low-income earners, I wonder whether it is a deliberate attempt by Governments and private industry to restrict women from gaining sufficient employment to allow them to support themselves and their families if they are single parents.

• (1140)

I am proud to say that the NDP took the initiative some time ago to set up a task force on older women. The Opposition, in its motion, is supporting a long-time NDP proposal for a parliamentary committee to be set up do deal with women's issues in order to determine how the Government and the private sector are dealing with those issues and what can be done to improve working conditions, pensions, restricting sexual harassment in the workplace and how to help single women raise families.

The NDP task force visited 13 communities from coast to coast, listened to 150 briefs and received 1,300 questionnaires on the issues that were most important to women. Pension reform is a main issue that has already been discussed at length in Parliament. There have been approximately 17 different pension studies conducted in the last five years. The Government task force on pension reform recently tabled a green paper that has led to a pension task force of the House of Commons. That is a task force that we are pleased to be involved with. We certainly have some definite ideas about what pension reforms should take place.

However, pension reform is not women's only concern. Women are concerned about income, job availability, as well as those jobs that are not available to them. Income support is definitely a key issue, not only for women but for all Canadians at a time when the unemployment rate is 12 per cent and close to two million people are out of work. Income support is not only important for women but for all people in the workplace who are trying to raise families.

Another area involves women's contributions to pension plans. Obviously, women who are not working cannot become involved in an employee-sponsored pension plan. As well, if they have a low income, the pension at the end of their working life is not as high as it would be if they were earning a greater income that would give greater pension benefits.

Another concern faced by women is lack of training and the opportunity for training for new technologies or professions such as engineering, which would provide women with the leadership skills and educational training that are necessary to see them take their rightful positions in the Canadian workplace.

As well, there is a lack of job opportunities for women who attempt to re-enter the work force after they have spent some time in the home raising children. After the children have left home or have started school, women have difficulty finding employment because their educational training which they had received earlier is not sufficient.

Our task force also heard very informative briefs about such issues as discrimination by sexist and ageist employers, the problems of single parenthood and a number of other issues dealing with income. We have heard about the whole area of employment with respect to women in low-paying jobs—also job ghettos—where they have had very little opportunity in terms of negotiation with their employers. Often they are working in non-unionized businesses or shops, earning low wages with very little protection from sexual harassment and health and safety dangers in the workplace. Women are provided very little protection in those areas.

I would like to elaborate on the issue of pensions. I have been fortunate to be assigned to the pension task force on behalf of the NDP. While I have heard much of the input that will be given from reading the numerous reports on pensions

that have been published through the House of Commons, provincial Governments and private organizations, I am looking forward to hearing them again.

Pension reform is an important issue and it will be interesting to see how the Government responds to the task force recommendations. It will be interesting to see how the Conservative Party will respond to some of the input that we expect Canadians to give to the task force.

I approach the task force study in a somewhat cynical manner. We are aware of some of the underlying problems with pensions in Canada. We understand that the people most affected by low pensions are elderly women. Approximately 45 per cent of elderly women are dependent upon Old Age Security and the Guaranteed Income Supplement. That is a far higher percentage than men, who have had the opportunity during their working lives to have a stable job and contribute to private pension plans and the vesting provisions of those plans. As a result of their higher incomes, they have been able to contribute a significant amount of their salaries as compared to women in similar occupations. It will be interesting to see the Government's response to the task force recommendations because our Party believes that many of the decisions made by the Liberal Party are based on public consensus and Gallup polls. Their decisions are not based on the needs of elderly women and pensioners.

It will be interesting to see whether the Conservative Party will look at the pension schemes objectively and review the private pension plans in Canada which only cover about 12 per cent of the income of elderly people. Some of those employer-sponsored plans are partly public plans as well. It will be interesting to see whether those plans can be adjusted to respect working Canadians, whether they will be adjusted to give earlier vesting and be made more portable throughout the workplace. Pensions should be adjusted because women's income is low and the length of time that they work for one employer is less than that of males. Therefore, they find that when they reach retirement age they have inadequate income. They are faced with poverty income at the age of 65.

Since there is support from all Parties in the House, I suspect that the task force will make a proposal for finally getting a drop-out provision for child rearing in the pension plan. It will be interesting to see if we get complete agreement with many of the Provinces, particularly with Ontario which is currently blocking that pension reform.

Pornography on Pay TV is one issue that has annoyed all of us in the House. Our Party believes that there is almost unanimous opposition to the Playboy channel because of the way it depicts women, whether through violence or demeaning spectacles such as women clad in bikinis participating on relay teams. Apparently there is almost universal opposition to using our Pay TV channels for that purpose. However, we have been unable to convince the federal Government to enact legislation or put any pressure on the CRTC or the First Choice channel to remove that type of discriminatory and violent portrayal of women on Pay TV. I believe it is a reflection of the lack of commitment on the part of the Government to deal with women's issues in any solid and constructive way.

I suggest that this motion points out some of the serious flaws in the federal Government's approach to women's issues. It points out some of the serious flaws as well, I would say, in the approach of some of the provincial Governments. To approach women's issues in a serious way and to allow Members of Parliament to deal with women's issues on a day-to-day basis through a parliamentary committee, such a motion could very well have been introduced in almost every provincial capital in Canada.

• (1150)

I suggest that the demands from the New Democratic Party over the last year and a half and, more recently, from the Conservative Party to have a parliamentary committee deal with women's issues is one way in which the Minister responsible for the status of women could give her commitment that the approach to women's issues would become an all-Party approach. It would then no longer be the domain of the governing Party who have been able to use these issues for publicity purposes and have really not come to grips with many of the problems concerning women that we have within our Canadian society. We have the problem of wife-battering, we have the problem of low pay for women, we have the problem of pension reform and the requirements for pension reform, yet we have a federal Government that simply would appear to be judging public opinion through Gallup polls and trying to develop some kind of consensus, rather than showing the leadership which is so urgently required.

Our Party, over the next six months, will be dealing with the information that we have gathered through 150 briefs and many meetings with women who are affected by Government edict and lack of opportunities. We hope to develop in Regina a consolidated policy on how this Party is going to deal with the issues that have been dealt with in this motion, issues which have been raised by hundreds and hundreds of women across Canada.

It is time we have some action on women's issues. It is time we had a parliamentary committee that could deal in a progressive way with meeting those problems head on, instead of having more and more studies asking what the problems are in Canadian society. It is time to have a Government committed to economic growth, committed to defeating the problems of unemployment rather than simply using unemployment for its own benefit and gain.

Until we have an industrial strategy and a full employment strategy, women are going to have problems trying to get into the work force; we are going to have trouble trying to provide training opportunities for women and other workers in our Canadian work force, and single parents without jobs, are going to have problems trying to raise children while depending on UIC or the welfare system. We are also going to have problems in our society with massive budget deficits, the lack of any attempt by this Government to put women to work, and

also put women in a pension scheme so that they can have a reasonable retirement age.

Mr. Deputy Speaker: The rules permit a period of questions and answers at this point.

Mr. Breau: Mr. Speaker, while I recognize that women still suffer inequities in the system which, unfortunately, we have had to carry on as a result of historical development, to hear the Hon. Member say that we need action to respond to the needs of women, one would be led to believe that nothing has been done at all by the federal Government with regard to meeting the needs of women.

I wonder if the Hon. Member is aware that the Canada Community Services Program has 38 projects representing over $1 million for funded rehabilitation centres; 31 projects related to daycare at a cost of close to $750,000; and 23 projects at a cost of some $609,000 which are similar to the Big Brother-Sister counselling, for example, which is the sort of thing that women want to get involved in because they are related to the needs of the community. I mention that 70 per cent of the employees of all such projects are women.

Another $1.7 million has been allocated to over 60 projects—

Mr. Deputy Speaker: With all due respect to the Hon. Member, he could be recognized to make his own speech. I suggest he make his point or put his question.

Mr. Breau: I want to ask the Hon. Member if he has made himself aware of all the programs of the Government that do respond to the needs of women in the community and also create employment for women. This is one example of Government programs which do that.

Mr. Miller: Mr. Speaker, I would like to thank the Hon. Member for apprising me of all those wonderful programs. In my particular constituency there are 10,000 people who are on Unemployment Insurance, many of whom are women. Many others have stopped looking for work. There are probably 2,000 people on welfare. The pittance in job-creation programs that the Hon. Member talks about has no impact on the majority of the workers in my riding. There is no significant impact, compared with what this Government is spending on Dome Petroleum or Massey-Ferguson and other companies getting massive amounts of money. The same amounts of money are not being spent to improve the economy of this country.

Mr. Schroder: Mr. Speaker, what concerns me is the implication that this Government is not interested in the plight of women. I would like to draw to the attention of the House that the New Democratic Party has not one woman Member in the House today. While there may be all kinds of reasons for that, I think it is obvious one should be careful about implying motives to this Party when at least we have two women Members present. I might also say that all women Members of the Official Opposition are not present today.

An Hon. Member: Two out of twelve.

Mr. Schroder: The Hon. Member made allegations with regard to the six and five program—

Mr. Deputy Speaker: With respect to the Parliamentary Secretary, reference to the absence or presence of Members is not a practice generally encouraged in the House. Does he wish to make a point or ask a question?

An Hon. Member: The rules prohibit it, in fact.

Mr. Schroder: Mr. Speaker, I would like to draw to the attention of the last Member, who spoke about the six and five program, that Bill C-131 which had to do with Old Age Security and Bill C-132 which had to do with Family Allowances both of which were passed in this House, endeavoured to get the inflation rate down to 6 and 5 per cent so that all Canadians, not only women, would find that they could cope much better.

I wonder if the Hon. Member has forgotten that that six and five program is working and the inflation rate is below 6 per cent. I agree that the plight of single women in this country is desperate, and we should certainly be doing something about it; but I do not think it does this House any good to talk about the idea that those Bills were not doing something to help the plight of women.

Mr. Miller: Mr. Speaker, I am not at all convinced that it is the six and five program, whether C-124, C-131, C-132 or C-133, that has brought inflation down. I submit to the Hon. Member that the reason the inflation rate has been reduced has a lot to do with the number of people who are out of work, who are carrying the can for inflation by being out of work or on welfare. I submit to the Member that it is the lack of confidence that the business sector has in this Liberal Government that is causing inflation to be reduced, not the Government restraint program and not restrictions on the old age pension and Family Allowances. That has nothing to do with what is happening to inflation. It is the restrictions in the United States, in Great Britain and in Canada on employment that are bringing the inflation rate down, because no one has any confidence in any of those Governments.

• (1200)

Miss MacDonald: Mr. Speaker, I have a question for the Hon. Member. I realize that in his speech he made reference to the fact that the NDP has strongly supported the setting up of a standing committee on issues relating to women. I know they have done that over a period of time and I commend them for it. My question is this. As we put this proposal forward once again, since we already have standing committees dealing with the problems of farmers, fishermen, miners and bankers, the majority of whom are men, committees which deal with economic issues, should we not also have one on economic and legal issues relating to problems concerning women? Does he agree that the refusal to have such a committee is in itself a form of discrimination on behalf of the Government?

Mr. Miller: I thank the Hon. Member. Obviously the New Democratic Party, in calling for a similar committee in the

past, has recognized this, as I have in my speech. It is not only the kind of discrimination which we find in the workplace that is important; it is all related to economic issues. Certainly the need for this Parliament to deal with the majority of Canadians—and women make up the majority—and the innumerable kinds of discrimination that influence women's rights, require that this Parliament set up a special committee.

Since we have an Opposition day today, we urge the Prime Minister (Mr. Trudeau) and the Minister to set up this committee and let Parliament deal with the myriad of issues concerning women, issues that women are demanding receive more attention.

Mr. Desmarais: Mr. Speaker, is the Hon. Member not aware that Bill C-124 is a temporary restraint Bill that increases women's and men's salaries in the Public Service by 6 per cent this year and 5 per cent next year? I fail to understand the Hon. Member's inference that this Bill favours one sex over another. This is clearly not so. Is the Hon. Member aware of this?

Mr. Miller: I am quite aware of what Bill C-124 does to the Public Service. I am also aware that six and five applies across the board in the Public Service.

Mr. Blenkarn: No, it doesn't.

Mr. Miller: There is no discrimination. I have been corrected by the Hon. Member for Mississauga South (Mr. Blenkarn). If women earn a lower wage, as they do in the Public Service, 6 per cent applied to that low wage will result in much less of an increase than 6 per cent applied to a high wage. That is where we find the discrimination against women in Bill C-124. Women will get less of an increase than men, who in general are higher paid.

Mr. Deputy Speaker: The period for questions and answers has now expired.

Hon. Judy Erola (Minister of State (Mines)): Mr. Speaker, I, too, am pleased to address the House today, on the eve of International Women's Day, on the subject of this Government's efforts on behalf of the women in Canada. My gratitude should be extended to the Hon. Member for Kingston and the Islands (Miss MacDonald) for making this possible.

This is the first Opposition day on this subject since I was appointed Minister responsible for the status of women close to two years ago. I would like to add that I am somewhat surprised that it has taken this long to have the Opposition call for this subject to be debated.

Some Hon. Members: Oh, oh!

Mrs. Erola: I am somewhat surprised as well to find that the Hon. Member for Kingston and the Islands has found herself to be a born-again feminist, a convert. The Random House Collegiate Dictionary describes a convert as "one who has acquired different beliefs, attitudes, especially those believed to be better or to adapt a different means or usage".

I suggest to the Hon. Member for Kingston and the Islands that her born-again feminism is very useful to her at the present moment, but it comes a bit late. I suggest that in her comments not only has she been blissfully ignorant of what this Government has been doing for some time, but perhaps blissfully indifferent as well.

This Government is proud of its record, which dates back to the report of the Royal Commission on the Status of Women, and of the 100 of the 122 recommendations which have already been implemented. This Government continues with participation in, and contribution to, International Women's Year 1975, the Mexico and Copenhagen Conferences, the National Plan of Action tabled in this House in 1979 and subsequent ratification of the international conventions.

I might add in this regard the convention on the elimination of all forms of discrimination against women. I wonder if the Members of this House are aware of how few Western countries have signed this convention. By way of evidence of Canada's participation, I offer the Hon. Member the report of Canada's response to the convention on the elimination of all forms of discrimination against women. We are working very actively and Canada's international record, as the Hon. Member is very much aware, is very good.

Apathy indeed! The record of this past year has been an outstanding one, for it is replete with legislation which has immeasurably improved the status of women in Canada. I submit, however, that we must recognize that we deal not simply with issues concerning rights and claims for equality. Unlike other areas of governance, the struggle is in many cases against intangibles, attitudes, assumptions, prejudices, preconceived notions; in fact, against the host of traditional and societal responses rooted in historic and sociological causes.

Nonetheless, we have grappled with these factors and, as Minister responsible for the status of women, I can proudly say that an awareness, sensitivity and consciousness have become increasingly apparent. My colleagues in Cabinet as well as the Members of my caucus are in touch and are *au courant* with the pressures and demands generated by the expectations of Canadian women. I would hope that I could say likewise for the Hon. Members facing me on the opposite side of the House.

Let me return to the issues. What has this Government done recently? Let me begin with legal and constitutional guarantees. Section 28 of the Canadian Charter of Rights and Freedoms was proclaimed into law by this Government despite much opposition. The women of Canada undertook a historic lobby. Together with a responsive and sympathetic Government, the lobby was extremely effective. We now have the clear and unequivocal principle of equality forever enshrined as a constitutional guarantee.

This event occurred at the beginning of my appointment as the Minister responsible for the status of women, and a challenging and demanding beginning it was. Indeed, it was a momentous event in the history of Canada. It was an exercise in democracy of great significance. Its reverberations will resound for generations to come.

How do we change attitudes? This Government has seen its role very clearly. We know how the printed word and images on television manufacture stereo-typical images and symbols. With the introduction of the Treasury Board guidelines last December, the federal Government effectively moved to eliminate sexual stereotyping from all Government publications and communications.

I note as well that the Permanent and Provisional Standing Orders of the House have been modified to reflect these guidelines, but any set of guidelines is ineffective unless there is a group to ensure that they are implemented. To that end, I am setting up an interdepartmental mechanism to ensure that these guidelines are followed.

In this light, it is rather astounding that the Hon. Member for Kingston and the Islands would call this Government to task for its approval of sexual stereotyping. I am really quite surprised. She seems to be completely unaware of what has been going on in the last year. Let me cite some examples. The CRTC report on sex role stereotyping in the media was released this year. Its recommendations for monitoring programs are already in place for the prescribed trial period.

It is my privilege today to announce to this House and the people of Canada that the federal Government has just recently completed arrangements to fund a national non-governmental organization based in Vancouver called Media Watch. The funds allocated are $50,000. It will be the role of Media Watch to monitor media programming for sex stereotype content and make the CRTC and the media industry aware of their findings during the interim two-year period while the industry is developing its own guidelines. In addition, the most crucial duty of Media Watch will be its activities right across Canada to inform and educate women about sex stereotyping in the media and to forward their complaints and concerns to regulating and self-regulating bodies. Women of this country will then be able to have direct input into this area of vital concern to them.

• (1210)

On April 6, a year ago, the CBC office of the co-ordinator of "Portrayal of Women", released its report: "The Presence, Role and Image of Women in Prime Time on the English Television Network of the CBC". Work has already begun to address some of the problems which have been outlined in this report. For example, the establishment of a "resource bank" of qualified women to be interviewed for their informed analyses of current events, both in traditional and non-traditional areas.

Let me point out as well to the Hon. Members of this House that in the past few months six women have been appointed to the Board of the CBC and the Canadian Radio-Television and Telecommunications Commission. Therefore, we see commitment and implementation by this Government at every level. It is painfully obvious, however, that we have a long way to go until the Hon. Members of this House fully understand the effects of sexual stereotyping. Until then, can we really expect societal changes to take place? Perhaps that will not happen until 50 per cent of this House is represented by the more than 51 per cent of our society. I refer, of course, to the women of Canada.

I would like to speak about training and education. The Hon. Member for Kingston and the Islands (Miss MacDonald) referred to it—and I mean this most sincerely. According to the report of the Science Council of Canada entitled "Who Turns the Wheel", statistics show that the number of girls studying physics and mathematics in high school is less than half the number of boys. The report goes on to say that as a result girls who opt out of physics and mathematics before the age of 15 deprive themselves of many career choices, including the skilled technical and computer-oriented occupations. However, this is beginning to change. The latest census statistics show that there were five times more women engineers, six times more lawyers and three times as many accountants as a decade ago. I need not, however, remind the Hon. Member for Kingston and the Islands that traditional elementary, high school and university education falls under the jurisdiction of the provincial Governments.

There are encouraging signs, as I mentioned earlier. Women have made some considerable gains in several of the male-dominated professions. But while there is good news, there is also a very disappointing factor. Women's wages have not significantly risen in the last 30 years.

What has the federal Government done about this situation? Let us first of all examine how much effect the federal Government has on women in the workplace. It is very clear that only 10 per cent of our work force comes under federal jurisdiction. Ninety per cent of the work force comes under provincial jurisdiction. This point must be clearly understood. I should like to quote Mrs. Cadieux, a former President of the Federation of Women of Quebec, who was speaking last week. The federal law, she said, and I quote:

—which covers about 10 per cent of Canada's work force—applies to all federal Government departments and agencies, Crown corporations and companies in the private sector under federal regulation such as the chartered banks, interprovincial trucking firms, railways, airlines and bus companies.

Quebec is the only province to incorporate a similar equal-pay provision for employees within its jurisdiction. Other provinces limit the provision to equal pay for equal or similar work.

Mrs. Cadieux also told delegates at the conference that:

—very few unions go after equal pay provisions in contract negotiations. The unions come to the commission with complaints—

That is the Human Rights Commission. I again quote Mrs. Cadieux, who said:

—and I have to ask myself why they are coming to us rather than bringing it up during collective bargaining—

The Hon. Member for Kingston and the Islands asks us how effective the Human Rights Commission is. I would reply to her that it is very effective. We have new guidelines on equal pay for work of equal value. In December, 1980 the federal Government librarians won equalization adjustments and back pay following settlement of an equal pay for work of equal value complaint in which the librarian group was compared to historical researchers. Equal pay for work of equal value is now a standard in all collective agreements negotiated with

federal Public Service employers. Who else can boast this claim in this country?

"Canadian Women and Job-Related Laws, 1981" provides excellent analyses on the subject, and I suggest to the Hon. Member for Kingston and the Islands and indeed to all Hon. Members of the House that they read this pamphlet. In fact, I suggest to them that they read much of what has been published in the last year. I doubt very much whether many Hon. Members of the House have read "Better Pensions for Canadians—Focus on Women", which was recently published. How many Hon. Members have read "A Working Majority. What Women Must Do for Pay", funded again by the federal Government? If Hon. Members had read this book they would know that only 10 per cent of the women in this country come under federal jurisdiction. How many have read "Reproductive Hazards at Work", again published by the Canadian Advisory Council on the Status of Women? I suggest that Hon. Members take the time to read the publications which have been funded by this Government which explore in depth the problem of women in our Canadian society.

My colleague, the Hon. Minister of Labour (Mr. Caccia), this year had the first national conference on the impact of microelectronics on the individual work environment. Resulting from the conclusions of this conference, the Minister of Labour established a task force on microelectronics and employment, chaired by Dr. Margaret Fulton. The task force heard from a great many women's groups and women representing industry and Government. Some very important findings were reported in the task force report. We have established a commission of inquiry into part-time work, also under the leadership of the Minister of Labour. This commission, chaired by Joan Wallace, showed that 25.1 per cent of working women work part-time. This has wide-ranging implications on such things as pensions and unemployment benefits, and we are anxious to see the findings of this commission.

The Government funded a conference on daycare in Winnipeg—the first national conference on daycare—to the tune of $100,000, and I emphasize as well that while daycare remains under the Welfare umbrella, it will be stigmatized and not recognized as the universal service it must effectively become. The federal Government funds daycare centres across the country through the Canada Assistance Program and, again, showing leadership, it is establishing daycare centres for its own employees. Last year, the Department of the Environment opened its Sunburst Children's Centre in the Environment Canada building in Downsview, Ontario. This daycare centre was the second of such facilities in Canada, second only to our own centre here on the Hill for use by House of Commons employees.

As the report of the Royal Commission on the Status of Women stated 13 years ago:

> We consider the tax system unfair, not because it over-taxes indirectly the incomes of married women who work outside the home, but because it under-taxes the incomes of those taxpayers without dependent children whose wives work at home.

The fact is, and Hon. Members of this House who are familiar with the issues know this, that the family has changed dramatically in the last 20 years. No one in this House or in this country would disagree that the family as we knew it in 1919 is not the family as we know it today. Why do I use the year 1919 as an example? Because this is the year in which the Income Tax Act came into effect. Yet when this Hon. Member suggested it was time for a change, there were howls of protest from the other side of the House and from across the country. But the fact remains that one out of three marriages ends in divorce. We have an increasing number of single parent families—something like 58,000 at the last count. Furthermore, 40 per cent more families would be below the poverty line if there were not two earners in that family.

Therefore, I would like to recommend to the Hon. Members of this House, as part of their process of education—and I suggest to the Hon. Member for Kingston and the Islands that she has a great deal to do on her side of the House in educating her Members—that they read the report of the Royal Commission on the Status of Women, a Commission which, I might add, was set up by a Liberal Government. I suggest for reading as well the report of another of this Government's Commissions, that of the International Year of the Child, in order to obtain a really true picture of the family in today's society. As committed, concerned Members of Parliament, we must read these reports.

• (1220)

It has become increasingly clear to me that there is little understanding of the nature of the role of the status of women in Canada. Let me explain briefly. It is my role as Minister responsible for the status of women, and the role of my Secretariat, to examine Cabinet documents and be involved in all discussions on policy issues, whether it be economics or social development policies, changes to the Labour Code, the Human Rights Act, or matters pertaining to the Divorce Act. Status of women in Canada is present at these discussions, and that is happening here at the federal level. But I ask Hon. Members, are there people at every level of provincial Governments, for the most part confrères of the Hon. Opposition, examining documents and questioning the impact of these programs and policies on women? I have seen no evidence of it. There is no such machinery of Government in place in the Provinces with the exception of Quebec. Yet without that machinery of Government we cannot expect to see the impact of provincial policies pertaining to the status of women.

It will be very interesting for me when I come to the second meeting of the Ministers responsible for the status of women, my provincial counterparts who were so hard to find last year. Once they were named or routed out, however, they came full of good intentions; but did they, in the year since that last conference, put into place that machinery we have at the federal level?

As to other alleged areas of apathy, let me merely touch on some for they are subjects which my colleagues will address more completely in the course of this day. We have affirmative

action programs in place in a number of Government Departments. In August, 1981 CEIC, Secretary of State and Treasury Board Secretariat agreed to participate in affirmative action projects for women. But where are my provincial counterparts? Any action there? Pensions for women? Yes, it is true that older women in this country live near or beneath the poverty line. Why? Well, it is very easy to say that a change in the pension system would increase their income. But we all know that while pensions are based on income we cannot realistically expect the situation will change. If women are to continue to earn lower wages, or for that matter provide unpaid services, they will continue to have low pensions. No amount of accessibility or portability will change that.

That Standing Committee on Health, Welfare and Social Affairs has produced an outstanding report on the issue of family violence which has generated interest across Canada and in all provincial Governments. It has exposed a social problem which has probably been around since time immemorial, but one which has never been aired before. I suggest that under the leadership of this Government many, many of these changes, such as Bills C-82, C-115, C-61 and C-127, have come to see the light of day.

In conclusion, if all this constitutes apathy, then the Hon. Member for Kingston and the Islands has provided us with a new and strange meaning of the term. I would like to say to the Member who suggested that we establish a standing committee on issues pertaining to women: to what end? So that once again we reduce these matters, these so-called women's issues which are not women's issues but societal issues, to a segregated ghetto status? These issues do not partake of any gender; they are societal in nature.

This Government has gone very far to lift the carpet beneath which all these matters have been swept, and I suggest to her and other Members of the Opposition that that is exactly what they are repeating when they ask for a standing committee. To suggest that we once again relegate discussions to the narrow confines of the committee room would, I submit, constitute regression and ghettoization.

Miss MacDonald: Mr. Speaker, if this "born-again feminist" who was busy writing papers for the Royal Commission on the Status of Women in 1969 and 1970 could pose a question to the Minister responsible for the status of women, I want to ask first of all if the Minister can give us any more encouraging figures than the latest produced by the Government with regard to that 10 per cent of employees who work for the federal Public Service. At the administrative support level, that is the lowest category, the low-paid, locked-in, ghettoized jobs, we are talking about 65,000 women compared to 15,000 men. The number of women in that sector is increasing all the time. So I would like to ask whether or not there has been any reversal of that situation? There had not been in the five years from 1975 to 1980.

I would like to ask why there have been no amendments in this last year come before the House with regard to the discriminatory sections of the Unemployment Insurance Act, which blatantly discriminate against women who are pregnant and have to take maternity leave at any time in the nine-month period, whether or not they are ill for some other reason.

Finally, I gathered from the Minister's remarks today that she is still advocating the abolition of the spousal tax exemption. That is what came through in her remarks and I would ask her to confirm or deny that.

Mrs. Erola: Mr. Speaker, I will take the last question first, if I may. I have never at any time advocated the removal of the spousal deduction. I said very clearly that I recommended it be included in the examination of family benefits; that we examine its effect on the women of Canada, particularly those at the lower income level. I do have some statistics, I believe, on just how that effects lower income families in our country. It is particularly interesting, Mr. Speaker, to note that those at the lower end of the scale benefit less. In fact, around the $10,000 mark it is something like $148. It is also interesting to note that at the lower end of the scale those with children benefit less than those without children, and I will be happy to provide those statistics to the Hon. Member.

On the subject of the spousal allowance, I would like to bring to the attention of the Hon. Member her words in *Hansard* of July 8, 1977 where she said:

> —in the . . . spouse's allowance we have the demeaning situation where the older spouse, generally the male, has to give his written consent before the younger spouse, the woman, can collect the spouse's allowance. Has the Minister any idea of how degrading and demeaning this is to women? Does he have any idea what it means to women to be relegated to that second-class status? When will he come to a recognition that certain principles which reflect the self-worth of an individual are important because of what they mean in terms of human dignity and not merely in dollar terms?

I suggest to the Hon. Member that she, too, has had some concerns about the spousal allowance, concerns which I share. I should like to point to the most recent settlements of equal pay for work of equal value, and all of those situations which have come to bear in the last couple of years which have upgraded the status of women in the Public Service. I do not think the Hon. Member is aware of that.

Miss MacDonald: What about the other two questions?

Mr. Hawkes: Mr. Speaker, I think the exact words in the Minister's speech were that certain Canadians were being undertaxed. Could we have a better description of those Canadians who are being under-taxed?

Mrs. Erola: Mr. Speaker, I did not say they were being under-taxed. I simply said that the spousal allowance meant more to some taxpayers than to others.

• (1230)

Mr. Kilgour: Mr. Speaker, I have a couple of questions for the Minister. The test of the pudding is in the tasting, not in talking about it or making reports about it. Will the Minister tell us how many Deputy Ministers appointed by the Government are women; how many executive or special assistants of Cabinet Ministers are women and how may Order in Council appointments of women have been made since March, 1980? In short, can she tell us what the Government has done,

specifically in the areas immediately within the control of Cabinet Ministers, to give women the role they deserve in Canadian society?

Mrs. Erola: Mr. Speaker, there have been considerable improvements in this area. This is statistical information which I will be happy to provide to the Hon. Member. There is recognition by all members of Cabinet of the status of women in the country and of the commitment to improve that status.

Mr. Nickerson: Mr. Speaker, might I ask the Minister responsible for the status of women if she would undertake, on behalf of the Government, to introduce in the House within the next six months amendments to the Indian Act which would get rid of the blatant discrimination against women that exists in the Act? If not, why not?

Mrs. Erola: Mr. Speaker, I concur completely with the Hon. Member and I believe we will see these changes coming very quickly.

Mr. Miller: Mr. Speaker, I should like to ask the Minister responsible for the status of women one question. It seems to me that in quoting a number of Royal Commission reports in the possession of the Government and the Opposition the Minister has made the case that the motion calls for a committee of Parliament to deal with the reports, to see that they are implemented and to judge the activity of the Government in regard to them.

Another thing that a committee of this nature would do is something that the Minister feels is important, and that is undergo a period of education. That could be done for the House and for society as a whole. Would the Minister not admit that a parliamentary committee to deal with all these issues, such as single parent families, daycare, pensions, the International Year of the Child, the problem of increasing divorce, would not only serve the House of Commons but the women we are trying to deghettoize?

Mrs. Erola: Mr. Speaker, the Hon. Member has missed the point entirely. I do not think we have time to educate the Members of the House, particularly the Members of the Opposition. I suggest to him again that the ghettoization of these women would lead to a further "hiding under the carpet" situation, as exists in society today.

Would the Hon. Member suggest that divorce is a women's issue? That daycare is a women's issue? That pensions are strictly a women's issue? Of course not. These must be studied as broadly and as fully as possible by all Members of the House. When the next report of the Advisory Council on the Status of Women is tabled, I intend that it be studied by a committee of the House or even by a number of committees.

Mr. Hawkes: Mr. Speaker, I think it is appropriate that I should comment at this moment. One of the difficulties with the Standing Committee on Health, Welfare and Social Affairs is that it deals with far too many issues—housing, consumer affairs, welfare, daycare and so on. We have been pushing the Government to provide references to the Committee on a number of issues that the Minister says she is concerned about. Cabinet Ministers have not made such references. It was interesting to note that she complimented the Committee on handling the issue of spousal violence, a reference which came from a Conservative Member. In three years the Committee has not been seized with a single reference from a Cabinet Minister on one of these issues.

We would like more committees; one is not enough. We need references or else we cannot proceed. Would the Minister please indicate why she is blocking the Committee from looking at these issues?

Mrs. Erola: Mr. Speaker, for the reasons I have stated in the House and state again for the third time: the issues are too important to be relegated to a small committee. They must be examined carefully at every level available to Members of the House.

Mr. Deputy Speaker: Order, please. The period for question and answer has expired.

Mr. Vince Dantzer (Okanagan North): Mr. Speaker, I am very pleased to be able to participate in the debate. Before I get to the substance of my remarks I should like to give recognition to the Hon. Member for Kingston and the Islands (Miss MacDonald) who opened the debate for this Party. As you well know, Mr. Speaker, she has an honourable and distinguished record for hard work and dedication, not only in the House but throughout Canada, and for helping bring social and economic justice to Canadians. Nowhere is it more apparent than in her untiring attempts to bring social and economic justice to women. She alone is responsible for this debate today, a debate that is absolutely necessary. I should like to give her recognition for bringing it before the public at this time.

Some Hon. Members: Hear, hear!

Mr. Dantzer: Mr. Speaker, I hardly ever agree with the Minister responsible for the status of women, but she did touch on an element of truth today when she indicated that, to a large degree, the problems of women exist because society really does not know the problems. The House of Commons knows them—certainly the Opposition does—but I am not sure that the average man and woman on the street is aware of the difficulties of a large number of women in society.

I say that from experience, Mr. Speaker. Three years ago, when I entered federal politics, I thought I was pretty sophisticated and knew most of the problems of society. I thought I had a social conscience and understood social concerns. At one time I spoke at a chamber of commerce meeting and dealt mainly with the budget. After that meeting two young women asked me what my solution would be to the problems of women in the work force. I am ashamed to say that I answered, what problems? That was not a smart answer. I just did not know the problems of the working woman but I quickly learned. Those two young women followed me around in my election campaign and they made me learn.

I did not know that every Canadian woman, regardless of economic status today, has a good statistical chance of experiencing the desperation of poverty. I did not know that two out of every three poor, single Canadians are women. I did not know, three and a half years ago, that almost one-half of single persons over 70 years of age are poor. I did not know that most Canadian women over the age of 55 are poor. I did not realize, as is reported by the National Council on Welfare, that 1,219,000 women are living in poverty in this country. That organization estimates that by the year 2000 over two million women will be living in poverty.

Sixty years ago that famous Conservative, who was also an economist, Stephen Leacock, made this comment:

> To expect a woman, for example, if left by the death of her husband with young children without support, to maintain herself with her own efforts, is the most absurd mockery of freedom ever devised.

That is what he said about our society 60 years ago. Today, Statistics Canada tells us that 41.5 per cent of all female-headed families live below the poverty line. To my mind, those are horrendous statistics. Things have not improved at all over the last 60 years. We have not recognized that the basis of society is changed. We have not come to grips and the Government has not come to grips with the problem.

There are many economic and social issues facing women which cry out for justice and for solution. Other speakers will deal with other problems today but I should like to deal with pensions.

In spite of what the Minister said a moment ago, to a large degree pension problems are a women's issue. Effective pension reform could go a long way toward solving the problems faced by many women in our society. I think we should ask ourselves why pension reform is a women's issue. Basically, pensions and pension systems today are designed mostly by men for men. The size of a pension is directly related to the work history and earnings of the person receiving the pension.

• (1240)

I think it has been long recognized why pensions are a women's issue. It is basically because of their place in the work force. Women are less frequently covered by employer-sponsored pension plans, and they are more likely to lose their private pension protection because of poor pension portability and higher job mobility. They generally earn less and receive smaller pension benefits as a result. They are certainly more disadvantaged by the lack of inflation in many of the schemes because they live substantially longer.

There is a general agreement on solutions to the problem. Recently, as the Minister mentioned, we had a Green Paper proposed by the Government. It did not add anything new; it merely brought together most of the solutions. The Government in that paper, from which I would like to read, established three principles upon which it will proceed with pension reform. The first of those principles is the one to which I would like to refer at this time. It indicated that elderly Canadians should be guaranteed a reasonable, minimal level of income. I do not think anyone in the House or anyone in the country would disagree with that pious statement, which completely ignores the fact that there are over 400,000 elderly people over 65 years of age, 350,000 of whom are women, living below the poverty line.

What precisely does that mean? It means that 350,000 women do not have enough food or clothing or perhaps do not have adequate shelter. This is what living below the poverty line means. I am perfectly aware of the fact that the Prime Minister (Mr. Trudeau) said that there were many poverty lines, but that sophistry is nonsense. There is a poverty line and there are people living below it. Who are those people? They are people who came to this countrty from Europe at an early age. They are people who were born here 65 to 75 years ago. They are people who struggled, opened the land, built the farms and the industries. They are people who also went through the 1930s and struggled to keep their homes together. They are also the people who either went or sent their children to the Second World War. In fact, they are the people who made this country. In 1967 Canada had one of the highest standards of living in the world. It was a country in which people could achieve what they wanted.

Those are the people we are now relegating to the poor house, some 350,000 women. What answer does the Government give to this problem? The Green Paper indicated that changes were required in retirement income provided by the Government and that initiative in this area would be an increase in benefits for those single elderly living with insufficient income "as soon as resources permit".

The Government spends $88 billion per year. Perhaps this year it will be $90 billion. It has to be a question of priorities. It spends approximately $90 billion a year and it cannot bring the standard of living of 350,000 elderly women to the poverty level. If that is attempting to solve the problem faced by elderly women in our society, I think the Government has not gone very far. Then it established a Green Paper to postpone the solutions, yet it knew about the problem since 1979 and the Leger report.

There are other areas in which the Government has failed to fulfil the basic requirements of Canadian women. In the Green Paper several solutions were proposed, one of which was income splitting of pensions upon marriage breakdown. This is a solution which most people accept. There is no question with the way marriages break up today that it is not only good enough to have it split on divorce but also on marriage breakdown or separation.

Does the Government do this itself? I would like to refer to the Superannuation Act for the Public Service and the diplomatic service. It makes no provision for divorced spouses in terms of splitting pensions. In the Canadian Armed Forces Superannuation Act there is no provision at all. Many people are suffering badly because of this. I would point out that in the Armed Forces and in the diplomatic corps it is very difficult for spouses of those in the forces to earn a living because they move from spot to spot. Also it is very difficult after the age of 40 or 50 to obtain employment in a new area. The Government has ignored this aspect entirely. Therefore, I

cannot understand why it came out with this green paper which we are supposed to study for another year. The Government proposes it but does not do it itself. This complete disregard for the rights of women is indicative of the Government's lack of interest and real concern.

I would like to talk about other issues in the green paper which affect women. As I have said, employer pension benefits are generally not split on divorce or separation. This should be done and done very quickly. Virtually all pension plans, including the CPP, were designed to guarantee greater benefits to the contributor. That is really as it should be. Unfortunately that person is often male and the surviving spouse is often female. Few employer-sponsored pension plans provide satisfactory survivor benefits. Again this mostly affects women and something should be done very quickly. We do not need another study.

Women bear far greater responsibility for child rearing and because of this they have a lower participation rate in paid employment, particularly in pensions. The Government has been aware of these problems for a long time.

At this point I would like to mention the drop-out provision. This provision has been agreed to by the federal Government and the Provinces, except the Province of Ontario, in order to improve pension schemes and assist women in their pension rights. What does the Government say about it? This Government of Canada, which says that it works so hard, indicated in the Green Paper, the summary of its pension report, that it would vigorously pursue implementation of the child rearing drop-out provision with the Government of Ontario. Approximately two or three weeks ago I attended the pensions conference in Toronto, and the Ontario Minister responsible for pensions said: "We will agree to put that in right now. We have had our study and our commission". Where is the Government vigorously pursuing this? I have not heard a word. There were Members of the Government at that particular conference. I do not think they are interested. They have long since given up. An indication of this can be found in the Green Paper, in their recommendation of yet another study and in more delay.

• (1250)

There are several issues which this Government could put forward immediately without waiting for any further pension discussions, task force report, or anything like that. Most of the Provinces are in agreement with most of the difficulties. For instance, vesting. Everybody agrees that the present rules for vesting are bad. The Government of Saskatchewan has passed legislation improving them tremendously. The suggestion in the Green Paper is two years. From a woman's point of view the earlier the pension is vested the better. Perhaps a year would be better. Even at 25 years it is late for women who are early into the work force and early out of it to have children and to raise them.

Then there is the method of calculating annuities, the so-called unisex table. That is something which could be handled very quickly. A woman buying an annuity in order to receive the same amount as a man needs considerably more money because it is said a woman lives longer. But 80 per cent of males and females have the same life expectancy. The difference is accounted for by 10 per cent of the men who die early and 10 per cent of the women who live longer. It is a perfectly proper thing for women to have that sort of a feature put into their pension plans.

I talked earlier about automatic splitting of pension benefits. We should also talk about the lack of portability in most pension arrangements. Again, this is something which could be changed very quickly without all the time required for a green paper.

I suppose one of the most difficult chores in this whole area is the question of pensions for home makers. This question will certainly have to be solved. It is probably the most difficult area for discussion in the months to come, but I believe it is an issue that should be addressed and should be addressed as quickly as possible.

Most pension reforms now before this House and before the task force as set forth in this Green Paper could be dealt with immediately. There is no need to wait for a long time. This Government would show good faith if it proceeded to bring in those reforms to improve the standard of living of the 350,000 elderly women who presently live below the poverty line and if it enacted legislation in that regard. It has nothing to do with pensions; it has to do with the Old Age Security and the Guaranteed Income Supplement. There is no need to ask the Provinces for their opinion on that; this Government has the power itself. On that issue alone I think the motion before the House should be supported. The Committee could look into the reason why nothing is being done.

Mr. Deputy Speaker: Are there Hon. Members rising to ask questions of the Hon. Member for Okanagan North?

Mr. Miller: I have a question for the Hon. Member for Okanagan North (Mr. Dantzer). I appreciate his concern that some of these pension reforms can be implemented and implemented quickly. I support him in that regard. However, I am somewhat puzzled by his statement about the OAS and the GIS. Is the Hon. Member suggesting that Parliament take action now to raise the Old Age Security and the GIS for the 350,000 elderly women about whom he spoke? Is the Hon. Member suggesting that the Government raise the income under GIS and the OAS to the poverty level? If so, is the Hon. Member's Party now prepared to support that policy, or is the Hon. Member talking about using private pension plans to overcome some of the poverty that elderly women face?

Mr. Dantzer: Mr. Speaker, I think it is clear that the problem faced by elderly men and women who live below the poverty level is not a question for private plans to solve. This problem cannot be solved by private pension plans. It is far too late now. These people are over the age of 65. They are no longer in the workplace. They cannot get any other pension. They get only the OAS and GIS. I believe it is the responsibility of this Government, given the first principle in the Green Paper, to ensure they have a reasonable level of income. It is

the Government's responsibility to bring in legislation right now to increase the GIS in order to rectify their situation.

Mr. Deputy Speaker: Are there any other questions? The Parliamentary Secretary to the Minister of State For Mines (Mrs. Killens).

[*Translation*]

Mrs. Thérèse Killens (Parliamentary Secretary to Minister of State (Mines)): Mr. Speaker, I must admit that I too am a bit impatient with the way various levels of government are dragging their feet with respect to this issue. I deplore the fact that the situation of women in this country, and I am sure Members on both sides of the House are more or less agreed on what it should be, is the subject of debate on an Opposition day, since we are all aware that such days merely give Opposition Members a chance to unload their very negative thinking on a given subject.

That is why, Mr. Speaker, I intend to make my comments in the same positive spirit that will pervade International Women's Day tomorrow, March 8.

This morning, we heard the Minister of State (Mines) (Mrs. Erola), who is responsible for the status of women, describe before the House the latest initiatives taken by our Government, and I must admit it is a very impressive record. To appreciate our progress, however, we must look back into the past, and when we do, we see that there was a lot to be done. There are memories of the celebrated struggle in the 20's, when in 1929, after a long fight, women finally became legal persons. In 1940, when I was still at school, I did not realize my mother was not allowed to vote in provincial elections in Quebec. That same year, the first woman to study law in Quebec had to go to New Brunswick to pass her bar examinations. She was not allowed to do so in Quebec. Furthermore, it was not until 1971 that women in Quebec were allowed to sit on a jury.

We cannot discuss the status of women in Quebec without recalling the tireless efforts of the Hon. Senator Thérèse Casgrain, and it is with great pleasure that I pay tribute to her here today. I am sure that if she were among us, she would denounce the injustice perpetrated on Quebec women through Bill 111, which hits women far more than it does men, since two-thirds of Quebec teachers are women. The Government of Quebec invoked the notwithstanding clause of the Canadian Charter of Rights and Freedoms to pass Bill 111, a bill that violates the rights of teachers in Quebec. The Federal Government trusted the provinces to act honourably, but we see now that Quebec has already shamefully abused the notwithstanding clause.

As far as pensions are concerned, however, Quebec has an exclusion clause in its pension plan which allows young mothers to stay home for seven years to raise their children, without losing any years for the purposes of the pension plan.

Mr. Speaker, today, we should take advantage of this opportunity to appeal to all Canadian women, wherever they may be, to take action immediately. Elsewhere in Canada we have a problem. In order to allow young mothers to stay home for seven years after the birth of a child, without losing pension continuity, the Federal Government needs the signature of two-thirds of the provincial Governments representing two-thirds of the Canadian population.

Mr. Deputy Speaker: I am sorry I have to interrupt the Parliamentary Secretary. It being one o'clock, I do now leave the Chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

THE ADMINISTRATION

METHOD TO CORRECT ERRORS

Mr. Louis R. Desmarais (Dollard): Madam Speaker, I wish to inform the House that a serious injustice has been done. I am referring to a taxpayer who applied to Employment Canada for permission to add an employee to his staff. The Department agreed, the employer hired a new employee and he received the requested subsidy for two years. Madam Speaker, I think it is unfair that two years later, another department, namely, Revenue Canada, should claim the subsidy under one of the Income Tax Regulations of which neither Employment Canada nor the taxpayer were aware.

Madam Speaker, when a department unwittingly misleads a taxpayer, I think the Government should be flexible and refrain from making the taxpayer pay for its mistakes. I realize that ignorance of the law is not a valid excuse, but I do believe it is reasonable to assume that a citizen should be able to rely on a department that enables him to take certain legitimate action.

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[*English*]

BROADCASTING

CONDEMNATION OF PORNOGRAPHIC FILM PROGRAMMING

Mr. Vince Dantzer (Okanagan North): Madam Speaker, some time ago a corporation which was granted a licence by

the CRTC announced that it would be showing pornographic movies. There has been an avalanche of protest. Canadians insist that the CRTC follow its stated objectives which are, among other things, safeguarding, strengthening and enriching the cultural, political, social and economic fabric of Canada.

Canadians are demanding to know how the showing of pornographic material fulfils these objectives. The Canadian Teacher's Federation says that, in view of the central and influential role of television in shaping children's conception of male and female roles, and recognizing that children watch the full spectrum of television programs, it protests the inclusion of pornography in Pay Television.

People perceive themselves as being cheated and robbed of their dignity and their humanity. They perceive their Government as being party to a blatant attempt by a company licensed by this Government to reap huge rewards by pandering to the lowest and least worthy appetities in our society.

One woman said that she felt like an alien in her own land, expressing her frustration and helplessness at this intrusion of pornographic material into her home. My constituents and other Canadians plead with the Government to show some moral leadership and stop this programming.

* * *

[*Translation*]

AIR CANADA

REQUEST THAT CROWN CORPORATIONS BE SUBJECTED TO TIGHTER CONTROL

Mr. Gaston Gourde (Lévis): Madam Speaker, my colleague, the Hon. Member for La Prairie (Mr. Deniger), has done an excellent job concerning the shady activities of Air Canada. It would seem that, in recent years, that Crown corporation has slowly begun to shift its operations from Montreal to Toronto. Such action is reprehensible, all the more as the management of Air Canada has ordered the Hon. Member for La Prairie not to make his findings public.

For a few years now, Crown corporations have been accountable only after the fact and oftentimes only to have the Canadian Government pay their bills, which is unacceptable. I would therefore suggest that those corporations be subjected to more regular and tighter control by the Government and Parliament.

I would ask Air Canada and its president, first, to make public a full report on the allegations of the Hon. Member for La Prairie and, second, to undertake immediately a thorough review of its policy aimed at moving its operations to Toronto.

As a Quebecer, I find it difficult not to denounce Air Canada for such underhand action.

[*English*]

MARINE TRANSPORT

CALL FOR PROVISION OF ASSISTANCE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, the Minister of Finance is now telling unemployed Canadians that their best hope for the short-term future is that his economic advisers are wrong in their forecasts. One might have expected a somewhat more positive message from the Minister of Finance over the weekend. There is just a little touch of cynicism in that.

If all the Minister can do is reduce the staggering 13.7 per cent unemployment by 1 per cent, then we are in fact in deep trouble. More discouraging is the probability that most of the funding to achieve even this minor improvement will go to so-called job creation programs and not to long-term job creation.

Instead of this, thousands upon thousands would appreciate some stimulation of our ailing marine and shipbuilding industry and a more, not less, competitive Seaway. It has become twice as expensive for U.S. grain to move through the Great Lakes and St. Lawrence Seaway than it is down the barge canal of the Mississippi River. We would appreciate the cancellation of the burden of the marine fuels tax. Get on with the gradual development of the Canadian Merchant Marine. Step up the Navy's fleet replacement program, indeed that of Coast Guard and of Fisheries and Oceans. As well, restore assistance to shipbuilding.

Take measures such as these, and not only will new and long-term job opportunities be created, but they will help prevent the loss the thousands of existing ones.

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AIR TRANSPORT

CONCESSION TO UNITED STATES AIRLINE ON CANADA-AUSTRALIA ROUTE

Mr. Les Benjamin (Regina West): Madam Speaker, on Friday the Minister of Transport caved in to let Continental, an airline which does not even land in Canada, haul passengers from Canada to Australia, via Los Angeles. If we let the United States siphon off Canadian traffic to the Orient, it will only be a matter of time before American airlines haul Canadian traffic to Europe, and trans-Canada passengers as well. After this concession, there is no guarantee that the U.S. will not take Canadian passengers hostage the next time it is unable to get what it wants at the bargaining table.

The United States Government twisted Canada's arm to help bail out several American airlines left flat broke by deregulation. The banks holding the debts of these airlines have an interest in seeing the border opened up to the planes now flying half empty around the United States. Is it just coincidence that the Chase Manhattan Bank which holds the debt of Continental Airlines is linked to the U.S. administration through the influential Rockefeller family?

American airlines fly to nearly twice as many destinations in Canada as Canadian airlines fly to in the United States. The Americans had $150 million in trade surplus last year on air travel between our countries. Do we have to let them put Canadian airlines out of business as well?

* * *

FINANCE

SIZE OF GOVERNMENT DEFICIT

Mr. Dave Nickerson (Western Arctic): Madam Speaker, the federal deficit is like an accordion; it is infinitely expandable. So says the Minister of Finance in the latest of his not so astute commentaries on national government finance.

Last year, shortly after taking office, this Minister promised us a budget early in the new year. After the calamities of his predecessor, many Canadians had hoped that such a budget would be designed to put Canada back onto a solid financial footing, but it now appears that the budget will be delayed at least until April. Then it will be no more than yet another exercise in Liberal fiscal gimmickry designed with short-term political expediency in mind, a budget with ever-increasing deficits which will guarantee high unemployment coupled with continuing inflation in the years to come. The Minister may toy with his wheezy financial squeezebox while Canada burns, but let me tell him that it will not expand forever.

Canadians must be wise enough to rid themselves of an incompetent Government that has no financial policies except to raise taxes and increase deficits, before this great nation is utterly destroyed.

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ENVIRONMENTAL AFFAIRS

OPPOSITION BY UNITED STATES INDUSTRY TO ACID RAIN CONTROLS

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Revenue): Madam Speaker, the Canadian Press has reported recently that some of the major U.S. air polluters are asking some of Canada's industries to support their opposition to strong acid rain controls in the United States. According to Canadian Press, the American companies made the approach to the U.S. and Canadian Chambers of Commerce and industrial representatives from both countries when they met in Toronto recently to work out a joint position on acid rain.

This move comes as the Canadian Government is attempting to negotiate a clean air pact with the U.S., including a 50 per cent reduction in acidic air pollution by American industries. Presently these talks have been stalled by the U.S. Government on the grounds that there is insufficient information about acid rain. Yet it is probable that U.S. legislation to control acid rain will be passed this year.

While U.S. companies are attempting to temper and modify some of the stricter acid rain provisions that are being promoted, I strongly urge that the Canadian companies involved continue to support the Canadian Government's request to cut back on acidic pollution and encourage their U.S. counterparts also to comply with this policy.

* * *

FINANCE

SUGGESTED REMOVAL OF TAX ON FUEL USED FOR AGRICULTURAL PURPOSES

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, I see the Minister of National Revenue here. I hope he pays attention because this statement is addressed to his Department.

• (1410)

Canadian consumers pay a lot of taxes and one of the forms in which they pay is a tax on gasoline. Approximately 60 cents a gallon in tax is paid on gasoline. The Government has recognized, and I agree with it, that one of the ways we could keep down the cost of food is to lower the input cost to farmers. As a result there has been a seven cents per gallon rebate made available to farmers for fuel that is used in basic agricultural production.

What happens is that a lot of farmers have difficulty in filling out the forms and they find that it is a lot of bother to pay the tax, first, and then ask for a refund. What I am suggesting to the Minister is that he look at the possibility of not collecting this money in the first place. In my own Province of Manitoba where the enforcement procedure is in place, which is the RCMP, it is illegal to burn "blue gas" in anything other than farm vehicles.

The system for enforcement is already in place, so it would be very easy to recommend to his Department that this tax not be collected in the purchase price. That would accomplish three things. It would lower the cash cost that a farmer has to incur to get his crop in, in the spring; it would lower the cost to the Department in terms of not having to collect and then refund the money and, thirdly, it would accomplish all of this without increasing the deficit one penny.

I would urge the Minister to take a serious look at this very practical suggestion.

* * *

THE ECONOMY

DECLINE IN GROSS NATIONAL PRODUCT IN 1982

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, the real GNP dropped 4.8 per cent in the year 1982. This is the first fall in real Gross National Product since 1954 and it is the most pronounced decline since 1933. This was the sixth quarterly decline in a row.

S.O. 21

The federal Government has continued to insist that the private sector should be the engine of growth, but I think those of us who come from areas where the private sector dominates recognize that the private sector's recovery is considerably slower than the Government might otherwise wish.

Last year private sector investment fell 4 per cent, and this year it is predicted to decline 6.9 per cent. In Hamilton we have seen a net loss of jobs both in the private and in the public sector. Over the course of the last two years we have seen the Income Tax office and the Veterans Affairs office all but disappear from the area. We have seen CNCP Telex deciding to close its operations and the Government determined that the Oceanography Department should move from Hamilton to Quebec City. In the private sector we have seen Harvester virtually close; Bathurst announce that it will close and the Steel Company operating at a considerably reduced level of involvement.

I say to the Government that the private sector cannot do it alone, it needs Government involvement—

Madam Speaker: Order, please.

* * *

[*Translation*]

FISHERIES

REQUEST FOR EARLY IMPLEMENTATION OF KIRBY REPORT RECOMMENDATIONS

Mr. André Maltais (Manicouagan): Madam Speaker, I would like to draw the attention of the House to a very important document on Canadian fisheries, namely, the Kirby report. On the North Shore, people are very interested in the various recommendations made in this report, and they have asked the Association des pêcheurs of the Middle North Shore, the Lower North Shore and Blanc-Sablon to see to it that these recommendations are implemented as soon as possible. This is very important because the North Shore fishermen want to continue developing their industry jointly with their South Shore colleagues, and we hope that the Minister of Fisheries and Oceans (Mr. De Bané) will do everything in his power to implement the recommendations in the Kirby report as soon as possible.

* * *

AIR TRANSPORT

FUTURE OF QUEBECAIR

Hon. Roch La Salle (Joliette): Madam Speaker, I have a few comments on the future of Quebecair. Some time ago, the Minister of Transport (Mr. Pepin) promised to make a proposal to the Government of Quebec, based on the financial statements of Quebecair. I hope that today, the Minister has acquired sufficient information on Quebecair's financial situation to be able to make a proposal very soon, in view of the importance of this question for Quebec. Last week, the Member for Rimouski-Témiscouata (Mrs. Côté) severely criticized the threats made by the Quebec Minister of Transport to nationalize the company if Ottawa did not give an answer. The Minister had already threatened to let Quebecair go down the drain because of its financial situation. I therefore hope that the Minister will realize how important this question is, and that based on the company's financial statements and for the benefit of Quebecair employees and Quebec, he will be able to make a public proposal as soon as possible. That is what I am asking, Madam Speaker.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

STATEMENT BY MINISTER OF FINANCE ON UNEMPLOYMENT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is directed to the Prime Minister. Would the Prime Minister explain to the House how the jobless workers of Canada can continue to have confidence in his Government when his Minister of Finance expresses the public view that he cannot hope to bring down unemployment by more than one per cent?

While the Prime Minister is answering that question, can he also inform the House whether his Finance Minister was expressing Government policy when he stated that all the unemployed could hope for is for economic forecasters, including his own, to be wrong?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the second question, the Hon. Member knows that that is not a statement of policy. It is an opinion, and probably a tongue-in-cheek opinion, about the validity of forecasting.

The first question is more serious, and the Hon. Member will realize that he is merely repeating what the Minister of Finance has been saying since his statement to the House last fall, that economic recovery is necessary and we will attempt to bring it on as soon as possible, but that the unemployment figures themselves will remain high for longer than we would like, and they will remain high even after real growth has returned to Canada. There will be a lag before the unemployment figures are seriously brought down.

GOVERNMENT POLICIES—REQUEST FOR REVERSAL

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Prime Minister appears to be sharing the view of the Minister of Finance that his Government cannot hope to bring down unemployment by more than one per cent.

In view of what appears to be the total abdication by his Government, faced with 2 million unemployed Canadians and a deficit now approaching $30 billion, and without a single permanent job to show for it, does the Prime Minister not feel that the time has come for a total reversal of the Government's negative and self-defeating policy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, of course the Hon. Member, when he talks about the total abdication of our duty to create jobs, is forgetting the more than $2 billion which have been brought forward precisely to create jobs in the last June budget and in the Fall statement. The two together total more than $2 billion, and it is hard to call that a total abdication.

Mr. Crosbie: Totally ineffective.

FIRST MINISTERS' CONFERENCE

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Prime Minister in his response seems to be overlooking the assertion I made in my question of the fact that the country faces 2 million unemployed, and not a single permanent job has been created.

While he was away last week, no doubt justifiably, I put the question to his Deputy Prime Minister as to whether he will be viewing favourably the request put forward by Premier Buchanan on behalf of the Premiers for a full day at least to be set aside for a summit on the economy. I was given to understand, as we all were, by the Deputy Prime Minister in his response last week that it was still the intent to discuss the tragic unemployment figures somewhere between the vichyssoise and the filet mignon.

Will the Prime Minister, now that he has had time to reflect over the weekend, not consider Premier Buchanan's request on behalf of the Premiers favourably and respond positively that he has the time to set aside a full day at least, or whatever time it takes, to discuss with them the solutions to the problem?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot understand how the Hon. Member has managed to read so incorrectly Premier Buchanan's telegram to me. Whereas I had suggested a meeting on the Wednesday night in order to ensure that we had dealt completely with the aboriginal questions before we got to the economy, a meeting on Wednesday night which I had said could go on to the Thursday in order to discuss medium-term economic issues while our Ministers were looking at the short-term budgetary question, Premier Buchanan did not answer that he wanted a full day. He answered that he wanted to have that meeting on Monday night, between the pears and the cheese. Therefore I do not see why the Hon. Member from Yukon prefers pears to vichyssoise, but that is a matter of taste. It seems to me, in terms of the time consumed in discussing the matter, that our propositions are pretty similar—

Mr. Crosbie: Let them eat cake.

Mr. Trudeau: —except that mine was on a night which was not already pre-empted by the Governor General who had invited all First Ministers and, of course, the aboriginal leaders. The purpose of the meeting, whether it be on one night or another, would be to discuss the broad term economic issues, and also of course to discuss among ourselves whether we think there should be a full First Ministers' conference on the economy sometime later in the spring.

Once again, I do not understand how the Hon. Member could interpret Premier Buchanan as suggesting a full day. He suggested a short time on Monday night, whereas I was suggesting a longer time on Wednesday night and again on Thursday during the day.

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INCOME TAX

FORECAST OF DELAY IN ISSUANCE OF REFUNDS

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is directed to the Minister of National Revenue. The Minister will know that hundreds of thousands of Canadians, many of whom have lost their jobs due to the Liberal recession, are desperately waiting for their 1982 income tax refunds. Last year 6.5 million Canadians had received their refunds by the middle of May. This year the Government has stated that the refund cheques will not start going out until the middle of May. In view of the concern that is out there, and in view of the need for this money, I would ask the Minister how the Government can justify this unconscionable delay.

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I wonder when the Hon. Member heard the government state that the refund cheques would not be going out before the middle of May, for it is definitely not so. As far as I know, the government has never made such a statement. What we have been saying and which I repeat now is that we are waiting for the House to approve the legislation to amend the statute law relating to income tax, in order to issue cheques which reflect the new provisions in this bill. We believe the business of the House as scheduled will make is possible for Hon. Members to approve this bill before the end of March, in which case the time allocated for issuing cheques this year would be the same or about the same as last year.

[*English*]

LEGISLATIVE BASIS FOR REFUNDS

Mr. Doug Lewis (Simcoe North): Madam Speaker, we received our information on cheques starting to go out at the middle of May, from the Director of Revenue Canada for Prince Edward Island. That is in letter form, if the Minister wants it.

• (1420)

Since these refunds flow from the October, 1981, budget of the departed Minister of Finance, how can the Minister account for the fact that the 1981 income tax refunds have gone out if the refunds we are talking about now are based on the same budget, the same Bill? How can he account for the fact that all those 1981 refunds went out and we still have not got the 1982 refunds started?

[*Translation*]

Hon. Pierre Bussières (Misister of National Revenue): Madam Speaker, the Hon. Member is disregarding the fact that the tax returns for this year are consistent with the provisions of Bill C-139 which is now before the House, and therefore make it possible for many taxpayers to claim significant tax refunds. It is in accordance with past practices that we are waiting for the House to approve this bill before issuing any cheque.

* * *

[*English*]

INDUSTRY

LAKE DIEFENBAKER WATER PIPELINE PROJECT—OFFER BY IPSCO STEEL PLANT

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is directed to the Right Hon. Prime Minister. I am sure he is aware that late last week the Saskatchewan steel plant, Ipsco, announced that it would be closing down totally for an indefinite period of time, throwing nearly 1,200 people out of work. I am sure he is also aware it has offered to put up the steel at cost for the $100 million Lake Diefenbaker pipeline. My question is twofold. First, has the federal Government received a formal request from the Government of Saskatchewan for a contribution to the Lake Diefenbaker pipeline? Second, while he is on his feet, can he inform the House whether or not the Government has decided to contribute some money for the project and, if so, what amount?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot say. I will have to see if that request was received by the Government, and how it will be handled. But I am happy to see that the Hon. Member for Yorkton-Melville is now coming over to the utility of building steel out there. I remember when we agreed on this side to the pre-build in order to permit that plant to get into operation, the Hon. Member and his Party combated it tooth and nail. Now he is seeing the error of his ways a little. It is too bad it is so late.

Mr. Nystrom: Perhaps the Prime Minister would explain to the House what happened to that pipeline in the end, Madam Speaker?

POSSIBLE IPSCO BID ON BOX CAR CONTRACT

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, in terms of supporting western industry I will shift my question to the Minister of Transport and perhaps I will get an answer from him. He will recall that during the 1980 election campaign his Party promised to aid the creation of industry in our part of the country. He might also be aware that Ipsco has announced it will be bidding on the construction of boxcars for the first time. Could the Minister now put the Government's money where its mouth was in 1980, and make a commitment to use funds from the Western Development Fund to help Ipsco make a bid which will be competitive with bids from companies here in eastern Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I wrote recently on that subject and made sure that Ipsco would be allowed to compete for the steel going into the boxcars, so that is done. If the Company wants to benefit from the $75 million of economic development, as it knows, this program is administered by the Minister of Industry, Trade and Commerce, and it is really accessible to all companies in the West. Hopefully, they will get in line and present worthwhile proposals.

FUNDING OF PROPOSED PIPELINE FROM MAINLAND TO VANCOUVER ISLAND

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my supplementary question is directed to the Prime Minister. The Prime Minister will also be aware that there are unemployed Ipsco workers in Port Moody, British Columbia, partly as a result of the fact that the whole Alaska Highway Pipeline did not go ahead. He might also know that he has received a request from the Government of British Columbia for money to build a pipeline to Vancouver Island. Would the Prime Minister agree with me that the domestic market might best be served before the needs of the export market, and would he be prepared to give a commitment now on the federal Government helping with funding of the pipeline to Vancouver Island so jobs could be provided for Ipsco workers?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question is somewhat vague. I am not sure if the Hon. Member is suggesting that we take an equity position in that pipeline, or just hand the money to the Province. He is shaking his head—hand the money to the Province, Madam Speaker. Well, I believe his home Province has some responsibility for unemployment.

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PUBLIC SERVICE

PROJECTED INCREASE IN NUMBER OF MANAGERS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the President of the Treasury Board. I was wondering if the Minister can advise this House why, this year, the Government needs 78.3 per cent more managers in its top 11 Department to handle things than it had a year ago.

Hon. Herb Gray (President of Treasury Board): Madam Speaker, I believe it is well known that in some cases there are additional workload demands for programs like unemployment insurance, and in other cases there are new programs. However, I would be happy to get more detailed information for my hon. friend and get back to him as soon as possible on this.

MANAGERIAL PAY SCALES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, is the true reason for the increase in the number of management positions because the Government does not want to comply with the six and five requirements, because it can pay managers up to $88,000 a year and it is limited in other positions to $50,000 a year?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, I reject completely the premise of my hon. friend's question. We are applying the guidelines of the six and five program as established by this House, very strictly. I am glad to see my hon. friend's continued support of the six and five program.

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UNEMPLOYMENT INSURANCE

PAYMENT OF PREMIUMS COVERING HORTICULTURAL WORKERS

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, my question is directed to the Minister of Employment and Immigration. In a unilateral and unfair action the Unemployment Insurance Commission is forcing horticultural employers and employees to pay Unemployment Insurance premiums for part-time employees receiving less than $250 per year, or where an employee works less than 25 days a year. Would the Minister not agree with the Canadian horticultural industry that this decision is totally unrealistic and unfair to such employers and employees, and will he take it upon himself to negate this regulation and reinstate Section 16(1) of the Unemployment Insurance Act which dealt with this matter in a fair and equitable manner?

• (1430)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, while the Hon. Member may not, I think many Members of this House would agree that agricultural workers, who are on the lower end of the income scale, deserve the same amount of protection under the unemployment insurance system as do other workers. I would not want the Hon. Member to think that, just because the philosophy of his own Party does not recognize the needs of workers at the lower end of the scale, we would allow that course.

I would indicate to the Hon. Member that we are not taking any unilateral action at all. In fact we have been involved in constant discussions with the Horticultural Society and other groups to work out ways in which this particular program to ensure proper income security protection for horticultural workers can be maintained. Those negotiations are going very well, and I think the kind of statement made by the Hon. Member only interferes with them.

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PUBLIC WORKS

FUTURE OF CANADIAN FORCES BASE CHATHAM

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question is directed to the Minister of Public Works. The Minister will remember CFB Chatham and the disclosure that the Government intends to close that base out and the subsequent unemployment that is bound to create in the region. He will recall that that region is now suffering from unemployment figures of in the vicinity of 20 per cent to 40 per cent.

Can the Minister advise the House, has he been approached by the Minister of National Defence with the suggestion or recommendation that the Minister of Public Works take under his wing the future of CFB Chatham and, if so, what has his response been to that suggestion?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, it is a well known fact that the Minister of Public Works inherits a number of bases and buildings, some of which he is very happy to receive and others which turn out to cause him considerable headaches. This is a process which has happened in the case of other military bases, but I have not been approached. I understand the Department of National Defence intends to keep part of this base in operation. In fact it intends to keep the runway and some other components in operation, as has been explained by my colleague, the Minister of National Defence.

Mr. Corbett: That is a most interesting revelation, Madam Speaker. I would make a recommendation that the Minister of National Defence deny the press reports then that he has indeed been in contact with his colleague who is supposed to be responsible for New Brunswick and the affairs of that Province, because these are certainly contradictory statements.

REQUEST THAT MINISTER MEET LOCAL COMMITTEE

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my supplementary question to the Minister follows on the fact that the CFB Chatham Steering Committee has made a request to the Minister of Public Works for a meeting with him, and his colleague from Northumberland-Miramichi has asked for action, not statements of principle. We know where the Minister's principles lie, but will he give this House and the Steering Committee a commitment now that he will meet with them in an effort to resolve the problems that he, as the Minister responsible for New Brunswick, should be addressing himself to for the benefit of those unemployed people and those who are about to become unemployed due to decisions taken by this Government?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, it would be perfectly normal for the Department of National Defence to inform the Department of Public Works that certain lands and facilities may be transferred in the future. If the Hon. Member is interested in the welfare of the Miramichi area, he might want to try to do what we have been doing, which is to find solutions, including a very important decision by my colleague, the Minister of National Defence. Maybe it is time that the rhetoric of the provincial Government during the last provincial election should be put to rest and that people should work with Members of Parliament like my colleague, the Hon. Member for Northumberland-Miramichi, and others, who want to try to solve problems and not score political points.

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AIR TRANSPORT

CANADA-AUSTRALIA ROUTE NEGOTIATIONS—CONSEQUENCES TO CANADIAN PACIFIC AIR

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is for the Minister of Transport who has just bailed Air Canada out of its seat sale problems by granting an American carrier a slice of Canadian Pacific's Australian market. Since the Minister has protected the state-owned airline at the expense of the private sector airline, what slice of Air Canada's market is he willing to give Canadian Pacific?

Mr. Benjamin: That is not the way it is.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, all through the—

Some Hon. Members: Hear, hear!

Mr. Pepin: —negotiations with the Americans I have been in touch with CP Air. The situation is not as black and white as described by a Member of the NDP a moment ago. For example, CP Air has an agreement with Western Airlines under which Western takes American passengers from Los Angeles, and CP Air takes them from Hawaii to Australia. So CP Air takes some American travellers from the United States.

Another thing which should be borne in mind is that Continental has had in the recent past a "funny fare" under which they accommodate with special terms Canadian travellers from the Los Angeles base. So it is not a black and white—

Mr. Benjamin: No.

Mr. Pepin: Yes, indeed, it is not a black and white situation. CP Air has said in public that it thought that its route from Toronto and Vancouver to Australia was not damaged or put in jeopardy because of the action which took place last week.

Mr. Benjamin: You want to bet?

Miss Carney: Madam Speaker, I would like to point out that I am a Conservative Member of Parliament, not a Member of the NDP—

Mr. Benjamin: Thank God!

Miss Carney: —which shows how confused the Minister is on this issue of transportation.

Some Hon. Members: Hear, hear!

REQUEST FOR REALLOCATION OF AIR CANADA ROUTES

Miss Pat Carney (Vancouver Centre): Madam Speaker, the Minister's answer ignores the very clear fact that he has allocated a portion of the route of our flag carrier in the Pacific to an American carrier. He has taken 8,000 seats off Canadian Pacific's route and given them to an American carrier. So I ask again: when will he announce the reallocation of Air Canada routes to Canadian Pacific?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I was trying to convince the House that the situation is not as simple as presented by the Conservative and NDP Members who have asked questions on it. I was trying to indicate to my hon. friend that Continental at the moment, because of this "funny fare", is attracting a good number of Canadian travellers to this route.

An Hon. Member: So you sold out.

Mr. Pepin: No, on the contrary, I was trying to indicate that CP Air would have had to match that "funny fare" from the Los Angeles base and that the agreement we have reached will prevent that, and consequently help CP Air to maintain a viable route to Australia. It is a bit more complicated than appears at first. It requires a bit of research and a look at the complexity of the situation, instead of simplifying it to the level of children.

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MINES AND MINING

REQUEST FOR LOAN GUARANTEE TO YUKON MINE

Mr. Jim Fulton (Skeena): Madam Speaker, in the absence of the Minister of Indian Affairs and Northern Development, my question is for the Minister of State for Mines. She met with a widely representative group here last week from Yukon regarding the reopening of the Cyprus Anvil mine at Faro. Since the workers have made a number of concessions, and a package of Section 38 UI Funds and NEED Funds has been put in place for the reopening of the mine which has laid off 600 workers for more than eight months, has the Minister found support among her colleagues and on Treasury Board to provide the $25 million loan guarantee to Dome to see that this mine reopens now before those workers run into difficulties regarding their existing benefits?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, we had a very good meeting with representatives from the community of Faro. The matter is now being considered by the Minister of Indian Affairs and Northern Development.

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TRADE

IMPENDING RULING BY UNITED STATES ON CANADIAN LUMBER EXPORTS

Mr. Jim Fulton (Skeena): Madam Speaker, my supplementary is directed to the Prime Minister. As he knows, a ruling regarding countervailing duties is being made today in Washington. Since within the next couple of hours we will find out whether or not certain federal policies which have been put in place will be judged by the U.S. Department of Commerce hearings as being subsidies, would the Prime Minister commit to this House that by tomorrow on motions, earlier if possible, he will make a statement to this House on what steps he intends to take should it be found that there are subsidies and countervailing duties will be applied against our forest industry which will affect one worker in ten in Canada?

• (1440)

Right Hon. P. E. Trudeau (Prime Minister): The question is hypothetical, Madam Speaker.

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AGRICULTURE

COMPULSORY GRADING OF BEEF CARCASSES FOR EXPORT

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, I have a question for the Minister of Agriculture. He will be aware of his Department's intention to require compulsory grading of beef carcasses crossing both the provincial borders and the U.S. border. The grade is applied both as a stamp and roller brand. It is applied with a colour code. The difficulty with export carcass grading is that our red roller brand indicates the top grade in Canada, while blue is the United States top grade colour. Will the Minister explain why it is suddenly necessary to require compulsory grading on Canadian export carcasses?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, if I remember correctly, I believe it is because of a legislative change that took place. It is restating this regulation that has always been there. That is why it has been published and gazetted.

Mr. Hargrave: With the greatest respect to the Minister, Madam Speaker, there have been regulations that allowed for voluntary use only, not for a compulsory run.

REQUEST THAT MINISTER REVIEW SITUATION

Mr. Bert Hargrave (Medicine Hat): Madam Speaker, in view of the March 9 deadline for receiving objections to this current proposal, and in view of the special problems this grading change makes for Lakeside Packers at Brooks, Alberta, which presently exports the largest amount of carcass beef from Canada to the United States, would the Minister look into this matter before we lose a very good beef export order, and reinstate the optional grade standards listed in Section 11 of the regulations?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we are reviewing this clause as well as mechanisms to provide quickly for approval of ungraded shipments when the importing country desires it. It is the importing country that desires the stamp. We are going to make sure that it is done properly. It is they who want it.

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[*Translation*]

AIR CANADA

STATUS OF RCMP INQUIRY INTO TRANSFER OF HEADQUARTERS

Hon. Roch La Salle (Joliette): Madam Speaker, my question is to the Solicitor General. He is aware that the transfer to Montreal of Air Canada Headquarters last December at a cost $10 million higher than the price quoted in the second best offer is being investigated by the Royal Canadian Mounted Police at the request of the Minister of Justice with the approval of the Minister of Transport. Can the Solicitor General now tell the House how this investigation is going and what was its nature?

Hon. Mark MacGuigan (Minister of Justice): Madam Speaker, it would be quite improper for me to make a statement about an investigation which has not yet been completed.

Mr. La Salle: Madam Speaker, I thought that the Solicitor General was responsible for the RCMP. However, I shall put my question to the Minister of Justice. Can he tell us when we will be able to make this investigation public and, since Canadians will pay $10 million more than they should, whether he intends to make its results public? The Minister will agree that the taxpayer has the right to know why we should pay $10 million more for new Air Canada headquarters.

Mr. MacGuigan: Madam Speaker, my reply to the Hon. Member has to be the same as to his first question.

[*English*]

CANADA INTERNATIONAL DEVELOPMENT AGENCY

DELAY IN APPOINTING PRESIDENT

Mr. Douglas Roche (Edmonton South): Madam Speaker, may I put a question to the Secretary of State for External Affairs. Can the Minister explain why a delay of nearly five months has occurred in filling the presidency of the Canadian International Development Agency, and tell the House if special criteria are being applied this time? When does the Minister expect to make an announcement?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I am not sure whether the question is addressed to me. There are no special reasons for the delay except that we are making a very careful scrutiny of possible candidates so that this agency will have the best possible leadership.

Mr. Roche: Madam Speaker, I do not know why the Government does not appoint Bill McWhinney as permanent president. He has been doing a splendid job for five months as acting president. I hope I have not put the kiss of death on him by commending him in the House of Commons.

CLASSIFICATION OF ANNUAL REPORT

Mr. Douglas Roche (Edmonton South): Madam Speaker, can the Minister confirm that the 1982 CIDA Annual Report falls into the classification of a parliamentary document and will therefore automatically be referred for study to the Standing Committee on External Affairs and National Defence?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I agree with the Hon. Member that Mr. McWhinney is doing an excellent job in the leadership of CIDA at the present time.

I can tell the Hon. Member that I am not quite sure whether the annual report is one of those documents that is automatically referred to the Standing Committee. That is a question of fact but I shall look into it and certainly, if it is in that category, I will welcome the opportunity to have it examined by the Committee.

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AGRICULTURE

PROMISED TRANSFER OF EMERGENCY FUND TO WESTERN GRAIN RESEARCH FOUNDATION

Mr. Doug Neil (Moose Jaw): Madam Speaker, may I put a question to the Minister of Agriculture. For two years the Minister has been promising to turn over the $9.6 million in the Prairie Farm Emergency Fund to the Western Grain Research Foundation. I wonder if he can advise the House when the money will be turned over.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, soon.

REQUEST FOR ACCELERATION OF TRANSFER

Mr. Doug Neil (Moose Jaw): Madam Speaker, a year and a half ago I received the same answer from the Minister of Agriculture. He does not seem to understand what soon means. This is a non-interest bearing account and, in the past two years, probably $2 million in interest has been lost to research. Can the Minister explain to the House what he means by soon?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, it will be sooner than soon.

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THE ECONOMY

REQUEST THAT GOVERNMENT UNDERTAKE MAJOR PUBLIC WORKS PROGRAM

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is addressed to the Prime Minister. For the majority of Canadians the only measure of economic recovery that will matter is whether they have a job or have the prospect of getting a job. There are probably two million Canadians presently unemployed. According to Statistics Canada the number is 1.6 million, but considerably more are out of the work force. There are umpteen thousand young people looking forward to finding employment but cannot find it at the present time.

Does the Prime Minister not believe that, since indirect investment by the Government it costs 48 cents for every dollar spent in stimulation in public works, it would make sense now, rather than later, to go ahead with a major public works program in order to stimulate that confidence that most people need, that somehow, somewhere, some day soon they will be able to go back to work and earn a living?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I agree with the Hon. Member that it is important to take initiatives to create jobs. I would remind him of my answer to a question a moment ago, of the $2 billion that the Government allotted to the creation of jobs. Whether it is in public works, housing, or other forms of expenditure to encourage consumer demand and provide investment is, I think, a little bit secondary from the point of view of the unemployed worker. He wants a job. He does not necessarily think it has to come from the sole source that the Hon. Member suggests, but it is one of many sources.

REQUEST THAT PUBLIC WORKS PROJECTS BE EXPEDITED

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, if it were possible to project with any degree of accuracy or confidence that the private sector is about to make a massive

recovery, I think we could give these people some hope. It is quite clear from the recent statistics that private sector investment will be down this year over last year, and it was down last year over the year before. The only hope of recovery in the short run is the massive involvement of the Government.

Is the Government prepared to take that inventory of public works that it claimed some months ago it had undertaken, and authorize the various municipalities and provincial agencies, together with federal agencies, to go ahead and begin the projects in order to create the economic stimulation necessary to put tens, if not hundreds of thousands of people, back to work?

• (1450)

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker, I am agreeing with the Hon. Member. As a matter of fact in one of my more recent statements on the economy I said that that was one of the ways in which we could create jobs, using federal money to lever the municipalities, the Provinces, and also the private sector into investments now which otherwise would be made at a later date. I am in complete agreement with the Hon. Member. I can only say that hopefully the budget will bring down the kind of mix which the Hon. Member will find fit to approve.

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ENERGY

OFFSHORE SAFETY OF NEWFOUNDLAND WORKERS

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is directed to the Prime Minister. The Minister of Energy was wired on Saturday about a meeting which is taking place in St. John's today in connection with safety in the offshore. He was wired by the Minister of Mines and Energy of Newfoundland, Mr. Marshall. There is a meeting with Mobil Oil and all companies involved in the offshore. The Newfoundland Government says that, after a prudent assessment of all the facts, it has concluded that winter drilling should be halted for the remainder of the season, and it invited the Minister to a meeting of all these companies and the Government which is taking place this evening.

Could the Prime Minister tell the House whether his Minister is attending, or whether arrangements have been made to have somebody else attend with respect to this very important situation?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, the Hon. Member is correct. There was a telex forwarded to the Minister of Energy, Mines and Resources. He has responded to that telex of Mr. Marshall and, yes, there will be a senior official of the COGLA office attending the meeting this evening in Newfoundland.

CLOSURE OF SATELLITE SURVEILLANCE STATION AT SHOE COVE, NFLD.

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is directed to the Prime Minister. The Prime Minister was sent a telex by Premier Peckford in connection with the closing of the satellite surveillance station located at Shoe Cove on the east coast of Newfoundland in St. John's East. That is a federal station. As a result of that closure Canada will no longer be able to track down properly the weather or ice conditions on the East Coast offshore. The replacement station in Churchill, Manitoba, will only reach across part of the Island of Newfoundland, not the offshore oil and gas area. Premier Peckford has offered to pay part of the costs of that satellite receiving station, if necessary.

In view of the very dangerous situation in the offshore now and the importance of developing oil fields offshore the east coast of Newfoundland, is the Prime Minister prepared to agree to that suggestion and stop the disgraceful dismantling of this satellite tracking station which is under way now?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I believe I had occasion, in my answer to Premier Peckford, to deal with that matter. The Hon. Member is incorrect in stating as he does that the closing of that satellite tracking station will result in less information. On the contrary, we are doing that so that we can have better information on the whole area.

Mr. Crosbie: Nonsense. You are being misled, Mr. Prime Minister.

Mr. Trudeau: The Hon. Member has a different opinion on that. That, of course, is his right. I am not an expert in satellite tracking, but I understand that this question has been looked at very carefully. It should not be a question of territorial possession. It should be a question of where the best information can be obtained from, and that is what the Department is doing.

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ESTIMATES

INCREASE IN MAIN ESTIMATES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the President of the Treasury Board. Now that we have all had an opportunity to review the Main Estimates for fiscal year 1983-84 and to compare them with the Main Estimates of the previous year, would the Minister agree that the Main Estimates this year are up over 17 per cent in total expenditures compared with last year?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, certainly the Main Estimates for this year compared with the Main Estimates for last year are up in the area my hon. friend has mentioned. On the other hand, if one wants to compare total outlays, total expenditure by the federal Government in the 1982-83 fiscal year, which includes more items

than the Main Estimates, with the total outlays forecast for the next fiscal year, then total expenditures are up only 9.6 per cent, the lowest rate of increase in four years.

PRESENTATION OF FUTURE SUPPLEMENTARY ESTIMATES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, again my question is directed to the President of the Treasury Board. In order that we may get a fair overview on spending in the coming year, would the Minister assure the House that there will be no more Supplementary Estimates or additions to the Main Estimates he has already tabled?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, as far as I am aware there will be no further Supplementary Estimates for the current fiscal year, 1982-83.

Some Hon. Members: Oh, oh!

Mr. Gray: With respect to the next fiscal year, as I said in my statement in the House on February 22, there will be, as in the past, Supplementary Estimates, but it is our intention to accommodate them within the envelope reserves which I made public at the time of making my statement. They are included in the total expenditure outlay figure forecast that I brought before the House which will involve an increase in expenditures compared with total outlays last year of 9.6 per cent, the lowest rate of increase in four years.

COST OF PROPOSED PRESS COUNCIL

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my supplementary question is directed to the President of the Treasury Board. In view of the fact that one of the key proposals being made by the Minister of State for Multiculturalism to control Canada's press is a government sponsored press council which would be funded to the extent of $4 million per year over four years, could the Minister confirm that money for this has not been included in the Estimates and that that $4 million per year over four years will have to be added in the form of Supplementary Estimates?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, first I want to say that my hon. friend is quite wrong when he said the Minister of State for Multiculturalism proposed a press council to control Canada's press. That is not the intention of the Hon. Minister or of the Government at all. It is my recollection of the proposal that essentially it is for a voluntary body. In any event, if there is a proposal brought before the House to set up such a body, the expenditure in question will be requested in Supplementary Estimates that will be accommodated within the total expenditure figure I brought forward and tabled in the House on February 22. As far as I am aware, it will not be an addition to the total expenditure forecast which I made known on February 22. In any event, the expenditure will have to be voted on and accepted by the House.

WESTERN DEVELOPMENT FUND

POSSIBLE USE IN CONSTRUCTION OF REGINA WATER PIPELINE

Mr. Simon de Jong (Regina East): Madam Speaker, my question is directed to the Minister of Employment and Immigration, the Minister who is also in charge of the Western Development Fund. The Minister knows that the Ipsco steel plant in Regina will be totally shut down by March 18 of this year. He also knows that there is a desire and a need on the part of the citizens of Regina for a water pipeline to Lake Diefenbaker. Could the Minister inform us, as the Minister in charge of western Canadian development, whether there has been any proposals made to the federal Government by the provincial Government regarding the Water pipeline to Regina from Lake Diefenbaker?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I should point out that there is no Minister specifically in charge of the Western Development Fund, but as the Chairman of the Cabinet Committee on Western Affairs, I would be glad to answer the question and point out to the Hon. Member that the largest percentage of allocation of that fund was put toward the modernization of the railway system in western Canada. Part of those funds were directly targeted toward western Canadian industry to help it prepare for a more modern, up-to-date industrial base in that region so that it could take advantage of the major opportunities and potential that vast undertaking will provide for the creation of permanent jobs and economic activity across Canada.

I want to point out to him specifically that Ipsco is in a position to make proposals under that fund. Considering the very strong interest of the Hon. Member, I hope he convinces his colleagues to go along with the proposal put forward by the Minister of Transport to agree to that major modernization of the Crow rate so that we can get on with the business of developing railway lines in a proper way in western Canada.

* * *

ENERGY

SAFETY OF NEWFOUNDLAND OFFSHORE OIL RIG WORKERS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, my question is directed to the Minister of Transport. I can put it fairly specifically to him because I am sure he will be aware of what I am getting at. Did the Minister of Energy, Mines and Resources at any time seek professional ice or weather advice, or direction with respect to the safety of offshore drilling rigs before he entered into his current round of debates with the Government of Newfoundland? Was the Minister's departmental advice sought? Did he give it? If it was not sought, who on earth is in charge of marine transport matters in the country? Is it he or the Minister of Energy, Mines and Resources, because we are talking about the lives of hundreds of men on those offshore rigs?

• (1500)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the responsibility for rigs is that of the Minister of Energy, Mines and Resources. The responsibility for ships in the area is that of the Minister of Transport. There is no discussion on that subject. That is why most of the initiative in these matters has been taken by the Minister of Energy, Mines and Resources.

* * *

PETITION

MR. KING—PORNOGRAPHIC FILMS ON PAY TV

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the four hundred and seventh report of the Clerk of Petitions, stating that he has examined the petition presented by the Hon. Member for Okanagan-Similkameen (Mr. King) on Friday, March 4, 1983, and finds that the petition meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

Madam Speaker: Presenting Reports from Standing or Special Committees; Tabling of Documents; Statements by Ministers; Petitions; Introduction of Bills; First Reading of Senate Public Bills; Government Notices of Motions; Motions.

* * *

BUSINESS OF THE HOUSE

NOTICE OF ALLOCATION OF TIME TO CONSIDER SECOND READING STAGE OF BILL C-143

Madam Speaker: The Minister of State for Finance.

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, did I understand the Chair to call Government Notices of Motions?

Madam Speaker: I will call it now. We will go back to Government Notices of Motions.

Mr. Nielsen: Only by leave.

Mr. Cosgrove: Madam Speaker, I wish to inform the House that there have been consultations among the representatives of the Parties and it has not been possible—

Some Hon. Members: Order.

Mr. Cosgrove: —to reach an agreement pursuant to Standing Order 80 or 81—

Some Hon. Members: Order.

Mr. Cosgrove: —with regard to the allocation of time for the second reading stage—

Some Hon. Members: Order.

Mr. Cosgrove: —of Bill C-143—

Some Hon. Members: Order.

Mr. Lewis: Madam Speaker, I am rising on a point of order.

Madam Speaker: Order, please. Could I ask the Minister to resume his seat for a minute. The Hon. Member for Simcoe North (Mr. Lewis) is rising on a point of order?

Mr. Lewis: Madam Speaker, you went through Routine Proceedings as you do every day. You are now calling Motions. The Minister missed Government Notices of Motions, and we do not give leave to revert.

Madam Speaker: I wonder under what practice I am not allowed to go back?

Mr. Nielsen: Only by leave.

Madam Speaker: I do it every day. When Hon. Members want to present petitions and I have already called Petitions but they have not heard, we revert in that very flexible way.

Mr. Deans: You do it by leave.

Madam Speaker: It might be that the Speaker did not see the Hon. Minister when he rose. I cannot ascertain that. Perhaps the Minister might tell me if he was rising when I called that item.

Some Hon. Members: No, he was not.

Mr. Cosgrove: Madam Speaker, I did rise at the appropriate time under the appropriate section, but unfortunately the Chair did not recognize me at that point.

Mr. Deans: Madam Speaker, I rise on a point of order.

Madam Speaker: At any rate, I do not think there is any problem. The Hon. Minister, I believe, wants to move a motion. Therefore, I am now presently at Motions and the Hon. Minister may make his motion at that time.

The Hon. Member for Wellington-Dufferin-Simcoe is rising on a point of order?

Mr. Beatty: Madam Speaker, I assume that you have not ruled on this point as yet. It is a very critical issue. The Speaker follows a set procedure every day. After we passed the particular piece of business for which the Minister has responsibility, he sought the consent of the Chair and the House to revert to the previous piece of business. Any time this is done, Madam Speaker, it must be done with the consent of the House. Consent of the House was not requested. Certainly on this side of the House we would not have given consent to

revert to Government Notices of Motions. I suggest the Minister does not have the ability today, without the consent of the House, to return to the item he missed.

[*Translation*]

Mr. Ouellet: Madam Speaker, I merely wish to draw your attention to the fact that the Hon. Minister was on his feet and was trying to get your attention to be recognized. I find it rather strange that Opposition Members should raise the issue now. I myself was looking around and trying to get the Chair's attention to have my colleague, the Minister, recognized so that he could put his motion. In my view, it is entirely appropriate that the Chair should recognize the Hon. Minister and allow him to finish reading his motion.

[*English*]

Mr. Deans: Madam Speaker, I do not want to make the matter more complicated than it has already become, but when the Minister gained the floor he asked whether we had passed that part in Orders where Ministers may make motions.

Mr. Nielsen: That is right.

Mr. Deans: The Speaker said, "I will revert to that." I think quite clearly the Minister asked whether we had passed that point; the Speaker, having recognized that we had, indicated that the Chair would revert to that stage. I heard the Hon. Member for Yukon (Mr. Nielsen) distinctly say, "Only with leave". I suspect on this occasion, at least at this point in time, that unless leave is forthcoming, I do not see how we can revert.

Madam Speaker: I will accept that judgment of the House. If the House does not want to give leave to revert, I just warn the House that that is a change of practice.

Some Hon. Members: No.

Madam Speaker: Constantly we have reverted. However, we were at Motions. May I read to Hon. Members Standing Order 82:

> A Minister of the Crown who from his or her place in the House at a previous sitting has stated that an agreement could not be reached under the provisions of Standing Order 80 or 81 in respect of proceedings at the stage at which a public bill was then under consideration either in the House or in any committee and has given notice of his or her intention so to do, may propose a motion for the purpose of allotting a specified number of days or hours for the consideration and disposal of proceedings at that stage;—

This can be done now under Motions.

Mr. Andre: With notice.

Madam Speaker: We are under Motions. It may be done under Motions at the usual time at which those notices are given.

Mr. Andre: With notice.

Mr. Nielsen: Madam Speaker, with great respect, the Chair is being ill advised. I say that to the Officer who is advising her. Standing Order—

Some Hon. Members: Oh, oh!

Madam Speaker: In order to protect the Officers of the House from any interpretation which Members might have, the fact that this Officer is standing next to me does not necessarily mean he is advising me and the Hon. Member does not necessarily know what that Officer is telling me. Therefore, that comment is not welcome.

Mr. Ouellet: Withdraw!

Mr. Nielsen: I withdraw nothing. I have the greatest possible respect for every Officer at the Table and I stated so before that comment.

Some Hon. Members: Oh, oh!

Mr. Nielsen: If the Chair will study Standing Order 81, it refers to notice being given by a Minister rising in his or her place. The item which the Chair had reached in Routine Proceedings was Motions. The proper time for notice to be given under Standing Order 81 is on the item "Government Notices of Motions" which precedes the item in which the House is now engaged. The Minister knew that himself. He rose and asked whether we had passed that item. The Chair said yes, indeed we had, and that the Chair would revert.

With the greatest respect, Madam Speaker, it has always been the practice in this place that when we revert from an item reached on Routine Proceedings to another item preceding that item, it has always been by leave or with the consent of the House. The Chair has never arrogated to itself the discretion to make that decision.

I suggest to you, Madam Speaker, that there might be a procedural argument as to whether or not the Minister has a right to move such a notice at any stage of our proceedings in this House. That is another matter. I would maintain, of course, that the only place the Minister can give that notice is on Government Notices of Motion. We have passed that stage. We are on another item. We can certainly revert to the previous item of Government Notices, but only by leave of the House.

• (1510)

Mr. Deans: Madam Speaker, as with everything, it becomes more complicated as we proceed. I suggest, however, that for a Minister of the Crown to give notice he is required to gain the floor legitimately. He cannot rise under the pretext of doing something else and then give notice pursuant to Standing Order 82. I suggest that there is no provision for a Minister of the Crown, during this part of House business, to rise and give notice under Standing Order 82. What they would be doing is simply indicating that agreement could not be found to proceed under Standing Order 80 or 81.

While I think it wrong, on the basis of precedent I think it would be appropriate for a Minister of the Crown to rise in the afternoon during debate, as did the Minister of Agriculture (Mr. Whelan) some time ago during the middle of debate, to indicate quite out of the blue that he or she wanted to give

notice that agreement could not be achieved. I thought it was wrong at the time but the Speaker ruled in favour of it, so I accept it. However, it certainly would not be appropriate for the Minister to rise under the guise of giving notice of something to indicate simply that there was no agreement.

Madam Speaker: For clarification, may I remind Hon. Members that I only went back to Notices of Motions because the Hon. Minister asked me to go back to Notices of Motions and I said yes. We do that very often and we can go back.

However, the Hon. Member for Hamilton Mountain is right. A Minister might give notice in the course of debate this afternoon, but he may also do it now because the only restriction upon that is a Minister "in his or her place". That is the only restriction. A Minister may do it at any time. He can do it under Motions, Notices of Motions or during debate. Therefore, I feel the Hon. Minister can give notice at any time.

Mr. Cosgrove: Madam Speaker, in opening my remarks I indicated that I wanted to inform the House and give notice that consultations have not been successful among the Parties and it has not been possible to reach agreement pursuant to Standing Order 80 or 81 with regard to the allocation of time to the second reading stage of Bill C-143, an Act to provide supplementary borrowing authority. Therefore, at the next sitting of the House, I shall propose a motion pursuant to Standing Order 82 to allocate one sitting day to the said stage of the said Bill.

Mr. Lewis: Madam Speaker, I rise on a point of order. The Minister first sought to smuggle in a Government Notice of Motion under Motions. Now the Minister is trying to do it on a point of order.

Madam Speaker: I hope the Hon. Member agrees with me—I will repeat his term but I cannot accept it—that the Minister could have smuggled it in at any time. I repeat that the only restriction is that a Minister of the Crown be in his or her place. That is the only restriction. He may give that notice of motion at any time. He has now given it, not under a point of order but under Motions.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, the following question will be answered today: No. 4,587.

[*Text*]

PARKING AT PLACE DU PORTAGE

Question No. 4,587—**Mr. McCuish:**

1. How many public servants are located in the Place du Portage office complex in Hull, Quebec?

2. How many parking stalls are allocated for public servants there?

3. What is the monthly charge for parking permits?

4. Are person-hours lost each month due to public servants queuing up during regular working hours in order to purchase parking permits and, if so, how many?

Hon. Roméo LeBlanc (Minister of Public Works):

1. Place du Portage, Phase I, II, III, IV 8,900
   Place du Centre 1,400
   10,300

   This is an approximate figure based on NCC survey and update.

2. In all garages servicing the complex:

Public servants—normal working hours (This figure includes 159 spaces provided to employees working in Place du Centre and Terrasses de la Chaudière.)	691
Public servants working shifts outside the normal 8 to 5 base hours	172
Total	863

(In addition, 39 spaces are provided for Crown-owned vehicles.)

3. It is $28.05 for public servants qualified under the Treasury Board parking policy; $38 commercial rate.

4. The sale of monthly parking passes at the Place du Portage is normally implemented five days prior to the parking month. The sale at Laurier-Taché Garage commences at 7:30 a.m. and is normally sold out by 9 a.m. the same day. The passes at Notre-Dame Garage have never been sold out; hence, the sale there starts at noon and continues during normal working hours.

The person-hours lost due to these sales are not readily available. The only means for Public Works Canada to obtain the information would be to write to all Departments located in Hull. The time and cost of such an effort would be excessive and there would be no way of verifying the information.

* * *

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURN

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, if questions Nos. 4,222 and 4,421 could be made orders for returns, these returns would be tabled immediately.

Madam Speaker: Is that agreed?

Some Hon. Members: Agreed.

[*Text*]

CROWN CORPORATIONS

Question No. 4,222—**Mr. Gilchrist:**

How many Crown corporations does Canada own and how many persons are employed in each corporation?

Return tabled.

Question No. 4,421—**Mr. Malone:**

How many federal Crown corporations presently exist in Canada and what is the name and headquarter address of each corporation?

Return tabled.

[*English*]

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

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—EQUALITY FOR WOMEN

The House resumed consideration of the motion of Miss MacDonald (Kingston and the Islands):

That this House condemns the Government for the apathy that it has shown toward issues affecting Canadian women and for its failure to promote equality for women, and its inaction with respect to pension reform for women, and its tacit approval of sexual stereotyping and abusive material in the media, as demonstrated by the Government's unwillingness to prevent pornographic films from being shown on pay television, and its lack of commitment to its own affirmative action programme within the public service, and calls upon the Government to immediately establish a standing committee of Parliament empowered to deal with issues that have a particular impact upon women and to review the progress, or lack thereof, made by the Government with respect to such issues.

Mrs. Thérèse Killens (Parliamentary Secretary to Minister of State (Mines)): Madam Speaker, before the House adjourned at one o'clock, I was talking about pensions, with specific reference to the exclusion clause for the raising of children, which is in effect in Quebec. Quebec women are extremely lucky in this respect. However, there is still a serious problem in the rest of Canada. In order to enable young mothers to stay home for seven years after the birth of a child without losing their pension continuity, the Federal Government must have the signatures of two-thirds of the provincial governments representing two-thirds of the Canadian population. Our Government has tried several times to obtain a joint agreement with the other provinces. Several provinces refused, including Ontario, which holds the balance of power because of its large population. As a Member of the Government, I am willing to accept criticism when it is justified, but in the case I have just described, I am afraid the provinces are at fault.

If we really want to maximize the benefits of this Opposition day, Mr. Speaker, we should refresh our memory with respect to a number of problems affecting the status of women. If there is one subject that does not deserve to the subject of bickering by the House, it is indeed this one. The study on battered wives has revealed one more injustice among so many others. If only there were enough time to discuss pension problems, equal pay for equal work, daycare, exploitation of women, sexual harassment, sexual stereotyping in the media, discrimination against Indian women, and there are many more.

I can assure the House and the Members opposite that we on this side of the House are fully aware of the very difficult problems women have to face. In enumerating these problems, I also want to make it clear to Hon. Members that in many cases, although it would like to do so, the Government is prevented from improving the situation. For instance, under Section 56.1 of the non-profit housing program, the Canada Mortgage and Housing Corporation has set aside 151 units for use as transition houses, but here again, the initiative must come from the provinces and the municipalities.

Regarding the issue of equal pay for equal work, women must learn to submit complaints to the Human Rights Commission when their rights have been abused. I had the honour of sitting on the Committee on Wife Battering, and before that I sat on the Committee on the Handicapped, and I am pleased to say that both committee reports have been followed up by our Government. We tabled our report on Violence in the Family in May 1982. I must say that the Government acted on the recommendations that were within its jurisdiction, but unfortunately, here again, many of the seventeen recommendations fell under joint federal-provincial jurisdiction and we are still waiting.

The Solicitor General of Canada (Mr. Kaplan) has instructed the executive of the chiefs of police of Canada and the Royal Canadian Mounted Police to set up immediately a training program for policemen on family violence. Alberta and Manitoba policemen can now put assailants under arrest.

As I said, it is now up to the people to make strong representations to the provincial authorities so that this practice will be extended to the rest of the country. The Department of National Health and Welfare of Canada has established a national information centre on family violence, and the Minster of National Health and Welfare (Miss Bégin) has sent a pamphlet on battered women to all those who receive family allowances.

Last August, our Government passed Bill C-127 to amend the Criminal Code as it relates to sexual assault. This new

legislation gives more protection to women who are victims of violence.

• (1520)

[*English*]

In the limited time I have left, I would like to give Hon. Members some idea of the Green Paper's proposal to improve pension protection for women under the pension system.

First, the Government recognizes that the current elderly, those already retired from the active labour force, would benefit little, if at all, from changes in work-related pension plans. We know that the combined Old Age Security Guaranteed Income Supplement Program already guarantees pensioner couples an income which is generally sufficient to meet their basic needs. Unfortunately, the same cannot be said for the single pensioners, the large majority of whom are women. Many of our single pensioners, those who have no income other than their Old Age Security Guaranteed Income Supplement, have to get by on an inadequate income, an income which is low relative to pensioner couples and to other groups in Canadian society.

The Green Paper clearly identifies the problems of the single elderly as a key social policy priority of the Government of Canada. We are committed to raising the Guaranteed Income Supplement for this group as soon as resources permit. Of course, in a time of economic restraint such expenditures are difficult, but there are indications that the economy is improving. For example, in January the annual inflation rate was 8.3 per cent, well below the annual rate of 11.2 per cent which was evident when the six and five restraint program was first announced last June.

In future years, of course, it is our hope that fewer women will have to rely so heavily on GIS benefits. That extent to which this goal can be reached will depend, in large measure, on improvements made in other aspects of the pension system.

[*Translation*]

The Green Paper advocates a number of changes to private pension plans designed to better protect retirement income. Some of those suggestions are of particular interest to women. For instance, protection against inflation is especially significant for them because in their lifetime they usually earn less than men and generally live longer than men do. The same can be said about the suggestions concerning compulsory vesting of pension contributions after two years, and the measures to be taken so that their transfer from one employer to another might be particularly worthwhile for women since they have more mobility than men and their work schedule is more often interrupted.

The Green Paper proposes the introduction of a new tax free retirement savings mechanism which would be called the Registered Pension Account. As in any Registered Retirement Savings Plan, the Registered Pension Account would make it possible to deduct contributions from the income, except that the employer could contribute directly to the RPA on behalf of a wage earner, provided certain conditions were met. This provision would make it easier for small businesses to pay retirement benefits to their employees. In addition to these general improvements to the employer's plans, which will be particularly beneficial to women, the Green Paper recommends special provisions to improve the situation of the spouses of contributors. Among these, I would first like to mention pension benefits based on the income of the surviving spouse with survivor benefits amounting to at least 60 per cent of the initial benefits; second, the sharing of pension entitlements in the case of divorce or separation; and third, the continued payment of survivor benefits after remarriage.

I would now like to examine briefly the proposals of the Green Paper to improve the protection offered by the Canada Pension Plan to women who are now or will later become members of the labour force. Two suggestions have already been debated at length and seem to have many supporters. One would be to increase the maximum earnings covered by the plan to the same level as the average industrial wages over the last three years. The other would be to implement as soon as possible the clause of exclusion for the purpose of child raising which I mentioned earlier, and which is now applied in Quebec but nowhere else in Canada. In this regard, I was very pleased to hear that the Ontario government might be willing to accept this clause. Canada as a whole would benefit from this improvement. I understand that Ontario is willing to support the other recommendations of the Green Paper as soon as an agreement is reached about long-term financing conditions of the plan.

The Green Paper also contains recommendations to improve the situation of non-working spouses, which would involve an extension of arrangements for pension entitlement sharing and would be one way of recognizing that both spouses have contributed to the accumulation of Canada Pension Plan entitlements during their marriage and that both own these entitlements equally. Since 1978, such arrangements have applied to divorced spouses. It seems to me that there is no reason why spouses with a lasting marriage should be denied access to entitlement sharing. I see some heads shaking, which might mean that everyone does not agree. This is why we will have public hearings. The fact is that the sharing of entitlements could take place when the younger spouse reaches 65. When either spouse dies or when the non-employed spouse or the lower wage earner, where both spouses work, becomes incapacitated, benefits would be paid on the basis of entitlement sharing. However, the entitlements could be divided on request in cases where the spouses have been separated for more than three years.

The Green Paper also recommends that changes be made to survivor benefits under the Canada Pension Plan. For spouses over 65, the Green Paper suggests that the lifetime survivor benefit be equal to 60 per cent of the accumulated retirement pension of the deceased spouse after entitlement sharing. Still

on the assumption that the entitlement sharing provision is enacted, whether the spouse is a contributor or not, he would also receive a personal retirement pension based on half the pension entitlement. I am certain that people find this complicated and confusing, but we shall have some answers after the committee has heard submissions from interested parties during its meetings throughout Canada. The surviving spouse would therefore receive up to 80 per cent of the Canada Pension Plan benefits paid to the couple before the death of the other spouse. The present ceiling of combined benefits would cease to apply. As for the spouse under 65, the Green Paper recommends a two-level structure which would involve transition benefits and a lifetime pension. Permanent benefits would be the same as for survivors over 65, namely 60 per cent of the accumulated shared pension. The transition benefit could be a more substantial amount, for instance an amount equal to the Old Age Security Pension, and could be paid to the survivor for either three years or until the age of 65 is reached, whichever is shorter. Survivors with children could be entitled to the transition benefit for a longer period, for instance, until the youngest child reaches seven. A two-tier structure would help young widows in re-adjusting their lifestyles immediately after the death of their spouses, and would provide them with some kind of help for later on. The Green Paper further suggests that marriage should no longer put an end to the benefits paid to the surviving spouse.

As I said earlier, the special committee will soon initiate its consultation process, holding hearings all across the country. I would ask Hon. Members from both sides of the House to encourage women groups in their constituencies to avail themselves of their freedom of speech and submit presentations at those hearings.

In conclusion, Mr. Speaker, I hope my remarks on pensions reflect the Government's concerns on this issue.

Mr. Kilgour: Mr. Speaker, I would like to address my question to the Parliamentary Secretary, for whom I have a good deal of affection and respect. Does she feel that the federal Government should invest any money in the film *Videodrome* which, as she will know, advocates pornography and violence against women, and also, since she referred to battered wives as if there were a link between pornography and wife-beating men, does she feel that the law should be clarified respecting pornography?

Mrs. Killens: I believe that most Hon. Members know my feelings on this. I must agree with the Hon. Member that pornography is conducive to violence and even rape, and I could not support any kind of active participation by this Government in the promotion of pornography. This goes without saying, and certainly there can be no doubt that I am sincere when I stress that were it proven that this Government in some way or another is helping to promote pornography with the knowledge that this is conducive to violence, I would be the first to denounce it. Until I have such proof, I must be on the alert.

• (1530)

[*English*]

Mr. Hawkes: Mr. Speaker, I have a short question for the Parliamentary Secretary. The implication of her comments about pension-credit splitting was that she is content with the view that married persons shall be entitled to half the pension to which they would be entitled if they were single. Was that the thrust and intent of what she was saying?

Mrs. Killens: Mr. Speaker, that is not what I said. There were 60,000 women who participated in the regional conferences. I attended many of them in Montreal. I heard women come to the microphone and express the wish that the pension be divided, asking why they should be penalized if they stayed married and yet if they were divorced, they got half the pension. Some men in the audience became so excited that I thought they would have a heart attack because they were so much against it. The question is not settled at all. A committee will be studying it along with other items.

Mr. Miller: Mr. Speaker, I have a short question. I appreciate the Hon. Member's concern regarding pensions. I understand that she will be on the Pension Committee. I look forward to working with her on that Committee.

How does the Hon. Member feel about Government intervention in pension schemes? In particular, does she believe that the pensioners in this country should have any confidence in the Liberal Government in view of the fact that, under the six and five program, the basic Old Age Security Pension was capped at six and five? In the Public Service, the RCMP and the Armed Forces, not only were those pensions capped but additional funds which individuals had specifically put into those programs to protect themselves from inflation were also capped. The Hon. Member was critical of the private plans because they are not protected against inflation. I would rather not have the reply from the Hon. Member that because inflation is down to 8.3 per cent, the impact will not be as severe. The principal point is that those pensioners expected to be protected against inflation. Those pensioners paid an indexation fee. They expected to be protected against inflation, not undermined by Government decree, as was implied and in fact as occurred under the six and five program in Bill C-124.

Mrs. Killens: The Hon. Member asked whether I thought the people had confidence in the Liberal Government. They have proven that. They have demonstrated it for the last 11 years and will do so again. Therefore, they do have confidence in us.

I am glad to answer that question. When the Hon. Member spoke of Bill C-131 this morning, I was going to raise a question with him. He seemed to imply that the Government was imposing six and five on pensioners. Last week the Minister of National Health and Welfare (Miss Bégin) was asked a question about this in the House. She replied that with the rate

of inflation having dropped since the June, 1982 budget, she was pleased to announce that for the next three-month period, commencing April, 1983, Old Age Security pensions will be paid at the fully-indexed rate. That is what the Minister of National Health and Welfare said last week. I believe that answers the question regarding pensioners.

[*Translation*]

Mrs. Hervieux-Payette: Mr. Speaker, I wonder if the Parliamentary Secretary could indicate to the House just how much money the government has earmarked for the promotion of women's rights through various programs initiated by the Secretary of State. I know that the federal government has made a major effort, but for the benefit of the House, I should like the Parliamentary Secretary to tell us the extent of the financial commitment of the Secretary of State.

Mrs. Killens: Mr. Speaker, I am pleased to answer this question. In my own riding, there is "La maison de l'ancre", which is a sort of shelter for women. Also, I have just contacted the Secretary of State to try and obtain financial assistance for battered or raped women. Last year, the Secretary of State provided $3.2 million to help Canadian women in emergency situations.

Mr. Deputy Speaker: Any more questions?

[*English*]

Mr. Jim Hawkes (Calgary West): Mr. Speaker, in dealing with the motion of the Hon. Member for Kingston and the Islands (Miss MacDonald), I think that perhaps the clearest-cut statement that there is a problem in this country, and this is the thrust of the Hon. Member's motion, is that equality has not been achieved, we are a long way from it and there are immediate problems. There is a proposal for a long-term possible mechanism to help us reach a solution over time.

In the context of that motion, my biggest disappointment to this point is that both the Minister and the Parliamentary Secretary stood in the House and indicated that they were proud of the record of this Government. If I were a Member of a Government that had a track record like the one this Government has, I could not stand in this House or on a platform anywhere in the country and feel proud. There really is not a record to be proud of.

The most solid achievement which Members have referred to is the constitutional provision on equality for women. That is not an achievement of Government; that is an achievement of the Opposition and of the women of this country. There was no provision in the original Constitution that was laid before this Chamber that would make women equal to men in Canada. In committee, through the protests of people around this country and the good work of the Opposition, which forced the Government to open the committee to the public in the first place, that equality provision was put in the Constitution. Then the Prime Minister (Mr. Trudeau) bargained it away on a weekend. He threw it out, and the Opposition had to dig in its heels again and work in concert with the women of Canada to get it back in. So when the Minister stands in this House, Mr. Speaker, and says to Canadians, "That is our prime achievement in the last three years", I will say that that is an achievement for which the Minister should hang her head in shame. The Parliament of Canada has reason for pride in forcing that provision back, but not the Government. The Members of the Government should hang their heads in shame. Fifty-one per cent of the people of this country have had to organize, to protest, simply to have a provision included in the Constitution of Canada which makes them equal to other persons. The Government has forced them to do that, and this is an achievement in which no one should have pride.

• (1540)

The Minister responsible for the status of women is rapidly acquiring a reputation as the Minister responsible for the buffer, the Minister responsible for bafflegab, the Minister responsible for making speeches on behalf of women and sounding sympathetic, for trying to portray a Government which is supposedly sympathetic, when in reality we have a Government which clearly is not sympathetic and does not believe in the equality of female persons. That is a track record which is abysmal. That is a track record which should cause all Members of Parliament to feel some sense of shame about participating in a Parliament with a Government so consistently and so clearly violating the basic sense of equality.

The Minister of State responsible for women stood in this House earlier this day and announced a new program under an interdepartmental committee to enforce her guidelines relative to Government action, and if you read the speech in *Hansard* tomorrow you will find that she said, "What is the point of guidelines if you do not have an enforcement mechanism. I stand in this Chamber and I proudly announce a mechanism to enforce guidelines." I must draw the Minister's attention to her behaviour on the previous Opposition day, Mr. Speaker, when she stood in this Chamber and voted against a motion which would have referred the Coalgate-Gillespie affair to the individual responsible for enforcing guidelines. The Hon. Members of this House spent almost a week in the Question Period on the issue of guidelines, the possibility that guidelines had been violated, and we stood in the House and had a whole day's debate on the need to refer the issue to a body which could reach a judgment on whether or not guidelines had been violated. Nothing in the Minister's behaviour today exemplifies to me more clearly the consistent pattern of this Government, which is to say one thing and do another. To say you need an enforcement of the mechanism for guidelines on one issue and, then, as they did a week ago, to beat down the Opposition in its atempt to have guidelines reviewed by an enforcement body, is first-rate hypocrisy.

Every backbencher on that side who supports a Government which says one thing and does another is equally guilty of the same hypocrisy. The judgment of the Canadian public will come. One day there will be a general election and that hypocrisy will be headlined on platform after platform. You

cannot say one thing and do another day in and day out and retain any credibility for your Party, for the Parliament and for the whole governing process in this nation.

The second major item of which the Minister said she was proud in terms of Government achievement was the provision of equal pay for work of equal value. She apologized for it saying that the federal Government had the power to legislate and control over only 10 per cent of the work force. But she was proud of the progress made by the Government. Well, Mr. Speaker, the Treasury Board President of this Government, day in and day out, with all the legal resources of this Government, fought the general service workers through the court system when those general service workers wanted equal pay for work of equal value. This Government took them to court and said they could not have it. It was the court and not the Cabinet, not the backbenchers, which said the Government had to pay those general service workers equal pay for work of equal value. Thank heavens, Mr. Speaker, for the courts. And for a Minister of the Crown to stand in the House and try to take credit for what the court made the Government do is hypocrisy of the first order. This Government did not do that. The courts did it.

That is the record of this Government, Mr. Speaker. We get announcements about programs, and most of those programs are an insult to the women of this nation. They are token programs for the most part, and to stand in the House and brag about reports and conferences, is to help us all identify the fact that, yes, this Government funds talk-fests, this Government funds reports, but then this Government never acts, never does what those conferences and reports recommend.

I have in my possession, Sir, a letter from the Minister of National Health and Welfare (Miss Bégin) addressed to the Chairman of the Standing Committee on Health, Welfare and Social Affairs, dated October 7, 1982, and that date is important, Mr. Speaker, because it deals with the report on violence in the family. I was a member of the Committee which drafted that report. We gave that report to Parliament in May, 1982, and here is a letter of October, 1982, six months later, in which the Minister is saying, "I have agreed to meet with the Minister responsible for the status of women, the Minister of Justice and the Solicitor General, to discuss your Committee's report." Six months later the Minister has agreed to a meeting to discuss these matters. "We intend to go into questions and proposals that may be raised by our provincial counterparts at future federal-provincial conferences".

There were a lot of recommendations in that report, Mr. Speaker, but essentially it reported a couple of things. One of them was that the nation was in a state of emergency on this issue. The problems are here now, they are real. The committee had spent some time in investigating these matters and action needs to be taken now. Here we have a Minister of the Crown writing back to the Committee Chairman six months later saying there was to be a meeting sometime in the indefinite future. Taxpayers' money was spent on that investigation which resulted in that report, but far too little has happened. It is almost one year later and I do not even know if that meeting ever took place. As I look around the country, I know that the recommendations we made have not been implemented, whether that meeting took place or not. But when the Minister of National Health and Welfare and the Minister responsible for the status of women say they are going to get together six months later to talk about it some day in the future, then that tells us as clearly as we ever want to hear that the purpose of reports and conferences on behalf of the Liberal Government is to give the appearance of action without the reality of action.

You must always look at what they say and contrast that with what they do. Never in the history of a nation have we had a Government which says so much and does so little of what it says. Never have we had a Government which says one thing and does another with so much consistency. If you look at the record, Mr. Speaker, it is a modern-day phenomenon that today young women have made remarkable progress in the law faculties of this country. In many cases they make up over 50 per cent of the enrolment. That is modern Canada. Women have broken through in the legal profession. Some day down the road they may dominate the legal profession.

• (1550)

Mr. Kilgour: They do dominate it.

Mr. Hawkes: But then you look at what this Government has done in the last 365 days. It has appointed 47 judges, and only two of them are women. Women are achieving parity and equality in this occupational field, except in the area over which the Government has control. In that area we have two females appointed out of 47, and those two are at the lowest level of court appointments.

Mr. Kilgour: Four per cent.

Mr. Hawkes: Fifty per cent of the people in law school, 4 per cent of the judicial appointments.

Once again, Mr. Speaker, the Minister repeated a promise about Section 12(b)(1) of the Indian Act. A promise, a promise, a promise. The Hon. Member for Kingston and the Islands (Miss MacDonald) stood up and asked if there would be a woman at the conference table to look at native rights with the Premiers and the Prime Minister. Well, we got a lot of bafflegab, which when you cut through it, means the answer is no. The future of Indian women and their relationship to the Constitution of Canada may or may not be decided at that conference, but we know one thing about it: there will be no female person at the table looking at the fundamental law of this country and at probably the most glaring human rights violations of which this nation is guilty, to be found in the Indian Act. We will not have a single female person at the table, that is what the Minister responsible for the status of women told us this morning.

Then we heard this morning about retraining, Mr. Speaker. The Minister talked about the fact that 15-year-old females are dropping out of physics and mathematics. That is true and relates in part to our culture, in part to the counsellors in the school system and to many other factors. But the context in

which the Minister talked about that was the issue of retraining. The problem today for women in large measure is a retraining problem, but at 15 years of age we are not talking about retraining, we are talking about initial training. At 25, 35, 45 and 55 years of age we are talking about retraining, and we heard no new announcements about retraining today. We have some token programs out there but that is what they are, token programs. There is no sincere, large-scale effort on behalf of the federal Government to provide retraining for women. That is the reality.

Now, Mr. Speaker, recommendations in that area were made by an all-Party task force back in September, 1981. The report of the Work For Tomorrow Task Force brought to the attention of this Parliament that there was a problem and something needed to be done about it. However, when you look at the budget of the Minister of Finance which followed soon thereafter, there was nothing in it which told us the Government paid any attention to any of the recommendations. The record of this Government is to fund a study, a report, and now we have the referral of that report to Donald Macdonald for three years at $800 a day so he can read it.

Mr. Kilgour: He has to eat.

Mr. Hawkes: Yes, the man has to eat. What about pensions for widows, Mr. Speaker?

This morning the Minister responsible for the status of women stood in the House and quoted some remarks of the Hon. Member for Kingston and the Islands which dealt with spouse's allowance. If you read that very closely, the Minister was talking about the spousal deduction in the income tax system, and she was reading a speech of the Hon. Member for Kingston and The Islands who was speaking about spousal allowance. It is time the Minister learned the difference between an income tax deduction and the spousal allowance. The spousal allowance is something which goes to women between the ages of 60 and 65 because their husbands are 65 years of age and over. The converse can be true. It provides income support to married couples when one of the partners has hit the age of 65 and the other has not. That is what the spousal allowance is all about. That is what the Hon. Member was talking about. We have a Minister responsible for the status of women who does not understand that very basic, universal program and the difference between it and income tax deductions. There is a massive difference, Mr. Speaker, and after two years it is time that the Minister learned the difference.

This is a good time, Mr. Speaker, to remind Members of the House that the Clark Government, in its brief nine months in office, took that spousal allowance and put it into the law of this country so that if the older spouse dies, the younger spouse still gets the allowance. That was an achievement on behalf of women, indeed on behalf of all Canadians. It was an action which was promised, and it was an action which was taken.

I see you rising, Mr. Speaker, so may I just conclude by asking Members opposite to look at what their Ministers have done with planned parenthood. There are two female persons in the Cabinet, only two out of some 30-odd. Look at what your own Ministers do; be critical of what your Ministers do. If you truly believe in equality, we have a long way to go and no Member of this Chamber should be proud of the progress we have made to this point. We should not be proud, we should be ashamed.

[*Translation*]

Mr. Tardif: Could the Hon. Member tell this House whether he is aware of the amount paid to the National Action Committee, and if not, whether he feels that $191,000 is something considered marginal?

Mr. Hawkes: If the Government did listen to the Council, that money will be of benefit to women, but in this case the Government did not listen to the Canadian Advisory Council on the Status of Women. That was so much money wasted.

Mr. Cyr: Mr. Speaker, I would also like to ask a question from the Hon. Member who just resumed his seat. In his statement, he suggested the Hon. Minister was making pretty nice speeches but that the Government never took any action either on them or on representations made by various committees that have been meeting these last few years. Is the Hon. Member aware that in the Department of Employment and Immigration, there are programs that have been introduced in recent years? I will list a few that are known as—

[*English*]

—the Women's Employment Counselling Centre, the Outreach Programs, wage incentives to the private sector for non-traditional job training, institutional training incentives, and Affirmative Action Programs in the Public Service.

[*Translation*]

It is the responsibility of the Canadian Government to look after on-the-job training, or post-university training. In his speech, the Hon. Member has apparently suggested that the Canadian Government should call on community colleges and universities in order to dictate to the provinces what kind of courses they should give women so they could later on be accepted in the work force and find employment. He also referred in his speech to the new Constitution adopted last year, right here in Canada, as enacted by this House and Parliament. Is the Hon. Member not satisfied with the training programs we put forward? Is he suggesting we should amend the Canadian Constitution in order that we might then dictate to the provinces what courses should be given in universities and colleges?

• (1600)

[*English*]

Mr. Hawkes: Mr. Speaker, I think it is about time the Liberal Government began to respect the Constitution of Canada. That would be a big improvement. That is the first thing.

Second, I appreciate the comments of the Hon. Member. I can tell him he has been doing an excellent job of reading the

propaganda of the Department of Employment and Immigration. However, I recommend that he read the proceedings of the Task Force on Employment Opportunities for the '80s. Officials of the Department of Employment and Immigration and other Departments testified at the hearings. The task force travelled the country, met the people and made over 200 recommendations on what should be done. Most of them have not been implemented. It carefully drew out the difference in jurisdictions, federal and provincial.

Members of the Government recite a litany of federal problems, but I sit here and say tokenism, tokenism, tokenism. Small amounts of money are made available to very few people in programs designed to get the maximum media exposure and the maximum public relations coverage but do nothing about the problems.

One of the programs mentioned by Liberals was Outreach. As the task force travelled the country—four Liberals, two Conservatives and one NDP—it saw that this was an excellent program but, Mr. Speaker, a year and a half later it is smaller, less well funded and is not being used. That is because the Government was not getting the credit for it. It was a private sector program operated by private agencies with Government help. But the Government could not brag about the program because civil servants were not involved.

We find that the low cost, effective programs are being cut out and replaced by higher profile, public relation gimmicks that do not help the people find jobs.

Miss MacDonald: Mr. Speaker, I want to ask the Hon. Member a question about the jurisdictional responsibilities raised by the Hon. Member for Gaspé (Mr. Cyr). Under the National Training Act that was introduced last year, the federal Government has authority to inaugurate these very vital retraining programs that we are talking about. Has the Hon. Member seen any sign of that being done in any part of the country he has visited in recent weeks or months?

Mr. Hawkes: No, I have not. I participated in drawing up the legislative framework as I was a Member of the Committee. It was a reasonable framework and could be helpful.

Earlier today, the Minister responsible for the status of women tried to leave the House with the impression that no one in the Provinces has any concern for women. There are women's bureaus and Ministers responsible for women's issues in most Provinces, not just in Quebec.

It speaks to the difficulty in the country when a Minister of the Crown tries to mislead the House. There is then more difficulty working co-operatively with the provincial institutions, to try to solve the problems.

Mr. Althouse: Mr. Speaker, the Hon. Member outlined a catalogue of problems with regard to the non-equality of women in the marketplace. I understand that he did not finish his speech so he did not have time to outline solutions to the problems.

I have only a limited scope of observation of women's issues as I did not participate in that Committee, but I see what has been going on in my own Province. Since the change from and NDP to a Conservative Government, I note that many of the affirmative-action programs for women and native people that were in place, are being chopped, apparently as part of the "open for business" theme. Would the Hon. Member be prepared to tell the House how he and his Party propose to get men and women back on an equal footing in the marketplace? Are they going to propose new Affirmative Action Programs? Are they going to tell business that they must pay all female employees the same as male employees for equal work?

Mr. Hawkes: Mr. Speaker, I think there are three female Cabinet Ministers in the Government of Saskatchewan now. I do not think that the previous Government had so many.

In terms of an ultimate solution, that was available to Members of the House in December 1979 when there was a Clark Government and a Clark Cabinet. That was a group that believed that women were equal and it was acting on that assumption. This was borne out by the appointment of women to the posts of Secretary of State for External Affairs and High Commissioner to Great Britain, both high public profile positions. It was a true commitment to the principle of equality. You lead by example, Mr. Speaker: you lead by doing. I was proud to serve in a Government that made so much progress in such a short period of time, and I look forward to doing it again.

Mrs. Erola: Mr. Speaker, the Hon. Member referred to a reduction in Outreach Programs. I should like to ask him if he is aware how many Outreach Programs were in place when this Government came into office and how many are in place now under this Government. Is he aware of the figures?

Mr. Hawkes: Mr. Speaker, it sounds as if the Minister were aware. It would be a nice surprise if she was aware of something in that Department.

In return, I would ask the Minister if there are as many today as there were a year ago when the all-Party committee said that there had to be a lot more. Today there are fewer than there were at the time we made the report.

Mr. Deputy Speaker: The period for question and answers has expired.

[*Translation*]

Mrs. Céline Hervieux-Payette (Montreal-Mercier): Mr. Speaker, I am very pleased to join my colleagues on this side of the House in stating the very positive record of this Government since 1980 on questions relating to women in Canada. I believe my colleague spoke earlier of hypocrisy. I do not intend to be as hard as that on the Opposition, and I would rather call their attitude one of ignorance.

If we look at the record, Mr. Speaker, I believe that the Government must base its actions on a set of basic laws such as the Canadian Charter of Rights and Freedoms in our Constitution. In fact, the Charter of Rights, with its equality

clause providing for the right to have affirmative action programs and recognizing the principle of equality, was adopted by the Parliament of Canada at the initiative of a Liberal Government. Mr. Speaker, we must remember that no Conservative Governments ever suggested we enshrine a charter of rights in the Canadian Constitution. We must remember that Conservative Governments across the country objected to the Charter and obliged us to include a notwithstanding clause which is now being used to abuse the rights of female workers in Quebec. Finally, let us not forget that, thanks to a Liberal Government, the basic rights of women in Canada are now enshrined in the Canadian Constitution.

Mr. Speaker, I also believe the Government broke new ground a number of years ago by appointing a Minister responsible for the Status of Women. In the Conservative Governments in Canada today, there are no ministers responsible for the status of women, a position that exists only in the Péquiste Government in Quebec. Granted, some departments have a director of the status of women but as far as having a ministerial spokesman for women in Conservative or NDP cabinets across the country, I am sorry to say that the provincial record is pretty negative.

Mr. Speaker, I would like to mention a series of measures that have been taken. In only three years, we now have a Cabinet that includes two women, we have a woman as Speaker of the House, on the Government side, and ten women as Liberal Members, compared to three Conservatives and three New Democratic Party Members. Therefore, Mr. Speaker, I do not think we have to apologize for our record.

It was also a Federal Liberal Government that formed a special committee to examine the question of violence perpetrated on women in Canada. Following the committee's impressive report, that same Government provided funds through the Canada Mortgage and Housing Corporation, and I must say that I am pleased to be able to take advantage of this program, which will provide a transition house for women in my riding, that is, the Maison l'Escale for the women of Montreal-Mercier.

• (1610)

I would also like to mention that the Royal Canadian Mounted Police has prepared special courses for officers who may be called in to intervene in the case of violence in the family. I think that excellent work has been done by our colleagues within the committee, but a number of measures must be taken by the provinces, because social services fall under provincial jurisdiction. I am still waiting to see all these provincial programs that will address the problems of women in Canada.

Last year, Mr. Speaker, we had a number of consultations on pensions. In fact, I think that all studies on the issue have clearly demonstrated that in this area, women are not being treated equally. I think it is a controversial issue which is difficult to raise and even more so during a recession, but here again I hope that the provincial authorities will see the light and realize that women in Canada must have decent living conditions when they reach retirement age.

Since my colleague from Calgary West (Mr. Hawkes) raised the question of vocational training, Mr. Speaker, I must point out that the new legislation does enable us to offer courses. However, we must not lose sight of provincial jurisdictions and section 93 of the Constitution which provides that education is under provincial responsibility. We cannot offer courses unless they are authorized by the province. I know what I am talking about because I am from Quebec where I was member and president of a school board for six years. God knows that my school board did organize many vocational training courses, and since the new act is more flexible, we will be able to offer courses which will enable women to apply for jobs in the years 2000 in the fields of computers, automation and other sciences of the future.

Another thing to the credit of our Government, Mr. Speaker, is the part-time work committee chaired by Mrs. Wallace. I am looking forward to the findings of that committee, Mr. Speaker, because I think that the Canadian women who want to continue to raise their children will have a means or a mechanism to combine work and child rearing without being deprived of the benefits derived from work when time has come to retire.

Mr. Speaker, the Constitution is also the launching pad of several affirmative action programs now in force in various Departments. The Canada Mortgage and Housing Corporation has taken a leading role in that field, and I hope that the provinces and the private sector will benefit from the experience of federal Deparments. Still, I would remind my colleagues opposite that the initiative was again taken by the Federal Government.

Mr. Speaker, I come now to a delicate question for women in Canada—family allowances. We are aware that the Hon. Member for Rosedale (Mr. Crombie), who is a candidate for the leadership of the Progressive Conservative Party, has already mentioned the possibility of establishing a selective program. I would remind Hon. Members that the family allowances program is a universal program for all Canadian women for as long as married women fail to achieve equal status within the family. Once again, Mr. Speaker, I must point out that it is because this comes under provincial jurisdiction that married women are still considered dependents legally.

Mr. Speaker, I also want to deal with current issues such as pornography on television which was raised because one station decided to broadcast programs which Canadian feminist groups consider pornographic. While this issue has become very emotional, I must say that, without violating the Charter of rights, which provides freedom of speech, we shall be able to develop in co-operation with Canadian producers a code of ethics without bringing us back to the Dark Ages

which prevailed in Quebec during the 40s and 50s, will enable producers to show programs which respect women. For the enlightment of Hon. Members who have much to learn about women, I would like to give a short definition of pornography.

In fact, Mr. Speaker, pornography is not a question of nudity but simply of women being treated degradingly and humiliatingly in a relationship of dominator to dominated, while eroticism involves equal adult partners in no humiliating circumstances. I believe that it is important in the present debate that we understand exactly what we are getting into. Who applies our laws? Who applies the present Criminal Code? Who interprets the definition of pornography? It is the provincial governments, male attorneys, male judges and male policemen. Mr. Speaker, I believe that if there had been equal representation of both sexes in our legislative assemblies in Canada, we would long ago have passed laws which would quite simply have prevented such a situation from developing.

I shall deal with another current issue, in my capacity of member of the Committee on Justice and Legal Affairs. The Hon. Member for Calgary West (Mr. Hawkes) has raised the issue of solliciting on Vancouver streets. I recognize that it is difficult to solve this problem without tampering with the freedom of movement of individuals and individual liberties. But what the mayor of Vancouver and the Hon. Member for Calgary West are asking us to do to help solve this problem is pass a law to amend the Criminal Code and empower the law enforcement authorities to arrest, imprison and condemn prostitutes, thereby committing an even more serious crime because they are the victims of the system Mr. Speaker. Moreover, the mayor of Vancouver has very naively told us: "To make an arrest, we simply must have undercover agents, and of course, they are policemen. You can imagine that the customer is very seldom arrested since he is always a policeman."

On the other hand, my colleague for Burnaby, who has very avant-garde ideas, simply suggests that we legalize prostitution at large and adopt a laissez-faire attitude. The government would be nothing less than responsible for brothels. I believe, Mr. Speaker, that such a solution is quite unrealistic or shows a profound ignorance, because, as I understand, this approach has been used in France, and we are all aware of the problems now facing French women who are beaten and mistreated, and the problem of procurers and of women being victimized by the system has not yet been eliminated.

My suggestion to the Committee on Justice and Legal Affairs is quite simply to amend the Criminal Code and put an end to prostitution, which is essentially a degrading way to sell an individual, by simply providing for a criminal trial and summary conviction for the customer. My colleagues from the Opposition who support private enterprise know that it is a matter of offer and demand. I believe that if there were no demand, there would be no offer, there would be no more poor women on the streets, there would no longer by any prostitutes on the sidewalks of Vancouver and women would no longer be harassed on the sidewalk if the customers were arrested. We could then have a situation where undercover police officers impersonating prostitutes would arrest customers. For hundreds of years, Mr. Speaker, legislators have only sought ways and means to eliminate prostitution from public places and rid the world of this degrading trade which is being plyed most everywhere behind drawn curtains ... of course I am not referring to the curtains in this Chamber, Mr. Speaker.

I apologize for this digression. There is also this major step which this Liberal government took during the Christmas holiday to curb sexual harassment within the Civil Service, setting a procedure whereby an official found guilty of abusing his authority could be forced to resign.

[*English*]

I would also like to discuss the matter of Indian women because I worked on the subcommittee for two weeks last summer. I heard over 100 hours of testimony from Indian and Inuit women throughout the country. I was surprised that my colleagues from the Opposition, both Members of the Conservative Party and Members of the NDP, were there to vote against the report. The report recommended that we amend Section 12(1)(b) and restore the rights of women who have been deprived of those rights for the last 100 years. Those Members were there and they voted against that. Why? Because they were afraid of the Indian men who would vote against them.

• (1620)

When we talk about rights, we do not talk about the electorate and votes, we talk about fundamental rights and the right to be equal.

I am surprised the Hon. Member for Kingston and the Islands (Miss MacDonald) did not outline the problem of women in prison in her motion. When she was in Cabinet and making decisions, why were the programs not available for the women in the Kingston federal penitentiary? Why were these programs to give people the opportunity for rehabilitation and retraining given by a federal Liberal Government?

Miss MacDonald: Where are they now? Come back and see how it is working.

Mrs. Hervieux-Payette: Why is it that provincial Conservative Governments are not signing agreements in order that women may stay in their own Provinces and thus receive the subsidy being granted by the federal Government? We have been waiting for months for Provinces like British Columbia to sign these agreements so that women can move from Kingston to British Columbia and be close to their families.

I am proud of the record of our balance sheet. We now have a report which was voted for by the Liberals. The Conservatives and NDP were against the amendment of Section 12(1)(b). We have adopted Bill C-82 regarding widows of veterans. We have Bill C-127. It is not our best record because

it is an amendment of Bill C-53 in which child pornography was removed by the Opposition. I do not yet know what the real reason was behind that. But if we are going to clear the record, I want this to be on the record. As far as the equality clause in the Charter of Rights and the Positive Action Program is concerned, I want the women of this country to remember that this law was introduced by a Liberal Government, and I am proud to be a Member of this Government.

Miss MacDonald: Mr. Speaker, I have two questions for the Hon. Member. The first is with regard to a question I posed in the House, both to the Minister of Indians Affairs and Northern Development (Mr. Munro) and to the Prime Minister (Mr. Trudeau), which I did on two occasions. I asked whether or not the Government would bring in an immediate amendment to the Indian Act, which would be supported on this side of the House. Both the Prime Minister and the Minister of Indian Affairs and Northern Development refused. What did the Hon. Member do in that case when the request to make that change all in one day was turned down?

Second, since the Hon. Member has said that the Government of the day was responsible for Clause 28 in the Charter, does she not remember that that Clause was not in the original Charter of Rights? It was proposed first by the New Democratic Party, supported by this Party. It was then questioned at the time of the First Ministers' meeting in October, 1981. Clause 28 came back to the House and the Prime Minister was asked whether or not the override power pertained to it. He did not know the answer. On November 2, 1981 the Prime Minister was asked that question. Responding to the Right Hon. Member for Yellowhead (Mr. Clark) on November 6, 1981, the Prime Minister said, "I have conferred with my officials and we have decided that this Clause is subject to the override power." It was the Prime Minister of Canada who took away the right to equality that had already been given to women in this country. It took an amendment from this side of the House, moved by the Right Hon. Member for Yellowhead and seconded by myself, to reinsert it in the Constituton of Canada. Is the Hon. Member for Montreal-Mercier (Mrs. Hervieux-Payette) denying that is what took place?

Mrs. Hervieux-Payette: Mr. Speaker, with regard to the Indian women and the amendment to Section 12(1)(b), I would like to submit respectfully to the Hon. Member for Kingston and the Islands that it is not only a matter of amending Section 12(1)(b), it is a matter of giving rights to women and children. It is not just making an amendment and removing that provision. Over 20 Orders in Council have been passed for several bands in the country who have requested that amendment. It is already in force.

As far as removing Section 12(1)(b) is concerned, every band in this country has been advised what can be done. The Hon. Member was signing the document when we requested that from the bands. It can be done. The Hon. Member is willing to have a paper signed by all Members of her Party as well as Members of the NDP so that not only will we remove Section 12(1)(b) from the law but that we grant the rights. Of course, it would be done with the money and the additional funding needed to make sure that these rights can be exercised on the reserves. I will support that, and I am sure the Whip of our Party will support that.

As far as the equality clause is concerned, I would just like to remind Hon. Members that if the Bill were changed over the time, very often it was changed as a result of negotiations with the Provinces. I would like to remind the Hon. Member that regardless of whether or not one article was there one day or the other, I remember sending telegrams to Mr. Blakeney asking him to give rights to the women of this country.

Miss MacDonald: The Prime Minister (Mr. Trudeau) is the one who made the decision.

Mrs. Hervieux-Payette: To my great regret we have to live today with a notwithstanding clause, and that clause is there because of the Provinces. It will be there for a long while. If the Hon. Member wants to convince somebody that we have acquired rights, I will not enter into debate on whether that was done by the Government or by some amendment. I will just say it is there. Now we need a withstanding clause. We can go one step forward and instead of debating the merit of whom did it, let me say that first the Charter of Rights was there, which was introduced by our Government, and that the Hon. Member was doing her job when she introduced an amendment.

[*Translation*]

Mr. Kilgour: Mr. Speaker, I have three questions to direct to the Hon. Member for Montreal-Mercier. First of all, is she for or against the pornographic and violent movie "Videodrome", in which the government has invested quite a large amount of money? Second, is she for or against what First Choice is doing with Playboy's program? Third, following the many meetings she has had with me and other Hon. Members, she must be perfectly aware that pornography is one of the major reasons for the somewhat large number of teenage prostitutes; I am told that there are some 5,000 of them—that is an estimated figure—on Montreal streets alone; is she in favour of doing something to stop the current trend? As proposed by this side of the House, the idea would be to put an end to the situation which has developped since the Westendorp and Hutt decisions.

Mrs. Hervieux-Payette: I have not seen the "Videodrome" movie, Mr. Speaker. My position concerning pornography is well-known, and I suggest to the Hon. Member that if the right definition of pornography had been applied by our law enforcement authorities, something he knows quite well as a lawyer, we would not be faced withe the current crisis. If it is now an offence under the Criminal Code, he knows full well that the Attorney General can file complaints and that legal proceedings can be started. As it happens, the people with a rather accommodating conscience who so far have had the last word in defining pornography will not get away with it. That is why, Mr. Speaker, we intend to take action with respect to First Choice. As for the "Playboy" films, I have not seen them

because I do not travel in the United States. I live in Canada and I must say that I was one of the first women to side with the feminist groups and state quite simply that they are unacceptable and that we will not play that dirty trick on our daughters and on Canadian women.

As for underaged prostitutes, I can tell Hon. Members that we are still waiting for the Provincial Governments to take action because within the purview of Bill C-61, they continue to negotiate most shamefully. They could sign agreements with the Federal Government to enable us to implement Bill C-61 respecting young offenders specifically to solve the problem caused by juvenile delinquents under age 18. That, Mr. Speaker, is another suggestion I made to the Standing Committee on Justice and Legal Affairs. I think that a criminal offence by a client, man or woman, seeking to corrupt a child sexually should be jailed for at least five years.

Mr. Kilgour: Mr. Speaker, I am pleased to speak to the motion of my colleague—

Mr. Deputy Speaker: Order, please. Are there any other Hon. Members who wish to ask questions?

• (1630)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Hillsborough (Mr. McMillan)—Canadian National Railways—Transfer of heavy freight operations from Prince Edward Island to New Brunswick, (b) Request that Minister investigate transfer; the Hon. Member for Calgary West (Mr. Hawkes)—Health—Canadian Medical Association task force—request that Government co-operate, (b) Funding for health care system; the Hon. Member for Comox-Powell River (Mr. Skelly)—Energy—Price of natural gas exported to United States, (b) Linkage to price of oil.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—EQUALITY FOR WOMEN

The House resumed consideration of the motion of Miss MacDonald (Kingston and the Islands):

That this House condemns the Government for the apathy that it has shown toward issues affecting Canadian women and for its failure to promote equality for women, and its inaction with respect to pension reform for women, and its tacit approval of sexual stereotyping and abusive material in the media, as demonstrated by the Government's unwillingness to prevent pornographic films from being shown on pay television, and its lack of commitment to its own affirmative action programme within the public service, and calls upon the Government to immediately establish a standing committee of Parliament empowered to deal with issues that have a particular impact upon women and to review the progress, or lack thereof, made by the Government with respect to such issues.

Mr. David Kilgour (Edmonton-Strathcona): Mr. Speaker, I think I will start over again. I am pleased to speak to the motion introduced by my colleague from Kingston and The Islands (Miss MacDonald). Since you did not read the motion in French a moment ago, perhaps you will allow me to do so rapidly:

Que la Chambre blâme le gouvernement d'avoir fait preuve d'apathie à l'égard des questions qui affectent les Canadiennes, de ne pas avoir assuré la promotion de l'égalité des femmes, de n'avoir rien fait au sujet de la réforme des pensions pour les femmes, d'approuver tacitement les stéréotypes sexuels et les abus auxquels se livrent les médias, comme le prouve le fait qu'il ne veuille pas empêcher la télédiffusion de films pornographiques à la télévision à péage, de ne pas donner suite à son propre programme d'action positive à l'intérieur de la Fonction publique, et qu'elle exhorte le gouvernement à créer sur-le-champ un comité permanent du Parlement qui aurait le pouvoir d'examiner les questions qui ont des répercussions particulières sur les femmes, ainsi que les progrès réalisés ou non par le gouvernement en la matière.

[*English*]

I would simply say how much I appreciate the comments of my colleague, the Hon. Member for Kingston and the Islands, with respect to the important question of legal inequalities which she mentioned this morning. She also mentioned the deep rooted apathy to the issue which she indicated was particularly prevalent in the ranks of the Government. I think she is absolutely correct. She mentioned the original constitutional proposals and how the Government was dragged, kicking and screaming, into doing something about the matter that we are talking about today. The Indian Act was discussed, and I also agree with what she said about the Unemployment Insurance Act.

She spoke of the economic inequality of women in our country. I can only agree with everything she said about that concern. It is absolutely devastating to realize that female heads of households earn about two-fifths of the income of male heads of households.

She also spoke about the 350,000 older women who are living below the poverty line. She talked of the role of the Government in terms of its own appointments. The Hon. Member for Calgary West (Mr. Hawkes) pointed out that the Treasury Board literally fought tooth and nail against giving the female general service workers equal pay for equal work. Of course, it was the courts, not the Government of Canada, that effected that necessary change. The point was also made that in the last year the Government of Canada has appointed two women judges out of 47 appointments. This reflects the old saying, "Judge by what I say, not by what I do".

My role today is to speak on pornography and sexual stereotyping mentioned in the motion. I would specifically like to speak to the Government's indicated attitude with respect to pornography on Pay TV and other media. There are a few Canadians who still believe that pornography is a victimless product. Pornography is defined here as a visual representation of a sexual behaviour that includes a degrading portrayal of a human being. Does it result in increased crimes against women and children? I think that the evidence now is overwhelming that it does. Time is short, so I will give just a couple of reasons for saying that.

One police superintendant in Detroit was asked a number of years ago about the connection between pornography and sex murders in his city. He said, "There has not been a sex murder in the history of our department", that is the City of Detroit Police department, "in which the killer was not an avid reader of lewd magazines."

The question of wife battering was raised today. Let me quote Irene Diamond from Purdue University who cited a number of police reports indicating that wife batterers are frequently devotees of pornography. She quotes Dr. James Bannon of the Detroit Police Force as saying:

—often we find that the man is trying to enact a scene in some pornographic pictures.

Dr. Diana Russell of Mills College, California, has recently conducted research in this area. She surveyed 929 women living in the San Francisco area and asked them if they had, "ever been upset by anyone trying to get you to do what they had seen in pornographic pictures, movies or books." There were 89 of these women whom she surveyed, or 10 per cent, who indicated that they had been upset at least once when they were asked to describe experiences that concerned them the most. The list of replies included 15 sexual assaults. She concluded, on the premise that the sample was representative of the area, that:

—10 per cent of the women interviewed felt they had been personally victimized by pornography.

Unfortunately, we have not had the same amount of research done in Canada up to now, but I submit that the more recent research indicates a similar connection in Canada. Some studies which were conducted by Dr. Neil Malamuth of the University of Manitoba have indicated, for example, that repeatedly exposing adult males to violent pornography has resulted in self-generated rape fantasies. His conclusion is that there is a causal connection between pornography and crimes against women and children.

I think it is no accident that we have seen a 20 per cent increase in the number of sexual offences across Canada between 1976 and 1980, rising from 10,000 offences to 12,000 offences. I put it to you, Mr. Speaker, that this increase in Canada appears to track the increase of sexual violence in soft and hard core pornography magazines during the same period. Some will say that it is a coincidence. I say that it is not.

Finally, I would cite Dr. Susan Penfield who announced last fall that in about 50 father-daughter incest cases that she has treated, there was a wealth of pornography in the adults' home. She concluded that, indeed, there was a connection between pornography and incest in these cases. I put this to someone whom I might call a pro-pornography acquaintance of mine some time ago, and his reply was: "Well, you would find pornography in any fifty homes". I wonder, Mr. Speaker, if we would.

• (1640)

The second issue I would like to deal with is the question of the Government of Canada putting taxpayer money in to what by any definition is a hard-core pornography movie, namely "Videodrome", which is now playing across Canada. I asked the President of the Canadian Coalition Against Media Pornography, Maude Barlow—and I might add that her coalition now appears to be represented in 19 cities and seems to have enormous and rising support from people across the country—what was her opinion of the film, "Videodrome"? I would like to quote part of the letter she wrote about it recently. I quote:

I watched nude women shackled, being whipped by men in leather masks; I saw the heroine burn her own breast with a lighted cigarette to get herself in the mood; and I watched the audience, watch and moan, as the hero making love to the newly burned heroine, rammed hat pins through her ear lobes, licking off the blood, all to heighten—

—the experience. She called it, and I quote:

—a brutal little movie, with little plot and dreadful acting, and it is part of a growing trend to treat women as willing victims to male masochism in the mass media.

So we have the incredible situation where the Minister of Communications (Mr. Fox) is pretending to be against what First Choice is doing with Playboy movies, and at the same time we have the Government investing taxpayers' money to produce garbage films like "Videodrome."

Last week, the Minister of Communications announced a new policy in which he explicitly barred the CRTC from dealing with "any restriction on freedom of expression." So the Minister of Communications, while seemingly against what First Choice is doing with the Playboy program, last week brought in a new policy to prevent the Government from telling CRTC to bar this type of thing in the case of cable pay television.

I go back to what the Coalition Against Media Pornography is saying, and I am told that these four recommendations that they have, none of which the Government has accepted, have recently been accepted by the Advisory Council for the Status of Women and was adopted by 60 national women's groups across Canada.

First, the National Coalition is calling for legislation which would in effect bar, and I quote:

—all media images that equate sex and violence. The Criminal Code definition of obscenity would have to be changed from an emphasis on morality and sexual explicitness to one dealing with the repression inherent in violent pornography;—

Second, the Government should:

2. Establish guidelines for the C.R.T.C. and the Canadian Film Development Corporation who are at present in the business of licensing a pornography market in Canada, and have those guidelines apply to federally funded films and pay television. The C.R.T.C. guidelines on sex-role stereotyping are, I believe, excellent and would serve. As well, the Broadcast Act which must also be applied

to pay television, must be changed to include the protection of women and children.

Third, the National Coalition Against Media Pornography asks that the Governments of Canada:

3. Implement local by-laws to limit access to pornography by children. While this will not erase the problem, at least it will say to the next generation that this generation cares about it, and it is not okay when they go to buy candy at their local store to flip through magazines showing the bondage and rape of women, who are of course, "loving it."

The fourth recommendation of the Coalition is:

4. And finally, and permanently, education. We must confront pornography, talk about it, protest it, boycott stores carrying it, fight about it in our homes, include courses dealing with it in our schools and understand it. For to continue to turn a blind eye to pornography,—

I add parenthetically "as this Government is doing":

—is to never confront what we need to know. What we need to know about pornography is painful, but until we see that truth, we will continue to live a lie.

Those are the recommendations of the Coalition Against Media Pornography. I understand that that coalition has the support of something like three million Canadians. Churches have supported them, as well as women's organizations and other organizations right across Canada.

My time is running out, but I want to repeat some of the things that have been said by the National Association of Women and the Law which held its biennial conference in Victoria recently on February 23 to 25, which made the following recommendations.

Mrs. Erola: We funded that.

Mr. Kilgour: First, that Canada's pay television licensees should be bound by the sex-role stereotyping guidelines recommended last September by the CRTC task force. You might be aware, Mr. Speaker, that the Canadian Association of Broadcasters strongly supports these guidelines but no pay TV licensee is a member of that organization. This Party has already indicated through its cultural spokesman, the Member for Don Valley West (Mr. Bosley), that it supports this recommendation, and we supported it at the time of the controversy over the licensing by the CRTC of pornography on pay TV.

The second recommendation of the National Association of Women and the Law was, and I quote:

(2) That the Regulations under the Broadcasting Act which prohibit the broadcasting of "any abusive comment or pictorial representation of any race, religion or creed" be amended to include ABUSIVE MATERIAL ON THE BASIS OF SEX (i.e. abusive material against women) and that these Regulations be made to apply to pay television licensees;—

Again I would state for the record that this Party has already urged that this be done through its cultural spokesman.

Third the National Women's group recommended, and I am quoting:

(3) That the hate propaganda section (281.2) of the Criminal Code prohibiting the incitement of hatred against identifiable races, ethnic and religious groups be amended to include hate propaganda against women.

How has the Government replied to all this? The Minister Responsible for the status of women (Mrs. Erola) interjected that they had funded the conference. Very good, but what is the Government going to do about the meat, as compared to the icing on the cake? What is going to be done about the substance of what is recommended as compared to funding, with the $89 billion budget this year? Instead, as I mentioned earlier, the Minister of Communication brought in a new policy last week, and I have already referred to how that policy explicitly bars the CRTC from doing anything about content. In his policy statement the Minister said that the issuing of a broadcasting license to a particular applicant or the amendment or renewal of a particular broadcast license, the specific content of programming, any restriction on freedom of expression are not to be the business, it would appear to me, of the Governor in Council. In other words, the Government is opting out of the problem created by the pay television Playboy broadcasts.

Why can the Government not do something in its new broadcasting policy to prevent the Canada Film Development Corporation from making anti-women, anti-humanity, anti-children films like "Videodrome"? They will come back and tell us that it is freedom of expression and they want total freedom of expression whether it involves the disembowelling of women or children or whatever. That is total freedom of expression. That is one of the altars at which this Government worships, unfortunately.

I believe, Mr. Speaker, my time is up. I am simply saying to the Government that it is easy to talk, it is easy to fund. It is harder to act, it is harder to do, when one knows that it is, I gather, one of the chief tenets of 1980s liberalism that the community has no rights, families have no rights, people with any sense of decency have no rights because the only people we listen to are those who call for total freedom of expression. If a producer calls for a movie such as "Videodrome" which requires disembowelling or sticking a pin in a woman's earlobe, that is okay because there is a minority who think that is just fine. I submit that times have changed. People are getting concerned about the causal connection between pornography and crimes against women and children. I tried to cite some evidence showing that it is becoming more and more obvious that there is a connection.

• (1650)

I simply ask the Government for once not to talk about its concern but to get up on its hind legs and do something about the problem that will make this country fit for all Canadians and finally break the connection between crime and sex and violence which has become so endemic to our culture at the moment.

The Acting Speaker (Mr. Blaker): Questions, answers, comments.

[*Translation*]

Mr. Tousignant: Mr. Speaker, whenever the Hon. Member refers to violence, pornography and so on, I must first assure

him that I wholeheartedly share his concerns. He stated earlier that what was needed was something besides speeches, that is action. But to introduce a positive element in this debate, I would like to hear the Hon. Member make suggestions to this House. If his party were in government, what concrete steps would he suggest and advocate, because he said indeed that action was needed besides speeches? Concerning, for instance, the cable distribution of pornographic films and so forth, I would like to know what concrete steps his Government, were they in power—

An Hon. Member: Impossible!

Mr. Tousignant: —would take specifically to avoid this.

Mr. Kilgour: Briefly, Mr. Speaker, I thank the Hon. Member for asking those questions. I am quite happy that he shares my concerns about pornography. It just happens that I introduced a bill, two weeks ago, that dealt with child and adult pornography. There is no secret about this. If he wants a copy, I can send him one. I can say very briefly that my bill is quite similar to that introduced by Senator Kennedy, from the State of Massachusetts, in the U.S. Senate, and I suggest without hesitation that Mr. Kennedy was no great conservative in the ethnological sense of the term. I think he now knows that pornography has become a problem so big that something must be done, especially with respect to child pornography. If he wants a copy, I will very gladly send him one.

Briefly, this illustrates three aspects of the subject. First, the film was clearly offensive to the vast majority of the people. Second, it has no scientific or serious purpose, and, third, for a citizen, this is something unacceptable; those are three arguments against adult and child pornography. Clearly there can be no right, as we now have in Canada, to involve a child under 18 in a sexual act, and it is my sincere hope that he can speak with the Minister of Justice (Mr. MacGuigan), because action is needed now in that area.

Mr. Tousignant: Once again, Mr. Speaker, I wish to congratulate the Hon. Member and I want to say that I fully share his concern. I also wish to take a few moments to congratulate him on his French which has been excellent these last few months. He has made tremendous progress and his French is really very good now.

However, to get back to pornography, I would like to ask the Hon. Member whether, considering Canada's geographical location with respect to the United States . . . Yes, I think we could easily oblige the CRTC to ban those programs if we really wanted to. But when we consider that fairly soon, our neighbours to the south will be broadcasting 100 or so television programs which we will be able to pick up here in Canada, what is Canada going to do about that?

Mr. Kilgour: Once again, I understand perfectly well that there is a problem with our neighbours to the south. However, not long ago I was told about a conference held in Great Britain some months ago with 25 countries participating. Among these countries, 23 or 24 were terribly concerned about pornography. Only the United States failed to show any serious appreciation of this problem. But after all, we cannot allow First Choice to broadcast Playboy films on rape, for instance. The Hon. Member probably saw the fragment we were showed two weeks ago on rape and similar subjects.

I realize there is a problem with the United States. However, we must not grant a licence. We must tell First Choice that they may not broadcast films dealing with violence against women.

Today I happened to have lunch with someone who had just arrived from India. We talked about this subject and he mentioned that if the Indian film industry, which is very large, shows anything that represents an attack against women, the Supreme Court will not allow it to be shown. So in India, there is respect for women, in fact for both sexes, and I wonder why Canada is incapable of taking the same attitude towards people of both sexes, just as Indian and many other countries have done.

Mr. Peterson: Mr. Speaker, I really would like to congratulate the Hon. Member for Edmonton-Strathcona on his excellent French and the progress he has made in the course of the years, and I also want to congratulate his French teacher. That being said—

[*English*]

—having said that, I now want to say that this very important subject dealing with the status of women in this country, which we all know is not what it should be, is not being treated by this House with the seriousness it deserves. I say this because as I look across at the Official Opposition, I see only five Members sitting there while this motion which they brought before this House is being debated. We have ten on this side, and it is not our day. It is not our responsibility to have Members here. It is shocking that the galleries are empty except for a few people at one end. It is shocking that there is no one here from the press.

Is this levity the way in which we should be treating this situation today? Is this the seriousness with which the Opposition Parties treat their own motion? There are three Ministers here who take these issues very seriously, as do the majority of Members in this Party, even on an Opposition day.

If the Hon. Member for Edmonton-Strathcona (Mr. Kilgour) is so concerned about pornography why, when this matter was before the Justice Committee last year and we were dealing with a Bill on child pornography so that children could not be exploited for pornographic purposes, did we not have the support of all Members of the Opposition? I know that the Hon. Member for Edmonton-Strathcona was in favour of changes at that time, and I congratulate him, but why were the other Members of the Opposition not supporting us at that time on that important piece of legislation?

• (1700)

Mr. Kilgour: I believe, Mr. Speaker, your colleague this morning ruled we should not make a comment about the number of Members here or not here, and I think that is the question. There are a lot of Hon. Members not present on this side, and a lot of Hon. Members not present on the other side. I do not think the Hon. Member can expect us to fill the galleries this afternoon. That is not our responsibility.

The trouble with the Bill which was proposed last summer, although it was a step forward by the Government, and its heart was in the right place—I admit that freely and openly—was that it was not as good as it should be, and I believe the Hon. Member will also recognize that fact. I looked at that Bill and I looked at the Bill of Senator Kennedy in the United States Senate, and I hope the Parliamentary Secretary will go to the new Minister of Justice (Mr. MacGuigan) and persuade him that Senator Kennedy's Bill is much better than the one the Parliamentary Secretary brought in last summer. I hope that the Government will do something about it quickly because child pornography is not a joke in this country. It is something, I submit, which should be a priority of Government. I believe we could pass it in the House in a day, if the Government brought in a Bill which fights child pornography. I am sure that the Hon. Members of this House would pass such a Bill very, very quickly. We in the Opposition cannot bring forward Bills, as the Parliamentary Secretary knows. It is something that this Government should do with all maximum speed.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, I will take my theme from my colleague, the Hon. Member for Willowdale (Mr. Peterson), that the resolution deals with a range of issues which are of very critical concern to the well-being of this country, that is, the status of women and the ways in which we must define their opportunities for greater equality and a definition of their role in society. I would like to change, though, if I might, the focus of the day from that of the previous Hon. Member who dealt exclusively with questions of pornography, and speak about an issue which I believe is very much at the base of the issue of equality for women, and that is the question of employment.

There is no question but that the economics of women in this society is one which must be faced, and faced with a great deal of candid scrutiny, both in terms of where we have gone in the past and where we should go in the future. I would like to begin by refuting the assertion made in the resolution that this Government has not attempted to respond to specific questions. Certainly it is true we have not solved the problem but it is not true to say we have not cared. There has been a great deal of time and attention paid as to how we could address ourselves to the very long, traditional and conventional biases and discriminations which have existed in the system for generations, in fact, for centuries. I would feel that Hon. Members of the Opposition might be kind enough to accept and acknowledge that those underlying hard, obdurate elements of discrimination which have been around for so long, are not subject to a miraculous panacea which can be implemented in a matter of weeks or even in some cases years. It must be something which is worked at in a very diligent way.

I would like to address those issues, in part, because I believe many of the other areas mentioned in the resolution, such as pension reform, pornography and relations of families in society, are matters which are now receiving a high level of leadership from our present Minister responsible for the status of women. Perhaps no one in this House can speak better than I about the volatility and sensitivity of those issues, Mr. Speaker. But I would like to indicate that I feel the present Minister has accomplished a great and significant step forward in those areas and does provide in our Government a high degree of sensitivity to those issues in a way which I think is exemplary, and is providing all of us with a very profound and a very useful set of directions in which we must go.

However, I would like to point out my own continuing concern and interest in the issue of women's employment because in our own Department we have a special responsibility to provide some sense of leadership in this area. I would like to take the opportunity in the House to outline what I see the problems to be and to share the kinds of concerns I have, as well as to indicate to Hon. Members of this House the initiatives which we are taking and where we would welcome their support and involvement in trying to make those initiatives work.

To begin with, we must face the ageless problem which women have always faced, that of being in the job ghetto. For a long period of time women were basically confined in society to a role which did not even permit them to work in occupations which were considered to be the natural preserve of men. Fortunately, that is beginning to change. We have gone through a really remarkable and critical transformation, if you look at the history of this country. In the 1950s some 20 per cent of women in this country worked. That figure is now closer to 60 per cent. In fact, Mr. Speaker, what is even more dramatic is that in the rest of the decade of the 1980s, women will make up close to 70 per cent of the new workers coming into the new work force. They will represent almost two out of every three workers coming into the work force and, therefore, will represent the best potential we have in terms of new people with new skills, aptitudes, and a freshness of approach, who will help this country adapt to the very profound changes which are taking place in our industrial structure. In order for that to happen, Mr. Speaker, there must be ways in which women can break out of the conventional mould. It is still true and still very tragic that about 60 per cent of women working are working in fields which are classically considered to be the preserve of women, primarily in service and clerical occupations. There continue to be limits to a high degree of access to the non-traditional areas for women. I can point to the apprenticeship programs which are administered by our provincial Governments where they consider it to be a great achievement if 5 per cent of the enrolment in machinist courses, electrician courses or high technology courses are women. That is not the way they are going to break out of the ghetto trap they are in now.

Similarly, Mr. Speaker, we are also facing, perhaps, a new shadow on the horizon which again will have a very, very dark impact upon the occupational role of women, that is, the changing of our industrial structure. My colleague, the Hon. Minister of Labour (Mr. Caccia), has commissioned a major task force which has reported on the technological change which we will be experiencing in this area. What is pointed out very clearly is the way in which women will be, perhaps, the group of society most profoundly affected by that change, because the occupations which will be altered and adjusted are those which are susceptible to the new microchip technology. That makes it all the more imperative and critical that we address the employment occupational role of women in our society. We must help them adjust to their new jobs, their new training and their new employment opportunities.

I believe that that particular exercise is one which we tried to address almost three years ago at the beginning of this new Government. We recognized that we would have to start a number of initiatives on a number of fronts in order to address that problem. The first area where we attempted to meet the issue was on the basic support which we could give to women in terms of their entry into the work force and their adjustment to new jobs. It was quite clear that many of the systems of guidance and counselling which were available to women were not sufficient because in many respects the ability of younger women in the school system to gain that kind of information was simply non-existent. These women were in fact preparing themselves for occupations which were not going to be there in the future, which simply would no longer exist. Furthermore, women coming into the work force after their families had grown up also did not have the proper skills, the orientation or know-how to go and get that first job or take advantage of the opportunities which might exist.

• (1710)

One of the critical issues we tried to face was to improve substantially and to upgrade the counselling, guidance and employment information system available to Government. Let me just point out two major initiatives we have taken. I think this does reflect in part on the Opposition resolution. We decided that one of the most important things to do was to develop a network of specialized counselling centres for women which would be able to concentrate and specialize in the problems women have in the work force, and make sure they were available on a much wider basis. When I took over this ministry, Mr. Speaker, the number of Outreach Programs available to women, instituted by the previous Government, was 14. I am proud to say that there are now 32. We have virtually doubled the number of Outreach projects, and we will continue to increase those numbers as time goes on. So when Hon. Members talk about sensitivity, I ask, where were they in 1979 when they had the opportunity to do the very same thing but did not do it? There was no increase in Outreach Programs to help women.

Similarly, we recognize that in our own network of employment centres we had to establish a system which would provide specialized centres and a source of information which could radiate out through the other employment counselling centres across Canada. So what we have done is to establish a series of nine specialized women's counselling units in major centres across Canada. Their job and responsibility is to work with other employment centres, the school system and provincial Governments to provide that specialized counselling, training and information, and make it available to women.

I have a sheaf of correspondence which I received from a number of women who have gone through those programs, benefited from them and have now been able to gain a new or different kind of employment as a result of the services offered. I simply point out that those pilot projects can provide the prototype that we would like to apply across the board to ensure that we are able to take the initiative. I think that indicates that indeed we are responsive and sensitive to the employment concerns of women by putting that network in place.

Of course, Mr. Speaker, going beyond counselling and guidance, you must provide the link in the chain which will ensure that women have adequate and proper skills to take the jobs that will be there. I cannot over-emphasize the critical importance of training as a key element enabling women to cope with the present ghettoization they face, but also to adjust to the new world of work they will be forced to face as this decade proceeds. The ability to acquire new skills and move into new occupational areas is really at the centre of our employment strategy, and one I think which provides the greatest opportunity for women to make a major leap forward in obtaining new occupational opportunities.

So the question is, what have we attempted to do under this particular category of initiatives? Again, the most important step was the passing of a new National Training Act. That Act had the support of Opposition Members, and I am still appreciative of that response. It has also been well received by all the Provinces, which have signed agreements under that Act and are now working jointly with us in its implementation. There are a number of initiatives in that program with special relevance to women. First is the establishment of the COPS program, which will really be a future navigational system to detect and determine the occupational changes in the labour force. We have been flying blind for so long in this country, not knowing what jobs will be there and the skills required to meet them. So we now have established a pooled information system, using all the modern techniques of forecasting, to enable us to begin to forecast and look ahead to the kind of jobs that will be there. Once we have that information in place we will be able to transmit it back into the school system so that young men and women can begin preparing themselves for the jobs that will be there. The school program will then anticipate, not merely react, and then share that information with employers, trade unions and provincial Governments so that we have an early warning system so that young people will not be caught in an occupational trap. They will be able to anticipate and therefore prepare themselves.

A second element of that program is the establishment of the skills growth fund, because we recognize that in order to

meet the demands of new occupations we had to modernize the training system in Canada. We cannot continue training people in old occupations, obsolescent jobs; we have to prepare them for the new world of work. We have to be able to work with community colleges, non-profit organizations and business groups to begin new training centres. In particular, we have openly invited women's groups and non-profit groups to start specialized training centres for women in those new occupational requirements. I have on my desk now a series of very useful proposals from the YWCA to establish new training programs for women in the new high-skill, high-tech trades. We have been able to open up right across this country, for example in the community colleges in the riding of the Hon. Member for Kingston and The Islands (Miss MacDonald), new areas of computer and machine technology which will increase the number of places available to men and women. But then we have gone beyond that and established reserve places for women in those occupations so that they will not have to compete, that they will in effect have an advantage to make sure that their previous disadvantages could be overcome.

The third step we have taken, Mr. Speaker, is to provide for special subsidies under the National Training Act, again to ensure that the employer of a woman in job training would receive up to a 75 per cent subsidy to help break down the barrier so that women who have not had the opportunity to be trained as a heavy duty mechanic, millwright or pipe fitter will get on the job training. We have been able to put close to 5,000 women in those training positions over the past two years. This will substantially change the scale of non-traditional training of women in those areas. Under the National Training Act we have tried to reorganize and reform the programs available for pre-trade and occupational training. Again we have something like 2,000 or 3,000 specialized places, 85 per cent of which are occupied by women who can receive the three or four-week sort of initial skills preparation so that they are in a position to chose which kind of new technical skills they would like to occupy.

What we are trying to do, Mr. Speaker, is to use this Act as the instrument by which we can shift the direction, focus and orientation of training, and open up new opportunities for women. We will do this partly by allowing them to be self-sufficient and establish their own training programs; partly by reserving places for them; and partly by providing fiscal incentives for employers, community colleges and others to break down the existing training barriers.

The third area I would like to address is that of job creation. Again, we recognize that it is important to provide for programs which would enable women to get first-time experience in the job market. Perhaps one of the most difficult and agonizing problems faced by women coming into the labour market is that first-time job, getting the track record to be able to demonstrate competence in certain fields. It is there that we have tried to refocus our job creation programs. We have a highly specialized Canada Community Services Program which provides direct employment grants to a large variety of service agencies, partly to help the agencies directed toward women, such as abuse centres and day-care centres, but also to provide an avenue in which women can get that first-time employment. Close to 85 per cent of people employed in that program are women, and through the program we provided for first-time job experience in areas that are crucial.

• (1720)

As Hon. Members know, in the application forms for the Canada Community Development Project sponsors are required to list an affirmative action plan as part of their submission. The validity of the submission is judged upon the demonstrated ability or willingness of the sponsors to hire women. In the past, that particular facet of the program had been ignored or not properly utilized. We are now trying to reorient our job-creation programs in that direction.

Third, the special program for employment of the disadvantaged is working very well through providing direct employment incentives and subsidies. These will pay up to 85 per cent of the employment costs, to employers of women who have special problems. Immigrant women, first-time women workers or women who have been out of the work force for a long period of time are all eligible. We are trying to use that employment disadvantaged program as a vehicle to break down employment barriers and open up opportunities that did not exist previously.

We have put in place a number of initiatives and support, Mr. Speaker. Beyond that, we recognize that there are special categories of women who must cope with problems beyond the normal frustrations and anxieties of women. A good example is native women. Perhaps no group in our society is more deeply discriminated against than they are. We work very closely with the Canadian Native Women's Council and we support them in the development of a number of employment co-ordinators for native women across Canada. They are now working with employers, with native organizations and community organizations to try to find a special employment role for native women.

We also took notice of the fact that domestic workers—women brought in to provide a service function which Canadians in large part are not prepared to provide—are being discriminated against in a number of areas. We gave them the option of choosing to settle in Canada as part of the benefit they would receive because they are prepared to do a job that many Canadians do not want to do. The preliminary assessments of that program made by the organization representing domestic workers, shows that in large part it has been successful.

I want to point out that the Government is trying to initiate a number of proposals to provide employment opportunities for women and to break down barriers. In order to be totally successful we need the support of all Members of Parliament. It is important that they work with us in their constituencies to help make these programs effective. If we can work in partnership with the other major players in the economy, we will be

able to take a long step forward to discount or eliminate many of the hard or unyielding areas of discrimination that have existed up to now. I am confident that we can break this barrier down if we find ways of working in a partnership.

Miss MacDonald: Mr. Speaker, I am very pleased that the Minister of Employment and Immigration (Mr. Axworthy) took part in the debate. I want to express to him now, as I have before, the concern that the Government does not seem to be aware of the magnitude of the problem that confronts us, and not just today but that will confront us in the next number of years. As the Minister knows, employment amongst women increased 41 per cent last year. The Minister responsible for the status of women said that that was not very substantial, but I consider it to be substantial.

I am concerned as well that every study, every document, every analysis shows that one million additional women may become unemployed in the next few years as a result of the technological revolution that is sweeping over us. The Minister made some very encouraging comments with regard to training younger people. The question that has not been addressed is what happens to these millions of women who are presently employed and are going to see their jobs vanish in the next few years. These women hold the jobs that are considered most vulnerable to the high technology revolution.

These things are not going to be resolved by increasing the number of Outreach Programs or putting in nine new counsellors, or whatever number the Minister mentioned. That is fine, but it is not the major issue. The question is, what is being done about this major problem? It is being addressed by other countries in different ways. The problem is not just the number of people who will be unemployed; it is also that women, more than men, are reluctant to come to grips with the high technology revolution. That has been proven in studies in France and Japan where public information and educational programs have been carried out in a television series so that people can be educated while their jobs still exist.

Is this sort of thing being considered by the Government? It is of such magnitude that it goes much beyond anything the Minister said this afternoon. I am not arguing with what he said, I am only asking him to address a much larger question.

Mr. Axworthy: Mr. Speaker, I am very pleased that the Hon. Member asked for elaboration. I was trying to cover a number of topics in my response and did not take time to address the issue she raised, which, unquestionably, is of great magnitude.

I point out that not only the numbers of women coming into the labour force, but the adjustment of many women in their present occupations, represents one of the major challenges the country faces. The question is, how do we respond to this challenge?

I believe we have to start with a new training system and a way of transmitting new skills. If we do not have that framework in place, all the other information and education programs would be of no avail. If a woman is prepared to change and wants to know how to go about it, we would not be in a position to help her if those programs were not in place. That is why I put such strong emphasis on the modernization of our training systems, such as helping community colleges to buy new machinery or facilities in order to open up new hi-tech training opportunities.

I can give an example in the Province of New Brunswick. About 25 per cent of the training offered was in high-skill trades. In one year, with the skills growth fund, that has been increased to 38 per cent. This dramatic leap is owing to the strategic allocation of funds and to help given that college to buy the new simulator it needed.

I should like to tell one small anecdote, Mr. Speaker. I went to Holland College in Prince Edward Island which has a training program for deck officers in the offshore industry. We are still required to import people from offshore because not enough Canadians have been trained. By sheer coincidence I found a young woman from my riding in Winnipeg taking the course. A year ago, the college could not train people in the high-skill navigational jobs because it did not have a navigational simulator which cost $900,000. It had been trying to get one for ten years. We made the grant from the skills growth fund, and two months ago the college bought the simulator. It is now in a position to train 60 or 70 additional deck officers, and they will be able to find instant employment in the offshore industries on the East Coast. Women are being trained because that is part of the agreement.

I recognize that once the framework is in place, we must take the next step. We recognize that the essential ingredient is to provide ways for people to train while they are on the job. A special task force has been established in my Department, involving business and labour, to look at the whole area of skill development leave. That is so that workers presently employed would be able to take a month or three months or six months off to be retrained for a new occupation.

There is one other area that I would like the Hon. Member to consider, although it is not yet policy. We are looking very seriously at the way in which the work-sharing program that has been very successful across Canada—we have signed 11,000 agreements with private sector firms—might be utilized to enable workers on the job to be retrained in new skills, new technology and new machines on which they will have to work, so that they can still maintain their income while on the job and gain a new skill. This would require some very serious co-operation from business and labour, who are both quite nervous about it because it will break many of the old rules of unions, of hiring and of doing business. It will take some basic restructuring of our industrial fabric in order to respond to the problem.

• (1730)

We cannot provide a major reform or change simply in a unilateral way. We have to bring people along with us. We are using that particular task force and the work done by the Minister of Labour to try to develop a consensus on a new form of paid educational leave in the country which will allow people to be trained on the job for the new skills they will

require. That is another area in which we are taking a major step.

Mr. Kilgour: Mr. Speaker, I would like to direct three questions to the Minister, if I may. First, does he feel that the six and five program has borne more heavily upon men or women? Second, is the women's Affirmative Action Program of his own Department in the action stage or in the assessment stage? Third, could he tell us how the 1.5 million to two million unemployed Canadians break down in terms of sex; more women or more men?

Mr. Axworthy: Mr. Speaker, in the few minutes remaining I would like to point out to the Hon. Member that the six and five program has had a very dramatic and positive impact upon the employment of women. The hundreds of millions of dollars we were able to realize from that program were reallocated into direct employment programs which have put many people back to work, including a lot of women.

On the issue of Affirmative Action, we decided very clearly that it was important as a way of demonstrating to society at large that the Public Service of Canada must incorporate and implement its own Affirmative Action Programs before it could ask them to do the same thing.

We are not moving into the action stage. We have completed the first two phases of that Affirmative Action Program. A full assessment of numbers has been done, the comparative figures in terms of the work force, across the board in the Department of the Secretary of State (Mr. Joyal), in Treasury Board, my Department and the Canada Mortgage and Housing Corporation. The program is now in the implementation stage. I believe the President of the Treasury Board (Mr. Gray) has a number of new proposals to expand substantially the program, but they are really within his responsibility. I do not want to interfere. I believe in that particular area we are supplying another initiative to show how we can bring down work barriers.

On the question concerning the division of the unemployed, it is not a simple division between men and women. I believe the group most seriously affected by the recession, the group about which we should be most preoccupied, is young women. They are the ones who are most dramatically affected by the lack of jobs at the present time. This is why Members of my caucus and myself have been working very diligently to try to provide a new youth employment strategy. I hope we will have an opportunity to present it to the House in very short order.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I am pleased to report that I have just returned from British Columbia where there were a number of very successful and moving meetings of women's groups over the weekend in celebration of International Women's Day. At this time I would like to pay tribute—and I am sure that I speak on behalf of all Members of the House—to the many active women's groups across Canada that are working within their own membership and forming coalitions with each other to work for change in this country. I am sure most of us in the House have profited by the information and the lobbying they do so effectively.

In Vancouver the theme was particularly appropriate. The theme they were using this year was: "Hard times won't stop us". If ever there was a need for that theme and that kind of objective, it is during these very hard times which are affecting women in particular.

We are proud of the women of Canada and their accomplishments. We are not so proud of the accomplishments of the Government or of the House. Over a century ago working women first protested cruel working conditions, miserable pay and the hard hours to which they were condemned. Their sisters 75 years ago started the demand for bread and roses—bread which was for economic security and roses for a better quality of life. I think we would agree that we still have a long way to go in reaching true equality in both the bread and roses sense.

This past year there were a few symbolic gains. The first women judge was appointed to the Supreme Court of Canada; only one out of seven of course. We have 16 women out of approximately 282 Members of Parliament; certainly that is far from what we all want to achieve. Also we can be very proud of the role women played in insisting that the Charter of Rights and Freedoms must guarantee equality for both male and female persons, and for the skilful organization and lobbying and the persistence which twice brought women to Ottawa, with no funding, to help change the provisions of the Charter of Rights in their favour.

The annual lobby of the National Action Committee on the Status of Women is another very positive and effective tradition which is developing. We will be hearing from women across Canada very soon. Close to 200 organizations will lobby on behalf of equity for women. However, when we look at the facts, in particular when Canadian women look at the facts, we agree that the status of women in Canada in 1983 is a national disgrace.

The figures indicate that two out of three elderly women live in poverty and that nearly 50 per cent of all single women are poor. This includes younger women as well as women in their middle years and pensioners. This is increasing every month as more women are left on their own when they are separated, widowed and divorced. Statistics show that most poor families are headed by women. These are mothers who have been left to raise children on their own. Their numbers are increasing every month. Included also is the very serious increase in the number of teenage pregnancies and young teenage mothers who are keeping their children and will probably be on welfare most of their lives.

We protested strongly the Government restraint Bills because they imposed a very unfair burden on women, in particular the six and five restraints on the very low salaries paid most women in the Government service, on family Allowances and, of course, on pensioners, most of whom are women with very minimum standards of living.

Women in the work force also have suffered exceedingly this past year. In a year when we should be improving their situation and when the Speech from the Throne promised to improve their situation for women in Canada, the condition of women in the work force has worsened considerably.

More than ever before women are locked into low-paying job ghettoes in clerical sales and service fields, fields where they will soon be phased out by technological change, as other speakers have documented. Women have little chance for promotion. In fact, the Government's record of promotion within the federal Public Service is deplorable. There are fewer women in middle management and senior positions now than there were a few years ago. If they are not already unemployed, many women are very insecure in their jobs, expecting to be the next to go, or they are being reduced to part-time jobs. Again this is a situation which the Government is almost promoting—the whole concept of part-time work. We know that it is usually women who are forced into part-time jobs with part-time pay, with no opportunity to get ahead and, of course, usually in non-unionized situations.

• (1740)

As times get tougher men move into the few well paid jobs which have been female dominated, such as those in the field of teaching and nursing, as was documented recently by the Canadian Advisory Council on the Status of Women. There are few promotions for women into executive and management jobs, certainly not in the federal Public Service. The only gains women are making seem to be in some of the professions. I think one of the most positive developments is the increasing number of very bright, competent young women entering the field of law. They are entering law because they are determined to right the wrongs and to work for further equality for women.

I spoke yesterday to a business and professional women's group in Vancouver. I was pleased to hear that many women who have held junior jobs in businesses, banks, and so on, are now moving into their own small businesses. The failure rate for businesswomen has been much lower than for businessmen, which is another positive sign for women. But it is thanks to the women themselves, not to Government action.

Last week I also attended the annual conference of the National Association of Women and the Law which was held in Victoria. For two days they discussed at great length the whole situation of the economy as it affects women, as well as technological change which is phasing women out of traditional areas of work. Group after group and expert after expert who spoke to this conference insisted that the only way to protect women against this kind of inequality in the work place is to have mandatory affirmative action. That is why, upon my return to the House, I questioned the Minister responsible for the status of women on the Government's position on mandatory affirmative action. This was very important to the many groups, the ones who are the most knowledgeable about this aspect who attended that conference. I was extremely disappointed the Minister ignored the question of mandatory affirmative action and contract compliance—and instead gave us a lot of platitudes about what this Government is doing. This Government is doing nothing in a positive way respecting the whole question of affirmative action.

We must keep insisting on the legal right of women to equal pay for work of equal value. This must start at the federal Government level, at the provincial Government level and at the local Government level. I would urge women across this country to get after their Governments and insist that the standards be set in the Public Service.

Women across Canada have been studying the impact of microtechnology and automation which threatens their economic future even more than does the present recession and, heaven knows, that is serious enough. It is essential for the Government to get involved in this area much more directly. I think it is important to encourage some kind of charter of economic rights to impress upon employers that they must protect women in the work place from the hazards of VDTs, and so on. Employers must plan with employees for future layoffs and future technological changes. Employers must get involved in retraining and they must give women equal opportunities to move into the new technologies, management and supervisory positions.

The Government has held conferences on this subject, but we have to have more than conferences. We need real leadership. The best protection women have is to belong to a union and to have a union fighting for these rights, making sure that women have equal rights in the work force. Unfortunately, many of the job areas we are talking about are not unionized, which makes things difficult. Usually these are the areas in which women are first displaced.

There must be a greater opportunity for women to train in non-traditional fields of work, such as the trades. The Minister for Employment and Immigration (Mr. Axworthy) spoke of the Government's record in this field. I know he is aware of the need in this area. I know he is trying, and I will give him credit for that. However, I cannot understand, when I listen to him talking about all the wonderful things he is doing, why it is that week after week in my constituency women tell me that they cannot get into apprentice training courses or pre-apprentice training, nor can they get child care. Women who live outside of urban centres have absolutely no hope of getting into these fields. At the moment it is far from practical for women to get into these non-traditional fields of work such as the trades.

While pressing for equality in the work force, we must also make sure that social services are not eroded, particularly those needed by women, whatever their age. This House is well aware of the increase in the number of battered wives and the need for transition houses in the community. Not enough is being done about that. The Government itself needs to be called to task, and it needs to take a look at the recommendations that we all agreed to last spring.

Women with young children, especially those on their own and working, need affordable child care. They need family support centres of different kinds. This is another area in

which we have a long way to go. We are going backwards instead of forwards in the whole area of child care which is so important to women and children.

The essential work of women in the home must be recognized. This is the year when we should commit ourselves to this recognition as a major goal. I will not go over the history of statements by the Minister responsible for the status of women, but many women who stay at home feel put down. It is very important to realize that women, despite great financial difficulty, often remain at home because they feel it is very important to be with their children when they are young. These women should have some recognition for doing this. I think it is important that the Government begin to think about some form of financial recognition. Perhaps Family Allowances should be increased even more and some of the amount go toward a benefits payment into the Canada Pension Plan.

As more and more people, particularly women, are forced into part-time work we must review the whole concept of a guaranteed income. This is long overdue. We know there will not be enough jobs to go around in the future. People will be under-employed in the traditional sense, if not completely unemployed. There are many things which they can still be doing. But we will have to look at the whole concept of a guaranteed income and how we can begin phasing in this kind of program, perhaps targeting first at some of the groups with the greatest need. Surely in the future computers and robots that are taking over our industries can be put to work to increase our Gross National Product to improve society rather than dehumanizing the work place. There are many community jobs in human services that are needed, particularly as our population is aging rapidly. There are many creative endeavours in which people can be involved for which they have skills and talents. These must be expanded in the future as our traditional jobs are phased out. Women who have been home makers have particular skills for human relations kinds of jobs and for management and community service. But they need pay just like the rest of us do.

On this subject I would like to refer the findings of the NDP Task Force on Older Women. This was a non-partisan task force. We held hearings in every Province last fall. We received 150 briefs and questionnaires from over 1,200 women from all across Canada, including the North. These were from women in their middle years as well as in the older age group. We found over and over again that this age group, the forgotten age group, women in their middle years and over, are facing double, if not triple, discrimination. They often are hidden from society, particularly if they live alone. Many often live in one room apartments and are alienated from society.

• (1750)

I expected that the needs of women on old age pensions would be the greatest. However, I found that although inadequate pensions for women is a major concern in every Province, there are many other issues that need our attention. Women who are single, divorced or widowed find their middle years the most difficult. Women who have spent their earlier years raising children must be given priority for retraining and re-entry into the work force so that they can become self-sufficient and independent. Mature women have much to offer employers and should be credited for their human relations and management skills, as well as for their rich community experience.

Older women must not be content to work in job ghettos for low wages. They have a right to a decent pay and they must be given the opportunity to earn pension benefits for later years. Women must fight for equal rights on all fronts, particularly for the right to have liveable incomes in their later years.

In the time I have left I would like to review quickly the Government's record on equality for women. What we have seen is a lot of lip service paid by the Government and many studies, and we have listened to many platitudes. The situation is bad and getting worse. Women have been displaced from jobs and are facing unemployment now and in the future in deplorable numbers. They are being forced to take part-time work as an alternative. With respect to equal pay for work of equal value, even the Government itself has rolled back the pay increase decision it made, which was a very important precedent for clerks in the Public Service. It has denied the equal pay for work of equal value principle.

The Government's six and five restraint on wages, Family Allowances and pensions is another attack on women by the Government.

Affirmative Action does not even appear as one of the requirements written into contracts for job creation programs. The Cabinet has refused to instigate mandatory affirmative action and contract compliance.

We have heard much about high-tech training today. Women cannot get into many of these training programs. They are being denied the opportunity to acquire new skills and further experience.

The Prime Minister (Mr. Trudeau) denies that poverty even exists. He does not recognize how many women are experiencing devastating poverty. Pension reform has again been put off in favour of a task force review because the Government refuses to act, particularly on behalf of women.

Special income support programs for single women in middle and later years are definitely needed. Even if pensions are reformed, nothing will be done for older women.

With respect to support for families, the Government will not even deal with the report on children that was brought to the House two years ago. Nothing is being done about making major tax reforms in favour of women and families.

While some action has been taken regarding violence against women as a result of the battered wives report, nothing really substantial has been done. There must be federal leadership for transition houses and other tangible programs for women. My colleagues have already talked about pornography as another form of violence.

We have implored the Government, and I would implore the Minister responsible for the status of women, to establish a

standing committee of the House which would be responsible for reviewing and working toward an improved status for women in Canada. This committee is essential because there is no other group that will take on that ombudsman role. These issues are not being dealt with in other Government Departments. We need a committee to study women's issues similar to the committee responsible for Indian Affairs.

I would urge the Minister to take action and tell us where she stands on this issue because she has not committed herself. I suspect that this is why the Government is dragging its feet. There are many positive steps that can be taken.

In conclusion, I suggest that the most positive step is what women are doing for themselves and what they will continue to do. Women power is a great force in this country, and it is becoming stronger. Women have tremendous talents for organizing and working for change and lobbying the Government. I believe this is the way to solutions and they should continue to do this in order to make us all accountable and make these issues a major condition for their votes in the next election.

Mr. Peterson: Mr. Speaker, this is one of the most important issues that this House has dealt with. Again, I can only lament the fact that because this motion was brought forward by the Opposition, there would have been so few Members present from the Opposition.

I wish to point out that our Minister responsible for the status of women has made some very important commitments to improving the lot of women. Her leadership has been very important in giving it fire and direction. It is devoid of empty rhetoric. I think that all of us who are here were touched by the very concrete measures that were announced and elaborated upon today by the Minister of Manpower and Immigration (Mr. Axworthy) which attempt to give women in the workplace enhanced opportunities and more prevalent positions in order to participate in the mainstream of Canadian jobs, as intimated by the Hon. Member for Vancouver East (Mrs. Mitchell). These measures are critical to accomplish those goals.

The Hon. Member for Vancouver East cited a litany of issues. She described many issues with which we are all concerned. However, she failed to give credit where credit is due. I will use just one example, and it is one with which she is very concerned. It is the question of wife battering. Is she aware that the recommendations calling for increased funding for shelters were acted upon in our June, 1982 budget through giving CMHC increased power to create shelters? Is she aware of the increased awareness program that has been instituted with the Royal Canadian Mounted Police? Sensitizing programs and training has been undertaken in that area. Is she aware that, as a result of the requested research on the battering phenomenon, the family violence clearing house was established by the Department of Health and Welfare and is currently gathering information? Is she aware of the fact that one of the other recommendations, an information program, has been undertaken by the Department of Health and Welfare? Family Allowance cheques have contained pamphlets dealing with wife battering. Is she aware of the fact that the problems dealing with jurisdiction are now being dealt with? Commitments have been undertaken by the Minister of Justice (Mr. MacGuigan) and the Solicitor General (Mr. Kaplan).

The Acting Speaker (Mr. Blaker): Does the Hon. Member intend to allow the Hon. Member for Vancouver East to reply?

Mr. Peterson: Yes, I would be delighted to give her the opportunity to reply. These are just some of the questions I have for her.

I would also ask her why she did not mention the significant progress we have made in changing the rape laws to sexual assault. It was the most important change in the Criminal Code in 50 years, to give women the opportunity to come forward when they have been subjected to violent assault. I would ask her why her Party, when she brought up the question of pornography, did nothing about our efforts to deal with child pornography and abuse of young people.

The Acting Speaker (Mr. Blaker): Order.

Mrs. Mitchell: I thought I would not get a chance to respond. With respect to the Hon. Member's first point about the number of Members in the House today, I would suggest that if we had a committee responsible for the status of women we could be talking about these issues every day. Not only could we be talking about them but also acting on them in a non-partisan and collaborative fashion. I think we should hear why the Government has refused to act on that proposal.

I have been holding a watching brief on the report on battered wives and have visited many transition houses and talked to many groups across the country.

• (1800)

I commend the Government, and all of us really, because I think that that report was a very good example of how we can work together in the interests of women in Canada. The CMHC provision, I might point out to the Hon. Member in case he is not aware of it, because that is one of the ones that I pressed for very hard in committee, covers second stage housing, I believe. There still is a great need for funding for transition houses.

In regard to the RCMP, that is a good move too. My understanding is that it is mostly the younger recruits who are getting that training, but it is a start, I agree. I wish we had as much action from the Government on the whole question which my colleague, the Hon. Member for Broadview-Greenwood (Ms. McDonald), has raised of changing the Broadcasting Act. That is another piece of legislation where changes are needed.

Certainly there has been some progress made in the areas he mentioned, but I refer back to the 12 points I raised where an awful lot more action could be taken.

An. Hon. Member: It is six o'clock.

The Acting Speaker (Mr. Blaker): It is six o'clock.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

CANADIAN NATIONAL RAILWAYS—TRANSFER OF HEAVY FREIGHT OPERATIONS FROM PRINCE EDWARD ISLAND TO NEW BRUNSWICK. (B) REQUEST THAT MINISTER INVESTIGATE TRANSFER

Mr. Tom McMillan (Hillsborough): Mr. Speaker, on Wednesday, January 19, and again on Friday, February 4, I posed questions to the Minister of Transport (Mr. Pepin) concerning the consolidation of Canadian National Carload Centres throughout the Atlantic region, especially in Prince Edward Island. CN has decided to fold the Prince Edward Island Carload Centre into its operations at Moncton as part of an over-all rationalization of services throughout the Atlantic region. All three Maritime Provinces, as well as border communities in Quebec, are being affected. But the Island will be especially hurt because our Province will be rendered the only one in all of Canada without a fully operational Carload Centre.

On the Island, the number of employees is to be reduced from 11 to five through layoffs, transfers or early retirements. More than jobs, however, are at stake. Instead of being able to deal directly and personally with knowledgeable CN personnel right on the spot, in the Province, local shippers will be forced to rely on whatever assistance they can obtain from a computer network based in Moncton. If a shipper requires information or advice, or if a shipment gets lost or delayed, the shipper will just have to hope that

someone at the end of the computer terminal might have a vague idea of what the matter is all about. No longer will the customer be able to count on the help of a familiar face at the Carload Centre in Charlottetown because, for all practical purposes, the doors will be locked.

The CN elite, in their plush boardrooms in Montreal, argue that Prince Edward Island will not be hurt by the gutting of the Province's Carload Centre. The official line is that the change is merely administrative and that the Island will continue to be serviced the same way as before. But we Islanders know better. We have long experience with having to plug into some elaborate and esoteric computer system in centres remote from our shores for services that other Canadians receive right on the spot in their own communities.

No one is arguing, and I am certainly not today, that CN should not keep its operations lean and modern and efficient. Nor is anyone proposing that the corporation should keep jobs on the Island just for the sake of creating employment. What is being said is this: We need the CN Carload Centre because it provides an essential service to our Province. Being an island, by definition, P.E.I. depends on its transportation links with the outside world more than any other single Province in our Confederation, with the possible exception of Newfoundland, which is also an island.

• (1805)

By stripping the Province of its railroad bit by bit, step by step, inexorably, CN is undermining a vital part of our economic base upon which both the public and private sectors depend to create jobs and other economic opportunities. The emasculation of the Carload Centre is yet another tightening of the noose around the neck of the Island's railway. If the present trend is allowed to continue unchecked, nothing worth saving will be left. The irony of history is that all of this is happening in the very Province that entered Confederation in the first place for the sake of its railway.

I urge the Minister of Transport to put a halt to the dismantling by Canadian National of P.E.I.'s railway system. He should instruct, in fact order, Canadian National to present to the Government a five-year plan to modernize the entire system. If certain essential parts of the Island's railway cannot be operated without a subsidy, the Government should provide assistance up to some reasonable maximum amount. Meanwhile, an immediate freeze should be imposed on all plans by CN to withdraw jobs and services on the Island, including those of the Carload Centre.

In conclusion, allow me to serve notice that I intend to press the Minister in the coming weeks for such a rational approach to the railway on P.E.I. Few issues were more important to the Province back in 1873 when we joined Confederation. Because rail is more energy-efficient than any other mode of transport, the issue remains as relevant now as it was over 100 years ago. That is why for us on P.E.I. the demise of the Carload Centre is not just a symbolic matter. It is a question of preserving an essential instrument of commerce, without which our very future as a viable partner in the Canadian economic union is jeopardized.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, it is somewhat ironic to hear the Hon. Member talk about subsidies and various forms of assistance to those enterprises, whether they be Crown corporations or public corporations, which may need financial assistance from the Government of Canada. I am hopeful that when the federal Government introduces its budget in the not too distant future, if there is an increase in the deficit of the Government of Canada, the Hon. Member will support it and not take the official position of his Party, which would reduce the deficit at all costs.

As the Hon. Member knows, CN's customers conduct their day-to-day communications with the railway by toll-free telephone to the Carload Centre from where they receive information on traffic movement, equipment orders, availability, and train and yard operations. Computers at the Carload Centre process traffic data and customer invoices. Recent advances in computer systems and mini-computers have made it possible for a carload centre to serve a larger area without loss of service. CN therefore decided that several centres could be consolidated at a single location, reducing CN's costs without any decrease in service. That has to be underlined. Service will not be decreased as alluded to by the Hon. Member.

The computerization of carload centres has improved the reliability and accessibility of information to customers. It is, of course, and I share the sentiment which the Hon. Member stated, regrettable that jobs are being lost, although in this case a very small number are involved. It should be stressed, however, that those positions involving direct contact with customers—the sales representatives—and the assistant superintendent will remain, as at present, at Charlottetown.

I would also like to remind the Hon. Member that CN has a full range of employee-assistance programs designed to minimize the adverse effects of such changes. As usual, pre-retirement, retraining and other provisions are available to these employees.

• (1810)

HEALTH—CANADIAN MEDICAL ASSOCIATION TASK FORCE—REQUEST THAT GOVERNMENT CO-OPERATE. (B) FUNDING FOR HEALTH CARE SYSTEM

Mr. Jim Hawkes (Calgary West): Mr. Speaker, my participation in this adjournment debate relates to a question I asked the Prime Minister (Mr. Trudeau) several days ago, as to whether or not the federal Government would co-operate with the Canadian Medical Association in the conduct of the task force which is dealing with the allocation of health care resources. The Prime Minister responded negatively. That led to my request to have a little more discussion about the issue this evening. My supplementary question was whether the federal Government, and the Prime Minister, specifically, would be discussing the issue of health care funding with the Premiers at the First Ministers' Conference. Again the answer was, no. There was certainly a lack of clarity in the answer to the second half of my question.

The issue of health care is an important one to the Opposition, and I am sure it is important to Government backbenchers. But I believe it is most important, Mr. Speaker, to Canadians in all walks of life and in all parts of the country. One of the reasons for the development of the medicare system historically is that it would break down access barriers to good health care. With the Government sort of dithering around and cutting revenue to Provinces, we have a developing crisis in the country in the sense that Canadians are being denied access to health care because they must go on waiting lists. If I needed heart surgery of some kind, Mr. Speaker, and I had to wait six months to get it because there were no hospital beds or doctors available, the odds on me dying prior to treatment would go up with every passing day. That situation is occurring in Canada today.

The Minister recently wrote a letter, asking that it be printed in the *Canadian Medical Journal*. In her letter she acknowledged freely that the Canada health Act will be controversial. She indicated that most major initiatives are controversial. I say to the Members opposite, Mr. Speaker, that controversy seems to be the order of the day. If you look back over the last 15 years of federal Government activity, you will see an accelerated sense of controversy. I ask myself whether many problems in the human sphere are really solved through controversy. They are resolved, but are they really solved?

I asked myself if there is not another model available rather than controversy, whether we might be better advised to more often use co-operation. I look at the issue of health care and I see 24 million Canadians who are potential users of the health care system. I look at two levels of Government, provincial and federal, which are both involved in the funding, although constitutionally it is clear that the delivery of health care is a provincial responsibility, and I am reminded of all the meetings I have held since I took on this responsibility on behalf of the Conservative Party with professional groups, physiotherapists, nurses, medical doctors and union groups, all concerned about the health care system. After a series of meetings like that, Mr. Speaker, one has to be convinced that the problem will not be resolved unless people of goodwill and knowledge sit down, co-operating together in a problem-solving modality.

The present Minister of National Health and Welfare (Miss Bégin) has told us on more than one occasion that one of the groups she is consulting with is the Provinces. I put a question on the Order Paper asking for specifics of when and where that consultation took place. The answer I received back was very polite, but if you cut through the politeness it really said, "It's none of your darn business." I was elected by the people of the Calgary West riding, and I have assumed the responsibility on behalf of the Conservative Caucus of the Official Opposition to deal with health care matters in this country. I asked a simple question of the Minister of National Health and Welfare, namely, which provincial Ministers did she meet with, and I received the answer that it is none of my business. The Canadian public apparently has no right to know when and where the Minister of National Health and Welfare is meeting with provincial officials.

• (1815)

I rose in the House and put to the Prime Minister that the Canadian Medical Association had put a task force in place to look at the allocation of health care resources because it felt the health care of Canadians was at risk. I asked if the Government and its officials would co-operate with that task force? The Prime Minister stood in the House and said no. I posed to the Prime Minister the issue of the lack of funding in the health care system, and asked whether he would consult with provincial Premiers on methods of providing more money for that system. The Prime Minister said, no. Whatever other anxiety there is among the 1.6 million unemployed, Mr. Speaker, there is an increasing incidence of stress-related illness at a time when our medical care sytem is in danger of falling apart because of a lack of funding and co-operation.

I simply say to the Government, quit confronting, be open, let us know what is going on, invite people to co-operate with you in problem solving, and the health care of Canadians will be better because of it.

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, my recollection of the Prime Minister's (Mr. Trudeau) answer to the Hon.

Member for Calgary West (Mr. Hawkes) was that he would take notice of the question because the Minister was not in the House that day.

The Canadian Medical Association has kept the federal and provincial Governments informed of the establishment of this task force. At the invitation of the CMA, a representative of the Department of National Health and Welfare attended two meetings of the task force. A representative of the Province of Nova Scotia also attended. They did not participate in the deliberations, but they were there as observers.

The terms of reference of the task force, have been made public. They are very broadly worded, but they emphasize concerns about the introduction of new procedures and technologies in the health care system, and the demographic changes such as the increased aging population. It is understood that the task force is still in the process of getting organized and oriented. It will be holding a press conference of its own in about two or three weeks, at which time it will presumably clarify how it will proceed and what it hopes to achieve.

There have been a number of important studies on the health care system in the recent past; the 1980 report by Mr. Justice Emmett Hall entitled "Canada's National Provincial Health Program for the 1980s", and also the 1981 report of the Parliamentary Task Force on Federal-Provincial Fiscal Arrangements, entitled "Fiscal Federalism in Canada". I trust that the members of the task force will want to review carefully these useful reports, as well as a number of other research studies that have been carried out.

The task force will undoubtedly request data and information from the federal and provincial Governments to assist in its work. The Department of National Health and Welfare is prepared to respond to such requests to the extent that information is available. The Department will watch with interest the progress of the task force, and I hope it will make a useful contribution to the health care system.

ENERGY—PRICE OF NATURAL GAS EXPORTED TO UNITED STATES. (B) LINKAGE TO PRICE OF OIL

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I want to raise some issues in relation to the question before us which will tend to focus the question on those issues we really should be discussing in the House at this time. The Minister's response would seem to indicate that the Government really does not have a sense of direction as far as a pricing policy for natural gas at the present time. As a result I think we have created enormous difficulties for ourselves.

The matter goes beyond that, Mr. Speaker. I think that at this time there are some very serious questions in this country about the national energy policy generally. Given the present situation of declining oil prices in the world market and the glut of natural gas, the Government obviously based its original national energy policy on false assumptions. Then in 1982 we had the national energy policy update which tried to address some of the problems the Government failed to anticipate. Given the kinds of answers the Minister is giving in the House now, and in the beginning of 1983, as well as the answers given by the Prime Minister and the Minister of Finance (Mr. Lalonde), we are more adrift than when the update was made. This lack of direction on the energy and financial questions demonstrates the fact that we have no effective national energy policy. What is required, given the changing circumstances and the false assumptions on which the first policy was developed, is an indication of policy parameters or guidelines for the vital decisions to be made on energy.

• (1820)

What is also required on the matter of pricing natural gas in Canada, as well as the export price, is that we also deal with Government revenues. The collapse of Government revenues in the energy sector must be causing severe headaches for the Minister of Finance. It is certainly causing headaches for the entire country. We are asked to deal with $89 billion in spending estimates, while at the same time we see a good portion of our revenues dissolving. Unfortunately, this does not give the House much confidence in the Government's energy policy, its gas-pricing policy or its economic policy. The Minister of Finance should give us an indication where we stand on the spending estimates and the revenues that were originally expected to come from the energy sector.

We need a national energy policy that relates to a much broader national industrial strategy and a much broader area of economic activity. In its national energy policy the Government seems to have identified our energy resources as a single target area for revenue, economic growth, and expansion. That was the basic mistake in the original national energy policy in 1980, the Government has attempted to hold on to that policy in the 1982 update. There are still serious questions today which have not been resolved. The Government is reacting to a crisis, without benchmarks. Decisions are being made in this House about which people are very seriously concerned. For example, as a result of the pricing policy for domestic natural gas the Government dropped $300 million in revenue. If we want to get the economy rolling again, and if the Government is going to live up to its commitment for the pricing of oil and gas, those lost revenues must be made up.

An even broader question is whether we are to continue to export natural gas to the United States. If we do, we better consider retaining the pricing arrangements previously made in that market.

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I will address the issue that was raised on January 26. The National Energy Board now estimates that we have marketable gas reserves of over 76 trillion cubit feet in conventional producing areas, and the country's remaining ultimate marketable gas potential is estimated at over three times currently established reserves. Therefore, as a Government, we are taking steps to provide Canadians with strong incentives to become gas consumers.

For example, the federal Government has funded more than 380 projects under the Distribution System Expansion Program, which helps distributors finance expansion of their pipeline networks. In the Natural Gas Laterals Program the federal Government is financing $500 million of pipeline expansion in the Province of Quebec. To complement this program we also introduced the $100 million Gas Marketing Assistance Program to minimize gas contracting risks for Quebec distributors.

• (1825)

To further encourage the use of natural gas and other alternative energy sources, the Canada Oil Substitution Program has provided close to 360,000 Canadian energy consumers with funds to convert off-oil. Of this number, more than 130,000 have chosen natural gas. This program helps the producer. It helps Canada achieve self-sufficiency. It also provides a stimulus to the economy.

The Government is keeping its commitment to maintain the wholesale price of gas in eastern Canada at about two-thirds of the price of oil. Just last month a major step was taken in honouring its pricing promise when the Government announced an 18-cent reduction in the natural gas and gas liquids tax. This reduction will keep gas prices in new eastern Canadian markets at approximately 65 per cent of crude oil. The tax reduction will also mean that although gas producers have benefited from the recent Alberta border price increase with an additional $235 million in increased cash flow, eastern consumers will feel only minimal effects of those rising costs and lower consumer prices will be realized in British Columbia and Alberta.

No one can argue that the federal Government has not put into place crucial measures conducive to the optimal utilization of our rich natural gas resources.

I can appreciate that there has been much concern over the Government's natural gas export policy. We certainly acknowledge that an increase in exports can have a very positive effect on our economy. New export volumes could provide close to $10 billion in revenue to the Canadian gas industry this decade, and they could generate close to $5 billion in investment in the construction of new facilities in the country.

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

At 6.27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, March 8, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed, from Thursday, March 3, 1983, consideration in Committee of Bill C-139, to amend the statute law relating to income tax (No. 2)—Mr. Lalonde—Mr. Corbin in the Chair.

On Clause 3—*Fair Market Value*

On Clause 16—*Professional Business*

The Assistant Deputy Chairman: Order. When the Chair rose to report progress on Bill C-139 last Thursday, the Hon. Member for Mississauga South moved an amendment, and upon the advice of Hon. Members the Chair took the amendment under advisement. The Chair is now in a position this morning to rule on the acceptability of that amendment, and the Chair finds that it is well within the scope of the Clause which the Hon. Member for Mississauga South seeks to amend.

Therefore, I shall now read the amendment for the consideration of the Committee:

That Bill C-139, an Act to amend the statute law relating to income tax (No. 2), be amended in Clause 3 by adding, immediately after line 33 at page 6, the following new sub-section:

"4.(1) For the purpose of sub-section 1, the cost of the property, that is, the work in progress at the end of the taxation year of a business, means those costs which are directly related to a specific work in progress of the professional but excludes (a) any cost associated with the time incurred by the professional or any other non-employed professional associated with him and (b) any costs associated with the general overhead of carrying on the business which is a profession."

Debate is upon the amendment.

Mr. Cosgrove: Mr. Chairman, I believe that upon the introduction of the amendment by the Hon. Member for Mississauga South I did have the opportunity of alerting the Chair that the amendment was unacceptable. It introduces an unnecessary complexity to what all Hon. Members would agree is a complex matter, and the amendment is not necessary because we believe that the provisions of the Act in the statement of the former Minister makes the objective behind the motion unnecessary. Finally, and probably more important, we believe that the amendment could restrict taxpayer flexibility. Therefore we are puzzled or somewhat perplexed by the move of the Hon. Member for Mississauga South.

For those reasons, Mr. Chairman, the Government cannot accept the amendment and would urge all Hon. Members, for the sake of keeping the Act less complex by not introducing unnecessary items, with the taxpayers' benefit in mind, that they not accept the amendment. We are prepared to illustrate the intentions of the Government in this matter forthwith.

Mr. Blenkarn: Mr. Chairman, the Minister has indicated to this Committee today the attitude of this Government with respect to complexity and fairness, and its attitude towards what it says and what it does. The Minister, on December 18, 1981, cited in this House rules with respect to determining the cost of work in progress by a professional, and we have codified that in the amendment presented to this House. It is clear to us at this point that what the Minister of Finance says, the Minister of Finance does not mean. What this Government says, this Government does not mean.

• (1110)

Sir, it is on that basis that the total perfidy of this Government is demonstrated daily to the people of Canada. We, however, are not going to spend a great deal of time today on Clause 3 and Clause 16. We think in the interests of moving Bill C-139 ahead that we would like to vote on the amendment and vote on Clause 3 and Clause 16. We see no particular point in delaying the passage of an income tax Bill. We think, though, it is absolutely necessary that the House fully consider each Clause of the Bill. The House had an ample opportunity last Thursday to consider Clause 3 and Clause 16 and we would have liked to bring those Clauses to a vote then. Unfortunately, because of the delaying tactics of the Government, we were not able to do that.

Speaking to the amendment, sir, and to the main motion—because I am going to suggest that the amendment be put and then the main motion on Clause 3 and Clause 16—may I say, further to the perfidy of the Minister, that he claimed that a professional would have the advantage of the small business tax rate and allowances. He knows that in this very Bill small business was gutted and destroyed. He knows that he put a 12.5 per cent distribution tax on the earnings of small business so that when they are distributed to the owner of the small business he is subject to even more tax than the earnings of ordinary wage earners. Indeed, the Minister made it impossible for small business to operate behind a corporation, and we will be dealing with that later. But to suggest that professionals are going to be treated the same as small business is to say that professionals are going to be hurt and hampered the

same as small business, and that there are no advantages in a small business.

Let us deal with Clause 16. We on this side suggested that the Minister at least include notaries in the exemptions in Clause 16. We have not seen an amendment from the Minister with respect to that. The Minister mentioned amendments to Section 125 of the Income Tax Act which deals with the incorporation of professional companies and a tax rate for those companies of 33 per cent. He knows that he cannot amend Section 125 of the Income Tax Act without a Ways and Means motion. However, He could amend Clause 16 without a Ways and Means motion because that would be a reduction of taxes. We have not seen that amendment from this Minister because, again, what this Government says is not what this Government does. It says one thing and it does the opposite.

Let us now put the questions on the amendment, and on Clause 3 and Clause 16 without further amendment.

The Assistant Deputy Chairman: Is the House ready for the question?

Some Hon. Members: Question.

• (1115)

Amendment (Mr. Blenkarn) negatived: Yeas: 13; Nays: 25.

Mr. Cosgrove: Mr. Chairman, I propose that we agree to the suggestion of the Hon. Member for Mississauga South and proceed to a vote on Clause 3.

The Assistant Deputy Chairman: Is it agreed?

Mr. Blenkarn: Mr. Chairman, the two Clauses were grouped; therefore, I suggest we vote on Clause 3 and Clause 16 at the same time.

The Assistant Deputy Chairman: Is it agreed?

Some Hon. Members: Agreed.

The Assistant Deputy Chairman: Shall Clause 3 and Clause 16 carry?

Mr. Riis: On division.

Clauses 3 and 16 agreed to on division.

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

Mr. Blenkarn: Dealing with Clause 4, Mr. Chairman—

Mr. Cosgrove: I rise on a point of order, Mr. Chairman. At the beginning of these proceedings in Committee of the Whole deliberations on Bill C-139, I indicated that there were a number of technical amendments, most of which were relieving in nature. Before the Hon. Member for Mississauga South rises to speak on Clause 4 which is before us, no doubt he would want me to provide Hon. Members with the technical amendments to the Clause.

There are two such technical amendments. I know that it is usual procedure to introduce one and to have it debated. I would suggest again that in order to assist Hon. Members opposite, the two technical amendments to Clause 4 should be introduced at this time so that Hon. Members would have an opportunity to look at them. I would propose, with the concurrence of Hon. Members opposite, that these amendments be introduced at this time and be dealt with as we deal with Clause 4, with a vote at the end of our deliberations.

Mr. Blenkarn: Would the Minister introduce at this time the amendments to Clause 4? Might we suggest to him that the reasonable way to proceed with technical amendments is to circulate them to the Opposition Parties and to those in his own Party who are interested prior to the debate, so that there will not be any delay in the debate while Members are looking them over.

I make that suggestion to the Minister in an effort by this Party to move this Bill forward as quickly as we can, yet at the same time making sure that there is ample time for discussion.

Mr. Cosgrove: I offered that and I asked for the consent—

Mr. Blenkarn: You did not.

Mr. Cosgrove: —of all Members opposite to accept the technical amendments which we have, as read and moved. Those were my opening comments in Committee deliberation on this Bill. If the Hon. Member is now indicating that he will consent to that—

Mr. Blenkarn: No.

Mr. Cosgrove: He is not consenting. What can I do? He asked me to introduce them but will not give consent to having them read. Without knowing how Hon. Members opposite intend to treat of amendments as they are introduced, I do not know if it would be in the interest of expediting the Bill that I should indicate the intention without getting agreement that they be received as read into the record.

• (1120)

Mr. Riis: Mr. Chairman, to make the point clear to the Minister, the original position he presented was to table the technical amendments to the entire Bill.

Mr. Blenkarn: He wanted to introduce them and move them.

Mr. Riis: Yes, he wanted to introduce them and move them. We felt that a more appropriate step would be to circulate the technical amendments—and we have no qualms about introducing them quickly—so that we would be familiar with them after looking at them and studying them prior to dealing with that Clause. Then we could move them with haste. As the Hon. Member for Mississauga South stated, we are interested in getting this Bill through as quickly as possible.

Mr. Cosgrove: Then give us consent.

Mr. Riis: We are interested in getting to some of the more controversial clauses as quickly as possible. Rather than spend needless time in this kind of fruitless discussion, it seems to me that a way to facilitate it would be for the Minister to circulate his technical amendments to all Members present. This would enable us to study them so that the minute we come to that particular Clause we could move their introduction and deal with them very effectively.

In the spirit of co-operation and in the spirit of moving this legislation through as quickly as possible, would the Minister consent to circulating all technical amendments so that Hon. Members opposite and Members of his own back bench will have a chance to study them? Then we could deal with them, Clause by Clause, as we come to them in the deliberations.

Mr. Cosgrove: Obviously, Mr. Chairman, we are no further ahead than we were in my first offer to have the amendments accepted as moved. Therefore, I have no option but to move the two amendments to Clause 4, and I would like to move them in order. It is moved by myself and seconded by the Parliamentary Secretary to the Minister of Finance:

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

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

Second, it is moved by myself and seconded by the Parliamentary Secretary:

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

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

The Assistant Deputy Chairman: Order. So that the Committee may proceed in an orderly fashion, the Chair will put the first amendment moved by the Minister to the House.

Mr. Lambert: When we get to it.

The Assistant Deputy Chairman: When we get to it. Therefore, the debate is now on Clause 4.

Mr. Blenkarn: Mr. Chairman, with the permission of the Minister, may I suggest that we deal with some matters that can be cleaned up relatively quickly. From our side's point of view with respect to Clause 4, we are prepared to let pass Subclause 4(1).

The Assistant Deputy Chairman: Order, please. I apologize to the Hon. Member for Mississauga South, but the Chair should read the amendment moved by the Hon. Minister, put it to the Committee at this time, so that debate can proceed in an orderly fashion. Is the Hon. Member for Edmonton West rising on a point of order?

Mr. Lambert: Mr. Chairman, I find that the Minister's idea of procedure in Committee of the Whole varies a great deal from the practice of the House.

Mr. Cosgrove: No.

Mr. Lambert: All right, he knows better. May I suggest that we take Clause 4(1), 4(2) and 4(3), and if there is to be an amendment to Subclause (4), then the Minister propose his amendment. But to slide in three or four amendments and have the Minister of State for Finance put them is not acceptable to us until time for debate. Therefore, why put them? The Chair finds itself out of order.

• (1125)

With the greatest of respect, my suggestion, is a lot easier. I think the Minister of State for Finance could find another Minister to propose the amendments—I see he has one now—because the practice here is not for a Minister and his Parliamentary Secretary to propose amendments, but another Minister. Let us get that squared away, too.

Mr. Cosgrove: Mr. Chairman, one Member from the Opposition rose and asked that I produce the material so Hon. Members could have it to look at in advance while debating the Clause. I offered it to Members to look at while debating Subclause (1), Subclause (2) and Subclause (3) before getting to Subclause (4) and (12). That is exactly what is asked for. Now another Hon. Member has risen and said "Don't do that."

Mr. Lambert: Mr. Chairman, the Minister is insisting on moving. I do not think he has the right to move the amendment since he is piloting the Bill. He has to hold the amendments until it is reached. My colleague from Mississauga South said distribute them. Distribution of amendments has been done here since time immemorial. No matter whether you are in a standing committee or in Committee of the Whole, you put out the amendments and, therefore, have a chance beforehand to look at them. The Minister shakes his head. I will bow to his superior wisdom of membership in this House of two or three years.

The Assistant Deputy Chairman: Order, please. First, I would like to thank Hon. Members for their comments. There would be two ways to proceed but I sense following Members' comments that it would be wise to proceed with debate on Clause 4. When the question is put on the individual Clauses or Subclauses, at that point we could properly put to the House the motions to amend and dispose of them at that time. Unless Hon. Members wish to go immediately to those Clauses, I will recognize the Hon. Member for Mississauga South on Clause 4.

Mr. Blenkarn: Mr. Chairman, I would like to expedite things here. From this Party's point of view, we are prepared to pass Clause 4(1), (2), (3), (4) and (5) without debate.

Mr. Cosgrove: Mr. Chairman, am I to assume that includes Subclause (4) and amended, or is it Subclause (8) which is the first amendment?

Mr. Blenkarn: Mr. Chairman, if the Minister would follow me, I said we would pass without debate Clause 4(1), (2), (3), (4) and (5).

Mr. Cosgrove: We are in agreement.

Mr. Blenkarn: His amendments deal with Clause 4(8) and Clause 4(12). If the Government is in agreement with that, would the Government also be prepared to group the balance of Clause 4 together with all of Clause 5, together with Clause 21(11) and Clause 54(3), in one debating period?

Mr. Fisher: Mr. Chairman, could the Hon. Member give us the numbers again?

Mr. Blenkarn: Mr. Chairman, the balance of Clause 4, which would be Subclause (6) onward, all of Clause 5, Subclause (11) of Clause 22 and Subclause (3) of Clause 54. I say that because those particular Clauses deal with annuities and insurance. They also deal with the whole hideous concept of accrual of interest not yet paid and treating it as income in the hands of individuals and corporations. Be that as it may, the same principles essentially apply in those Clauses. I suggest that we proceed in that fashion.

• (1130)

Mr. Cosgrove: Mr. Chairman, indeed there is logic in the proposal suggested by the Hon. Member for Mississauga South. We believe that there is a relationship between the Clauses that he has touched upon.

There are two difficulties. The first one is with respect to the question of technical amendments. We have indicated that we have amendments to Clause 4 which I have already alerted Hon. Members to. In addition, we have amendments to Clause 5 and Clause 54. I submit that logically we should place those amendments before Hon. Members to assist them in debate.

Second, I would be interested in the Hon. Member's comments as to how we should finally dispose of the items. Is the Hon. Member proposing that when the House votes on Clause 4, the results of that vote on Clause 4 with the Subsections that have been accepted would also apply to Clauses 5, 21 and 54 as amended?

Mr. Blenkarn: Mr. Chairman, the answer to the latter question is yes. We would say that there would be one vote on the balance of Clause 4, all of Clause 5, Clause 21(11) and Clause 54(3). We would be prepared to accept, and treat as read and moved, the amendments to Clause 54, Clause 4(8) and Clause 4(12), although they are obviously subject to debate.

We suggest that the debate range through each of these specific provisions as we proceed, because they are all interrelated. The defeat of one Subclause would throw the whole matter out. We should deal with them all together because, if not, it would be a hideous package.

Mr. Riis: Mr. Chairman, I certainly agree to proceed in that fashion. In an effort to move through this Bill as quickly as possible, am I correct that the Minister indicated that he has an amendment to Clause 54 that he wants to present as well which is of a technical nature?

Mr. Cosgrove: Clause 5 as well, Mr. Chairman. The Hon. Member for Mississauga South did not touch upon the amendment to Clause 5.

Mr. Riis: I am very encouraged by the way we seem to be able to begin grouping Clauses in an effort to move this through. I want to remind the Minister that we would be facilitated in our efforts to group the various Clauses and Subclauses if we had his list of proposed amendments. We would then have an idea of where those amendments are. I would ask the Minister, in an effort to expedite these proceedings, if he would circulate all of these so-called technical amendments that he will be introducing so we may peruse them.

Mr. Cosgrove: Mr. Chairman, when I first rose in the House on deliberation of the Bill, I offered to do that for the very reasons that are apparent today. The Hon. Member for Mississauga South said no. He said that they would not agree to have them treated as moved. The Hon. Member has now offered to treat all of the amendments to Clause 4, Clause 5 and Clause 54(3) as moved. What difficulty do Hon. Members opposite have in treating all of the technical amendments in the same way? I can produce them.

Mr. Hawkes: Mr. Chairman, I would indicate to the Minister that backbenchers spend a lot of time in committee. It is common practice in committee for the Government to circulate proposed amendments without moving them. Occasionally, an Opposition or Government backbencher suggest improvements to Government amendments that can be improved. Those improvements can actually be made before the amendment is moved. That facilitates the process. It facilitates the argument and the movement of a Bill through the House and committee.

Circulation of amendments is very different from moving them. Once an amendment is moved, it must be disposed of. When it is circulated, it can be reviewed and suggestions can be made. It can be changed before it is moved.

Surely that is the way to facilitate the procedure. It is common practice in every committee of the House. This is the first time I have ever seen a Minister being obstinate about circulating proposed amendments before they were moved. I do not understand why he is doing it and why he wants to delay the Bill.

Mr. Cosgrove: Mr. Chairman, in order to assist the Hon. Member for Mississauga South, I would bring to his attention that officials have indicated to me that there are three additional Clauses that deal with life insurance or annuities. They are Clause 22, Clause 102 and Clause 26(4). As we begin discussion, perhaps he could consider whether he wishes those to be included as well.

In response to the Hon. Member for Calgary West, I am indeed attempting to follow the practices and precedents of the House. The procedure that was followed on the last occasion when major changes of this ilk were brought to the House was that the amendments were put, accepted as introduced, read

and moved. They were then distributed. That is not my experience because I was not in the House in 1971, although perhaps the Hon. Member was. That is the advice I have from my officials and that is what I was trying to do. I was attempting to observe the practice and precedent of the House.

Mr. Lambert: It is my recollection that it was handled in the same way that my colleague from Mississauga South is attempting to do it now. The point is that until an amendment is reached, it is not moved. I am sure the Minister will agree that we have proceeded with amendments in recent years in that way. The Bank Act is an example. Both the Opposition and the Government can show the proposed amendments. Discussions then take place through the usual channels. Suggestions can be made for improving amendments. But there is no formal moving. I do not know why the Minister insists upon that. What he has just disclosed to my colleague does not help at all. We would like to see them and this can simply be done by circulating them. At the appropriate time the amendments are moved.

Mr. Cosgrove: Mr. Chairman, the Hon. Member is renowned for his memory. It is my brief experience in the House that Hon. Members look to senior Members of the House for their experience and comments on former practice. Perhaps the Hon. Member could assist me by producing a record of the approach that was taken when this type of amendment to the Income Tax Act was last before the House.

My information on the record of the proceedings of the House, which is what I am acting upon, is that the tax reform Bill, C-259 in 1971, was dealt with in the way that I proposed at the outset. That is, the Government's intention is obviously not known until the Government takes the step to move the amendment. Otherwise, they are not amendments; they are ideas or thoughts. We could be back to where we started three years ago in terms of looking at amendments to the Bill.

Our proposal is to give them the validity of the intention of the Government. We would move them and, as was the case in 1971, unanimous consent is given that they be accepted as the intention of the Government by way of amendments. Hon. Members opposite will look at them and if they have suggestions to make in the Committee of the Whole, we would be more than pleased to consider them.

Mr. Blenkarn: Mr. Chairman, briefly reviewing the Minister's suggestion about adding further groups, we would have some difficulty with Clause 22. However, we certainly could add Clause 102 to the grouping. If the Minister will leave us some time to determine the exact relationship, we may well be able to accommodate him by adding a Subclause of Clause 22 and the Subclause of Clause 26. However, we would like to consider that for a moment.

• (1140)

In any event, if we could deal with the balance of Clause 4, all of Clause 5, all of Clause 102, Subclause 21(11) and Subclause 54(3), that would be satisfactory at this point. However, as I said, we would reserve the right to co-operate with the Minister even further by adding further Subclause as might be appropriate after we have an opportunity to consider the matter in more detail. Is that satisfactory to the Minister?

The Assistant Deputy Chairman: Order. The Chair has attentively listened to comments of Hon. Members. The Chair must be concerned with the orderly procedure of the work of the committee. It may be one thing for Hon. Members to agree to circulate among themselves amendments before they are formally put to the House, but it is another matter for the Chair to be considerate of Hon. Members' rights in putting those motions to move amendments in their proper order as debate takes place on each of the Clauses. There is some incipient difficulty involved in the way in which Hon. Members seem to want to agree to proceed. The Chair should remind Hon. Members that it may be one thing to agree to debate the subject matter coming under a number of various Clauses, but it is quite another matter to dispose of them.

The Chair should remind Hon. Members, for example, that if we were to group together Clause 21 and Clause 54 for debate and then for disposal, it would not be possible at a further stage of debate to come back and reopen those Clauses unless there was unanimous consent. That may be a difficulty of which the Chair should warn Hon. Members.

Mr. Riis: Mr. Chairman, in conversation with the Hon. Member for Mississauga South, we have determined that there should be one short change to our recommendation. We should be dealing with Subclause 21(11) instead of Subclause 22(11).

Mr. Blenkarn: That is right.

Mr. Riis: I just make that comment for clarification.

Mr. Fisher: Yes, I wondered about that.

The Assistant Deputy Chairman: Let us understand each other. We are grouping these various proposals for debate, but the Chair will place them before the House for their disposal as we reach consideration of the individual Clauses. That is the Chair's understanding of the procedure by which we will be guided over the course of the next few hours. Is that agreed?

Some Hon. Members: Agreed.

The Assistant Deputy Chairman: It was agreed earlier that we follow the suggestion of the Hon. Member for Mississauga South and deal next with Clause 4(6).

Mr. Blenkarn: Clause 4(6), yes.

The Assistant Deputy Chairman: First of all—

Mr. Blenkarn: Well, Clause 4.

The Assistant Deputy Chairman: —let me put before the House the following question for its consideration: Shall Subclause 4(1) carry?

Some Hon. Members: Agreed.

The Assistant Deputy Chairman: Shall Subclause 4(2) carry?

Some Hon. Members: Agreed.

The Assistant Deputy Chairman: Shall Subclause 4(3) carry?

Some Hon. Members: Agreed.

The Assistant Deputy Chairman: Shall Subclause 4(4) carry?

Some Hon. Members: Agreed.

The Assistant Deputy Chairman: Shall Subclause 4(5) carry?

Some Hon. Members: Agreed.

The Assistant Deputy Chairman: We will now hear debate on Subclause 4(6).

Mr. Hawkes: Mr. Chairman, we have grouped together a number of amendments to the tax Bill. One of the major consequences if this particular group is accepted is that it will become more difficult from many Canadians to prepare for their own retirement. In other words, it is an attempt through the tax system to remove the flexibility of individual Canadians in preparing for their retirement. Future generations of taxpayers will have to assume an obligation to assist people in retirement, because the tax legislation under discussion today would make it more difficult for them to prepare for their own future.

First, could the Minister tell us why the Government believes we should penalize Canadians who want to prepare for their own retirement? Why is the Government moving in that direction when it is already known that retirement problems are likely to be more horrendous in an economic sense down the road?

Mr. Fisher: Mr. Chairman, I congratulate the Hon. Member. He has hit on a core question here, one which will undoubtedly be discussed at length. In September we heard the very useful comments of the Hon. Member for Edmonton West and the Hon. Member for Ottawa Centre in the Finance Committee concerning these precise issues.

The Hon. Member is really asking us about the whole question of deferral of taxation, of using accrual rules to measure income and thereby to measure tax liability. I suggest to him, as a general answer in reply to his general question, that from our point of view accrual is the fairest way of measuring income and, thereby, of measuring tax liability.

If we were to allow open-ended deferrals, then people would end up taking advantage of those open-ended deferrals ad infinitum and defer their tax forever instead of paying it at some self-determined date. I suggest that the Hon. Member has entered into a very ripe area of debate and that, if he wants to deal with this question, he would find that transcripts of the discussion of the Hon. Member for Edmonton West and the Hon. Member for Ottawa Centre at the committee hearings in September would be very useful guides to him.

Mr. Smith: Enlightening.

Mr. Hawkes: Sometimes Governments do things without recognizing the consequences to all sectors of society.

Mr. Smith: Not us! Heaven forbid!

Mr. Hawkes: I would like to begin by raising the issue involving charitable foundations. One of the time-honoured methods whereby individual Canadians may contribute to charities is through the purchase of some type of life insurance policy which would come due at some date in the future. The benefits of such a policy then go to a charitable foundation. A Canadian may designate a charity as the beneficiary of a policy and contribute to the policy for 20 or 30 years, let us say, with the view in mind that at the end of that time the charity will benefit. However, if this legislation passes, then every three years throughout that 30-year period, or ten times, the charity will receive a tax bill. The charity will be poorer.

Mr. Lambert: Not the charity.

Mr. Hawkes: If the charity is the named beneficiary, will the charity have to pay a tax bill at any time?

Mr. Cosgrove: Mr. Chairman, the implication in the question of the Hon. Member for Calgary West is that all forms of life insurance policies will be subject to the three-year accounting for income purposes. While that was a proposal in the section that was first introduced in the budget of November, 1981, there were subsequent amendments in June. As well, there were extensive consultations between the representatives of the life insurance industry, the Canadian Health and Life Insurance Association, and the Association of Life Underwriters, not to mention, as I am reminded, Members on both sides of the House, on the implications of the changes. The result of that was by way of an amendment to the definition of an exempt policy, which takes the policy totally outside of the rule that calls for the three-year accounting. I am led to believe by members of the life insurance industry that 90 to 95 per cent of all life policies sold henceforth would be exempt.

• (1150)

The answer to the question regarding a charitable organization or any Canadian looking for two things, protection and whatever investment opportunities they see in the life insurance policy—and that is for the individual purchaser to determine—is that the option would be to purchase a vehicle that is exempt and outside the rule that requires the three-year accounting. The rule and definition for such a policy is that it is a policy paid over a 20-year payment period. The answer is to look to the insurance representatives to find an insurance vehicle that is not subject to the provision, that is designed to look at long-term tax deferral.

I might indicate that it was after months of discussion with Hon. Members on both sides of the House and representatives

of the industry that this kind of approach was worked out, recognizing that the insurance industry for years has had a preferred place in terms of offering protection to Canadians. In addition to that, of course, it offers to some Canadians financial protection or investment.

The decision by the Minister to amend so as to provide this exempt class, as I say, is in the Bill before us or in the amendments which we will move, Mr. Chairman, when you tell us we should move them. I would like to buttress my observations by assuring the Hon. Member that I have, for example, the concurrence of the Chairman of the Canadian Health and Life Insurance Association as to its final accommodation between the Government and the industry, as represented both by CHLIA and LUAC. I am referring to a communication dated February 14, 1983 from the Canadian Health and Life Insurance Association, Mr. Ian D. Mair. He says in part: "As a result of these amendments and others dealing with the health insurance capital dividend account that have been agreed to by your officials and the association, our concerns with Bill C-139 have been resolved. We share the view that the consultative process that has taken place over the past year has been very useful and we have no doubt that there will continue to be close co-operation with your officials in discussions on the draft regulations dealing with the taxation of life insurance policies."

The representatives of the Canadian Health and Life Insurance Association are in agreement with the amendment. Looking at the specific case raised by the Hon. Member for Calgary West, the Chairman and Chief Executive officer of the Life Underwriters' Association of Canada similarly says in a letter dated February 10, 1983: "Thank you for your letter of February 10 in which you state your intention to present to Parliament a number of technical amendments related to the taxation of life insurance policies acquired before December 2, 1982. These amendments to Bill C-139 further clarify the grandfathering, the so-called anti-abuse rule, for existing life insurance policies. They represent the combined effort of your officials and representatives of CHLIA and LUAC and our association is very satisfied with the amendments agreed upon. We also agreed with your officials on amendments to the draft regulation. These amendments will complement the above amendments. We are satisfied with the progress made and only some drafting by your officials remains to be finalized."

The short answer is that pre-1982 policies are not involved. They are not affected. There is a large exemption now by way of amendment to exclude, I am told, 95 per cent of business done by life insurance companies. The option to a person who is concerned about the three-year accrual basis is to inquire which policies permit the exemption category and thus do not attract the rule that calls for an accounting on a three-year basis of interest accumulation and life policies.

Mr. Hawkes: Mr. Chairman, will the Minister read into the record a letter he has from any charitable group that is happy with this?

Mr. Cosgrove: Mr. Chairman, I do not have any specific letter. There were submissions. There was discussion with the charitable organizations. If their choice is simply as I indicated, that they can buy policy A or policy B, and policy A makes them exempt while policy B gives them a problem, what problem do they have? They can make the choice to opt for the policy that exempts them from the implications of the rule. I would say that any life insurance agent in Canada would be able to assist any charitable organization in that identification.

Mr. Hawkes: Mr. Chairman, the basic pattern evolving for charities was ten-year, single premium and right to borrow against it. Are they excluded or do they have to change their whole method of funding?

Mr. Cosgrove: Mr. Chairman, we would have to know whether the Hon. Member is referring to examples of existing policies or whether he is addressing the situation where the charitable organization is looking to make an investment, committing funds to the purchase of a policy for the future. As I have indicated, the rule for exemption is 20-pay life. I am told by the industry that that covers 95 per cent of their anticipated business for the future. Therefore, the charitable organization would look to the acquisition of that kind of policy so as to take advantage of the exemption.

Mr. Hawkes: Mr. Chairman, I think we finally have it on the table. What the Minister is telling the charities of this country and people who want to contribute to them is that they should change their pattern. A 10-year pattern is not acceptable, a 20-year pattern might be. We have heard a lot about the satisfaction of the life insurance industry. But the issue here is the patterns which charities and charitable foundations in this country were evolving, developing and working hard on, patterns in which they invested considerable time and dollars, and this tax Bill will hurt them. I commend to the Minister a conversation with some charitable foundations to find out if what I say is correct or not.

• (1200)

I believe we have identified the problem with the charities, so I would like to move to the issue of matrimonial law, which is under provincial jurisdiction and is changing rapidly across the country. The Minister will know that today a report was released from Statistics Canada which indicates that the probability of a marriage ending in divorce has gone up to 40 per cent in a very brief period of time. It was 30 per cent. Matrimonial law requires the splitting of assets in more and more jurisdictions and has been interpreted that way by the courts. These Clauses are dealing with investments for retirement, and I would like to ask whether or not the Government has considered the tax implications in the court system, what the courts may order taxpayers to do with respect to splitting these assets? If the court could so order those assets split, are those two people going to have a tax liability which they neither anticipated nor need at that particular juncture in their lives? What are the courts going to decide taxpayers must do with these kinds of assets? Then, what is the tax collector

going to do? Is he going to take money away from those two people?

Mr. Cosgrove: Mr. Chairman, the Hon. Member prefaced his question by saying he realized that this was a matter of provincial jurisdiction, that is, the issue of settlement of property rights. The law itself, the legislative authority, is, first of all, a matter of provincial jurisdiction and, as we know, that law varies. The legislation itself pertaining to the respective rights of spouses varies from one Province to another right across this country.

Second, the court, the Bench which rules and interprets the law, is under provincial jurisdiction. Therefore, this House does not have any authority over what the law will be nor, indeed, can we try to guess in advance how a court in any particular Province would interpret the legislation of the various Provinces. Without having a specific Section, Clause or case before us, it would be very difficult to guess what a court would do. And I do not believe that the proceedings of this Committee, or of this House, would really be advanced in that exercise. I do not believe we can try to guess what any court, whether it is a court which is interpreting implications of tax legislation inter-spouse for company purposes, for personal purposes, for relationships, or any kind of relationship. It is not useful for us to try to hypothesize what court rulings will be.

Mr. Hawkes: I do not believe it is a particularly complex question, Mr. Chairman. Let us assume that one spouse in a marriage has a whole-life policy which has accumulated quite a bit in an assets sense. The court orders them dividend into two policies. At that moment in time, when that occurs, are those two people liable for tax which they would not be liable for if the plan had been allowed to continue over the 20 years?

Mr. Cosgrove: Mr. Chairman, if the policy was purchased pre-1982, and I assume so from the question, it is not affected by the law. If the policy is an exempt policy, it is not affected by the accumulation. So it is very difficult, without putting some specifics on it, to guess what a judge would do, or what kind of situation he would be presented with. However, again we are told by the life insurance industry that the majority of policies are presently exempt and will be exempt in the future, so that in the majority of cases the question would not even arise.

Mr. Darling: Mr. Chairman, I would like to make a few comments and direct a question to the Minister. I suppose I should at this point declare a conflict of interest, as I have had a life insurance contract to sell life insurance since 1938. Therefore, I am reasonably interested in Bill C-139 and, of course, the many ramifications with respect to life insurance.

I was interested to hear the Minister read letters from the heads of the life insurance industry and also from the Life Insurance Association. I have been in touch with, and received letters from, these people, naturally not recently, but I presume the letters will start coming in now that this Bill is back in the House.

I believe the predecessor of the present Minister of Finance, when I questioned him in the House, stated that the problems had been solved. As a result of that I immediately wrote to the President of one of the major life insurance companies and asked him if, indeed, the problems were solved. His answer came back to me in words to this effect: "Mr. Darling, if you had been condemned to be executed and then had a reprieve and were told that you were not to be executed but you would have one arm and one leg cut off, you would certainly consider that a very good alternative." That is one thing which I would like the Minister to comment on.

There is another matter which I would like the Minister to comment on. This insurance clause, Clause 5, affects, I suppose, Mr. Chairman, a minimal number of people. I believe only 13 million people approximately are policyholders who are vitally interested in this Clause. I know that many Hon. Members on both sides of the House have received letters from life insurance agents in their ridings raising this question and are presumably very worried about it. I am wondering if the Minister could come up with some reasonable figure with respect to the question raised recently in the House as to how much money is going to be received from this.

I am aware that the present Government is so hard up for money it would probably "skin a louse for its tallow", and they are going to use every angle possible. I believe it was on the work in progress issue that one of the Members asked the Minister how much money the Government was going to derive from that, and, of course, the officials there went through the books and came up with a figure of, I believe, $20 million on one angle and $20 million on another angle. That is $40 million. I am curious whether the Minister's officials would go through their books and tell us how much the Government expects to take out of the life insurance policyholders across Canada by even considering taxing life insurance.

The present Minister of Energy, Mines and Resources, when he was the Minister of Finance, brought in this very same measure and all hell broke loose. I suppose it was bombarded from every angle. As a result, in his wisdom the Minister withdrew it. The Hon. Member for St. John's West, when he was Minister of Finance, brought in a budget which did not please the Canadian people, although I am sure they would now be delighted to welcome it with open arms.

Mr. Cullen: We will see.

Mr. Darling: You bet your life you will see. Of course, when the present Secretary of State for External Affairs brought in his budget, his high-priced help again sneaked this measure in and he got it through. We know, of course, what happened there. That was back in November, 1981. There then was a sort of a changing or relaxing on June 28, 1982. The present Minister of Finance then made revisions in his so-called statement or budget of October, 1982.

I am wondering how much the Government is going to get out of this and how is it going to police it with the millions of

policies across the country which have cash values attached. The policyholders themselves do not even know what the cash value of their policies is. How much does the Government feel it is going to get out of this, compared with all the hassle and problems, the lost votes and probably a good many lost seats in the next election? I believe the Government would be well advised to withdraw this provision.

• (1210)

Mr. Cosgrove: Mr. Chairman, I thank the Hon. Member for disclosing his professional expertise. I do not consider it a conflict of interest in dealing with this issue. After all, presumably all Members have the confidence of their electors to assume responsibility as a Member of the House because they have expertise in some area or the other. The Hon. Member is not alone, of course, in his expertise in dealing with life insurance. The Hon. Member for Thunder Bay-Nipigon, for example, is a man who has somewhat the same background and is able to draw on his practical experience and make representations to the Department and the Government. Obviously the Government was assisted by Members who, although they may not be licensed agents, represent those areas and constituencies that we all recognize contain the home office of many life insurance companies. I am thinking, for example, of the Members from Kitchener or London East and London West who have the advantage of getting first-hand reaction to the budget proposals and who made representations to the Government. All these Members did what we expect from Hon. Members, and that is to bring their own particular background to bear on Government proposals and make recommendations for improvement or change. Secondly, they acted as good Members in their constituencies and acted to bring the representations of their constituents to the Government in considering the implication of this legislation in so far as it affects life insurance policies and annuities.

I did not have the advantage, Mr. Chairman, of listening to the conversation between the Hon. Member and the president or executive officer of the life insurance company referred to by the Hon. Member, but I really cannot do any more than introduce to the House the letter written to me by the President of the Canadian Life Underwriters or the Canadian Health and Life Insurance Association representatives who have made submissions. We did have a great amount of dialogue. There was a discussion between Members of Government and industry representatives. I think all Members received representations from their constituents.

The Government recognized the special role that the life insurance industry plays in the bigger scheme of things, and it recognizes that Canadians look after their own responsibilities by the purchase of life protection. This provision deals not only with life insurance policies but with annuities, and you have to bear that in mind. The Hon. Member for Mississauga South asked that we combine these because there is a philosophy that runs through the whole piece. We have to keep in mind that a number of these financial instruments serve different purposes. However, in recognition of the social value of the life insurance policies providing protection to the individual, paid for out of his own pocket without relying on Government, we moved to the definition of an exempt policy, the 20-pay life which we are told by the industry in effect exempts the vast majority of policies that will be sold in the future.

In recognition of some of the further difficulties and other submissions that were made, we went a step further. For example, even in those cases of life insurance beyond the exempt definition—in regonition, for example, of the fact that Canadians look to life insurance policies for loans at a time of financial difficulty—we said that withdrawals through loans will be exempt. All policies prior to 1982 are exempt to begin with, but for Canadians bying a non-exempt policy in the future and who look to that policy for cash purposes in times of financial difficulty, we said we will further extend the exemption in those cases.

Moreover, we all recognize that a disabled person, or someone who becomes disabled through an accident and looks to the accumulated cash available to them, should be able to call on the cash value of those policies without the imposition of the three-year accrual on income build-up. They would be able to annuitize immediately without attracting tax which would otherwise apply.

To recap, we think we have dealt fairly with the industry and policyholders generally by not touching policies purchased prior to 1982. Many letters which I received, and I am sure which many other Members have received, were from people who had purchased policies prior to 1982 and who thought that they would have to account on the three-year accrual basis, but it does not apply. Prior to 1982, whatever the kind of policy the new changes do not apply.

In addition, I am told that the companies were moving towards the marketing of policies which by and large fall into the exempt category in any event, so the vast majority of the business of the life insurance companies will not be affected. For the 10 per cent or so of policies which are affected by the three-year accrual analysis and imposition of tax, we have exempted anyone looking to cash surrender value because of a financial crisis; and anyone who becomes disabled and for that reason has to fall upon the cash value of the policies is also exempt.

Finally, the question of annuities was the most difficult issue because we found that the purchase of annuities was becoming a tax haven.

Mr. Blenkarn: That is absolute nonsense.

Mr. Cosgrove: It was becoming a tax haven for those Canadians who have the ability to employ professionals to give them financial advice on how to defer income over a longer term. It was quickly seen that if we projected the value of the haven for the purchase of annuities and the use of deferred annuities as a way of avoiding or deferring tax over the long haul, our analysis was that over two years it was worth a recapture of approximately $75 million by the Government to assist it in meeting its obligations.

Mr. Darling: Mr. Chairman, the figure the Minister has come up with is $75 million. That is the difficulty. There is one

other thing that I want to emphasize—and I must say that I agree with the Minister on this—and that is that no policies that have been in effect prior to December 2, 1982 will be affected.

• (1220)

I have sold a lot of insurance over the years. The Minister mentioned 20-pay life, which was suitable for a small family. A great majority of people bought straight or whole life insurance—"pay till you die". In that case, even after a number of years the cash value will never equal the amount of premiums paid in. I own policies which are probably 30 or 35 years old and are worth a few thousand dollars, but I have paid more than that into them. I know that they are home free anyway.

People are approaching life insurance differently these days, Mr. Chairman. I wonder why the Minister's officials have been using the rubber hose on him and on his predecessors to get them to include this life insurance provision in the Bill. There will be little or nothing invested in new policies because the people who are buying insurance today are buying term insurance for protection. Anyone is an idiot to buy a life insurance policy for an investment—and I represent a life insurance company—with the great deals that are around today, even with lower interest rates. No one is going to pay $48 or $49 per year for 20 years for a $1,000 endowment, as they used to do for investment or for education or whatever. People who want pensions are saving for their old age with annuities. As Members of Parliament we get a real break, much more than anyone else, even with the annuities that the Minister says are tax dodges—or words to that effect.

I am trying to get down to brass tacks, Mr. Chairman. I suppose the Minister's officials will not concede that this provision is not going to be worth the money that will be spent trying to enforce it. There are certain laws which the Government in its stupidity, brings in and then, in its wisdom, realizes it cannot enforce. The Minister of Communications finally threw up his hands on the problem of dishes for TV reception. Regulations could not be enforced.

The Minister is not dealing with individual policy-holders who have $1,000 or $5,000 insurance policies, but with millions across the country. It might be possible to check a multimillionaire but he would not have insurance policies that the Government could get its claws on even if they were taken out after December, 1982. The multimillionaire would be buying protection insurance or investing in real estate and other things that give a better return on investment and can be easily liquidated.

I wonder why the Minister wants to continue with this. I have a couple of hundred letters from policyholders and about 50 letters from insurance agents whose livelihood depends upon this activity. Of course, they are screaming blue murder, and the Minister has softened things a little in order that they may continue in business.

I should like the experts to tell us what percentage of policies will be subject to tax from December, 1982 onwards. How much money will they produce and when is the Government going to get it? The policies did not go into effect on December 2, 1982. It will be 10 years before they have any cash value. Even policies that will have a reasonably high return will not have it in the early years. They will certainly not wipe out the deficit. I do not know how many years will go by before they produce five cents.

The Assistant Deputy Chairman: Order, please. The Hon. Member's time has expired.

Mr. Lambert: Mr. Chairman, I should like to say that as a matter of principle I wonder why the Government introduced this particular motion. We all know that in the normal course of events a great deal of life insurance was bought with cash-paid dollars, or savings. To that extent only, the earnings of the policy could be taxed. In the case mentioned by the Hon. Member for Calgary West, there was no deferral of tax unless the entire premium was claimed as a donation to a charity, and then there was only a partial allowance.

The Minister has been at pains to show, in derogation of the November 12 budget, that in December of that year the Minister of Finance made a switch because the original budget proposal covered all insurance. All existing insurance was going to be subject to the three-year accrual rule. Policyholders would pay tax on money they would never see. That is unjust.

Then there was a change that grandfathered all present policies. There were further changes as well. The Parliamentary Secretary will know that last August and September, when representatives of the insurance industry appeared before a subcommittee of the Finance Committee which was hearing representations on the then Ways and Means motions, they were most exercised and protested vigorously.

Now the Minister is proud to read into the record letters from the Life Insurance Association and the Life Underwriters association stating that the problems have been resolved. Perhaps I could agree with the Hon. Member for Parry Sound-Muskoka that the industry was prepared to lose half an arm. The industry will not lose, of course, but policyholders will because it is they who will be taxed, not the industry.

If 95 per cent of business that is to be written in the future is going to be in the exempt categories, what is the purpose of this exercise? Will that 5 per cent yield $74 million? That is utter tripe. There is not that much life insurance written yearly. Will 5 per cent written since December, 1982 produce taxable revenue? And not only taxable revenue, but revenue? I cannot see that an individual buying an annuity, even on a 20-year or whatever is a non-exempt basis at the present time, is going to be eligible for a deferral of tax.

• (1230)

If I make payments into an annuity plan, I make them with tax-paid dollars. The income earned on that investment shoud not be taxed. It is not received by the individual. There are many instances, as the Hon. Member for Calgary West indicated, where there are court ordered divisions of annuity

plans as a result of divorce or judicial separation. We must ask who has paid it, who is being taxed and who has been taxed.

I will repeat one of the big complaints, and that is the complexity of the Income Tax Act, as well as the cost and difficulty of compliance. Now, in order to aim at a wee sparrow or even a smaller bird, there is trotted out a legislative blunderbuss. They are very complicated provisions. Either the individual requires the help of a good insurance agent who will have gone through quite a period of indoctrination in order to know just what is what or he or she may unwittingly step into a tax position. For what purpose? I suggest that the proposal was disreputable in the first instance; it was disreputable to start. There is nothing which legitimizes its antecedents. Now we have page after page of amendments by the Government which are incomprehensible to 99 out of 100 people. The Government is insisting that they be included in this particular Bill. Why? I am wondering whether the Government is reduced to the position where it has to go out and sweep the streets in order to collect some horse droppings as a possible substitute for fuel; perhaps it will be a source of biomass.

The tax system is incomprehensible. The Minister was not at the Committee this last summer. I do not like to refer to the officials who are before him because they are part of the system, but they were not present this summer either when group after group complained about the complexity of the income tax law. Frankly, one can no longer assess oneself outside of the fact that one would be drawing a salary, would have a wife and no other dependants; then if one had no income from other sources, one might be able to complete a return. Anything beyond that and the individual has to go to an accountant for tax services. If one is in business, owns property or is a farmer, then he or she definitely has to seek expensive tax advice.

That defeats our system. The very complexity encourages evasion. I am not referring to avoidance; I am referring to evasion, such as people working at a second job and saying: "No pay cheques; pay me in cash once a week". These could be service jobs such as plumbing, paper-hanging or painting done after hours outside regular employment. There is a total subterranean, shall we say, industry right across the country.

I know Hon. Members on the Government side are not interested in this. Perhaps they are engaging in some of it themselves. Some of them may be moonlighting. Money from moonlighting is never accounted for. But it arises either because the rates of tax are too high or tax reporting is too complex. These are the only reasons for moonlighting, aside from the funds gained, of course. Surely Hon. Members opposite, whether they are new here or have had some exposure to the income tax provisions, know this. I do not like this particular provision and I intend to vote against it. It is simple; we do not delete, we just vote against.

Mr. Cosgrove: Mr. Chairman, the Hon. Member raised a question concerning the rationale for the amendments to the Act which deal with annuities and life insurance and concerning the reason for the changes. Albeit that we may be adding to the length of the Income Tax Act, it is designed to serve Canadians by putting a tax on income. In fairness to all Canadians, all sources of income should be considered as legitimate ways for the Government to realize resources to meet its obligations. It was an analysis of where income was realized by people, how it was generated, and whether the pre-1980 tax system which is presently in place treated all sources of income fairly and therefore all Canadians fairly.

Before 1981, annuities were taxed only as the income was received by the recipient annuitant in payments. This resulted in taxes being paid roughly at the same time as receipt or accrual. We know that in some deferred annuities payments are put off until some time in the future to give the person the advantage of not paying tax on the income earned by that invested money in the interim. Therefore, such deferred annuities were put in an advantaged position. There was no tax payable until some time in the future; and if one deferred the tax long enough into the future, no tax was payable. Therefore, people who took advantage of it were not contributing toward the revenues of Government to serve all Canadians, themselves included. Thus they had an advantage.

Let me give a specific example of the tax advantage. Perhaps it did not matter when interest rates were 5 per cent and is indicative of why the Government is now moving at this time. Let me take the example of $100 being put into a bank account for 20 years and compare it with the same amount being put into an annuity for the same period of time. The bank account would accumulate interest annually for 20 years. For the $164 deferred annuity the after-tax cash would be less than $20 more. While interest rates were at 5 per cent, there was not much advantage in the deferral scheme on annuities, a little advantage but not much.

• (1240)

Let us take a look at interest rates at 10 per cent and interest rates above 10 per cent that we have seen in the last few years which change that situation dramatically. Take the same amount in the same period. I am looking at after-tax cash in the bank account of $100 at 10 per cent, which is $265. But for the deferred annuity, the advantage for the same period of time becomes $125 more. That is a comparison of the two options for investment and shows the inequity.

Mr. Darling: You cannot get the annuity money out.

Mr. Cosgrove: It shows that for the annuity $125 more is realized, on which there is no tax levied. Therefore, there are no resources to the Government, as I say, during that period of time. The person who uses the bank account is at a disadvantage to those people who use professionals and the device of deferred annuities.

What does that mean in terms of revenue drain if we look at the actual experience in those years in which interest rates were remarkably higher than our previous experience in this country? The revenue drain becomes significant—horse droppings possibly to the Hon. Member opposite but to the tax system it is $75 million.

Mr. Lambert: Nonsense.

Mr. Blenkarn: Nonsense. All you have done is ruined the capital markets. Wake up! It is never $75 million.

Mr. Cosgrove: That can be used to great advantage by the Government.

Some Hon. Members: Oh, oh!

Mr. Cosgrove: This I have illustrated. I have given you the $100 unit and shown how that difference is accounted for. I have given you the best analysis of the Government as to the result according to our best calculation for over a year, producing a revenue drain of $75 million.

Mr. Lambert: To a socialist, that makes sense.

Mr. Cosgrove: We got into this discussion on equity and fairness. If the tax system for all Canadians is to be fair, it should treat all Canadians in the same or parallel manner in terms of the way in which they invest money.

Mr. Lambert: That is the socialist way.

Mr. Cosgrove: There is no fair treatment if, for example, you treat deposits, GICs, or bank accounts differently from the deferred annuity, which was becoming very popular. It was a way of extending the Government's program. The provisions of the Act passed by this Parliament, allowing a deduction of $5,500 on the RRSP contribution was designed to be available to all Canadians. In fairness, we said if that plan is available to all Canadians, that is a way in which we can give a break and an incentive to Canadians to provide for their own retirement. But then people began adding the deferred annuity to the plan. They were getting around that provision and taking unfair advantage by, in effect, extending the RRSP deductions by the vehicle of the deferred annuity. But that is only available to those Canadians who have the resources to add on to the $5,500 deduction and to those financial institutions that are in the business of annuities. It was for that reason, to treat all Canadians fairly and all sectors in the economy, financial institutions and businesses in the same way under tax law, that the changes were introduced. That is the basis. First, fairness to Canadians who are in receipt of income. Second, fairness to all different types of financial institutions so that they, in the marketing of their products, are treated equitably and, in other words, comparably, by the income tax system.

Mr. Blenkarn: It is absolutely stupid.

Mr. Lambert: Mr. Chairman, now we are getting down to the philosophy behind those changes. With all due respect to the Hon. Member for Kamloops-Shuswap, it is pure socialism this Minister is going after, straightforward socialism. He talks about taxpayers having an advantage. It is the same as was proposed last summer by the officials, that the owner of a small business should be in the same position as a man on salary. There is no difference as far as the income tax return is concerned. That is why there was a proposed increase in tax on the small business dividend. But the Minister and his officials have lost sight of the reason why we had deferred annuities and annuity plans. People were saving up, people were denying current spending. In other words, they were not living right up to the collar so they would have a greater income after retirement or when they needed it. I know that today, in the eyes of a lot of people that is a strange philosophy. One is supposed to come to the state with holes in one's trousers, pockets empty, and say: "Here I am. I have drunk it. I have spent it. Now keep me."

The Assistant Deputy Chairman: I must inform the Hon. Member that the 20 minutes allotted to him have expired.

Mr. Lambert: Mr. Chairman, I will object to that. I have not spoken for 20 minutes. Speaking is not cumulative. Speaking is at each interval. If I am interrupted or I yield the floor to another Hon. Member, I get another 20 minutes. My time is not cumulative at any one time on any one Clause. Therefore, I have been speaking for about three minutes only at this particular time.

The Assistant Deputy Chairman: Order, please. I fully appreciate the Hon. Member's comments and concern for his speaking time, but it has been the practice in the House in Committee of the whole, I am informed going back to 1975, that Hon. Members' time is calculated on the basis of comments they wish to make, the Minister's response and debate continuing for a period of 20 minutes each.

The point raised by the Hon. Member for Edmonton West is quite valid strictly speaking according to the Standing Orders. But the Chair in this instance is being guided by the ongoing practice since 1975. Of course, I would not want to treat an Hon. Member differently from another Hon. Member. It would be sheer pandemonium if I were to give one Hon. Member more time than is accorded by the practice in place in recent years and treat another Member differently, guiding myself strictly by the provisions of the Standing Orders. We are in Committee. Members may wish to indicate in which fashion they prefer to proceed. This morning and in recent days the Chair has been guided by the practice put in place since 1975.

Mr. Riis: Mr. Speaker, while I take some exception to my hon. colleague's introductory remarks, I do feel he is pursuing a very valid point. Knowing from his past performances that he would likely respect a short extension in order to allow him to complete his remarks, our Party is quite prepared to give him our share of the unanimous consent so that he can finish his remarks.

Mr. Cosgrove: Mr. Chairman, I would agree with that sentiment. The Hon. Member for Edmonton West has long experience in the House. I think we would be advantaged if he continued the point he is making. I would go further than that. The Hon. Member said that he thinks now the discussion is linking up. He believes he has identified the difference between the approach of the philosophy of the Government and that of himself. I would appreciate his concluding his remarks on that issue by addressing the point made in the *Financial Post* of

July 4, 1981. It is not known to be a socialist or communist rag.

• (1250)

The Assistant Deputy Chairman: Order. The Minister is no longer on a point of order, he is now debating. There being unanimous consent to allow the Hon. Member for Edmonton West to continue his remarks, the floor should go to the Hon. Member for Edmonton West at this time.

Mr. Lambert: Mr. Chairman, while I do not want to create a precedent because I wish to come back to the point, I want to thank Hon. Members for their consideration. At this time I will abide by that interpretation, Mr. Chairman, but I suggest that you are wrong. Otherwise, I can ask a question lasting one minute and the Minister can take 19 minutes to reply and thereby exhaust my 20-minute period. I suggest that that is totally and utterly wrong.

Having said that, I will come back to my earlier comments. An investment in an annuity or any other plan is a saving for the future. When that investment is made, the money is then available for investment by the insurance company or others who hold the contract with regard to the annuity. Now, however, the idea is that the difference in income averaging contracts, annuity contracts and forward averaging will be paid to the Government. The Government says that that money must go to it.

The participating beneficiary of an annuity contract does not draw anything until the contract matures. The original inducement for a person to save was that his or her tax rate would be lower because of their reduced income. The Government now says that all taxpayers are not being treated alike. Everyone is free to buy an annuity contract if they wish to save money. It only depends upon what a person wishes to spend. Now there is every disincentive to save as a result of the Income Tax Act as proposed not only in this Clause but all through the Bill. The individual begins to rely more on a state-operated plan such as the Canada Pension Plan and Old Age Security. That is what drives up the demand for higher Old Age Security and has created the demand for the Guaranteed Income Supplement. It all comes from the state.

The Minister says that the state requires this interim taxation on life insurance contracts every three years because it needs the money. Why does the state need the money? It wants to have everyone dependent on it. Governments at the provincial level as well as the federal level take great pride in implementing programs and telling people how they will benefit from them. The Minister of National Health and Welfare is a classic example of this. There are many other examples as well. These same Ministers who start these programs turn around the following year to ask for more money and therefore more taxes. The Government needs the money. However, it is only those Ministers who put spending programs into place who say the Government needs the money.

Mr. Lang: Why did you go against restraint?

Mr. Lambert: I will oppose that in this particular instance. The Hon. Member for Kitchener made some unintelligible comment about why did I vote against the restraint program.

Mr. Lang: Restraining the OAS.

Mr. Lambert: I voted against restraint on the OAS because people had been put into that position at the Government's insistence. I voted in favour of six and five. However, I believe to take it out on the backs of senior citizens is wrong because they will be hit twice. It is clearly in the Bill that the indexing of allowances will go to six and five. This comes ten years after the great white knight, John Turner, introduced the OAS. Now, the Hon. Member's Government will cut it back.

To return to my comment, this difference in philosophy is where I have parted company with the Government over the years. The Hon. Member from Sarnia knows this very well. That is why I am a Conservative. I contend that the individual who wants to save money should be allowed to do so. That money then becomes available for investment elsewhere. The reason there are shortages of capital is that the Government will be borrowing another $20 billion to clean up the market. There will not be any money left for industry or other Governments. I find this incomprehensible.

I apologize to my hon. friend for Kamloops-Shuswap when I say that this is pure socialism. He is not a pure socialist and, to that extent, he feels somewhat offended. This is part and parcel of the philosophy of Carter, which is that a buck is a buck is a buck. This so-called theory of equity, even though Parliament rejected it, has been shoved back into the system at every opportunity.

This situation reminds me of that of many years ago, which the Minister may not remember. The initial conferences that were held prior to the war with regard to sharing revenues and other programs heard many proposals at that time. The Provinces did not like the way they would be implemented and turned them down. Beginning immediately after the war, one proposal was shoved in by the bureaucrats, then another and another. To that extent, the pre-1940 plan was implemented. We are now seeing the piecemeal implementation of the Carter philosophy. This House roundly rejected it 13 years ago. Now Hon. Members opposite who were not here then take these proposals like candy offered by a doting parent. They think that this tax legislation that has been put forward is from Heaven and divinely inspired. They do not question it.

I part company with the Government over the philosophy that is behind this feature and others in the Bill. It is for that reason that I have spoken for this length of time, and I am glad that I have.

[*Translation*]

Mr. Deputy Speaker: Order, please. It being one o'clock, it is my duty to rise, to report progress and request leave to consider the Bill later this day.

Progress reported.

S.O. 21

The Acting Speaker (Mr. Corbin): It being one o'clock, I do now leave the Chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

TRADE

EXPORTS OF CANADIAN LUMBER TO UNITED STATES— POSSIBILITY OF AVOIDING SURTAX

Mr. Henri Tousignant (Témiscamingue): Madam Speaker, I am pleased to be able to inform the House and the Canadian public that, thanks to constant efforts by the industry and the Canadian Government and the negotiations conducted by our colleague, the Minister of State (International Trade) (Mr. Regan), this morning at 9:30, the U.S. Department of Commerce made a preliminary decision to the effect that it did not consider there were sufficient grounds to levy a surtax on Canadian lumber exports to the United States. This preliminary decision is to be reviewed on May 23, when a final decision will be made, and we have every reason to believe that the initial decision will not be reversed. Otherwise, Madam Speaker, some 70,000 Canadians would be in danger of losing their jobs. There is therefore reason to rejoice.

* * *

[*English*]

INTERNATIONAL WOMEN'S DAY

EMPHASIS ON THEME: "WOMEN AS SURVIVORS"

Hon. Erik Nielsen (Leader of the Opposition): Today is International Women's Day, a day when women in cities across Canada and most western countries commemorate women's struggle for economic equality. The theme for this year's commemoration is "Women as Survivors", Madam Speaker. This theme is most appropriate when we examine the plight of working women in Canada. Over 50 per cent of all women, single or married, are in the paid labour force, 67 per cent of all women under 45 years of age.

From January, 1982, to January, 1983, the unemployment rate among women rose by 43.4 per cent for a total of 605,000 Canadian women. To the problems posed by the current economic devastation in Canada, we must add the tremendous threat which the impending high technology revolution poses for women. Because women are concentrated in the clerical and sales occupations which are most likely to be affected by the new technology, as many as one million jobs presently performed by women may disappear by 1990. Of course the new technology promises to bring with it new jobs, but the skills gap between the old jobs and the new ones is often too great to be bridged by on the job training and personal initiative alone.

The Government must begin to put in place retraining programs which are specifically targeted at the groups most affected by the high tech change. As I have indicated, one of the hardest hit groups will be women. Lest the Government not be overly concerned about the effects of massive unemployment among women, let me point out that if all of the women in two-income earning families lost their jobs—

Madam Speaker: Order.

Mr. Nielsen: —the number of Canadian families—

Madam Speaker: Order.

Some Hon. Members: Hear, hear!

Mr. Trudeau: Do it again. It might have been all right.

Mr. Nielsen: Cut off at the pass.

* * *

[*Translation*]

INTERNATIONAL WOMEN'S DAY

FEDERAL PROGRAMS AND SERVICES FOR WOMEN

Mrs. Thérèse Killens (Saint-Michel): Madam Speaker, in New York City on March 8, 1908, women working in the garment industry took to the streets to demand abolition of the working conditions that had caused the death of 128 workers at the Triangle Shirtwaist factory in New York City.

In 1911, delegates to an international conference in Copenhagen proposed that March 8 be set aside as the day on which the demonstration would be commemorated.

Eighteen years before Canada recognized women as persons, women workers throughout the world were meeting on this date to mark their contribution to the labour market.

Today, on the 72nd International Women's Day, the Federal Government has published a brochure called The Government of Canada and Women. It is a guide to all federal programs and services offered to women. The brochure is available from the Canadian Unity Information Office, by whom it was prepared.

The Federal Government has always defended the principle of equal rights for women, and by publishing this brochure, it hopes that women will become aware and take advantage of the many services, programs and studies the Government has

initiated in order to provide a better service to the majority of the people of this country.

* * *

[*English*]

NEW EMPLOYMENT EXPANSION AND DEVELOPMENT PROGRAM

USE OF FUNDS

Mrs. Jennifer Cossitt (Leeds-Grenville): Madam Speaker, I am concerned with the Government's promise last November to create 60,000 new jobs under the NEED Program which, to date, has in reality only created a maximum of 4,300 new jobs in Canada—another Liberal promise broken.

In my riding of Leeds-Grenville there are approximately 4,000 people without work, yet only 40 new jobs have been initiated to date. Even this number is actually misleading in that three of these positions are for jobs which would normally be done by federal Government term employees. In fact federal Government Departments are utilizing the NEED Program to fund projects which they would normally undertake to fund from their own departmental budgets, thus creating the impression that these budgets are keeping pace with inflation and are well within the six and five guidelines. What we have here is a sham, a redistribution of funds from departmental budgets into the NEED Program, and the illusion of job creation.

In real terms, the nearly two million unemployed people of this country will not be beneficiaries of the $200 million in job creation. In my opinion these funds are not being used for the purpose for which they were intended, the creation of new jobs to put people back to work. Once again we find it difficult to believe in the credibility of the Government which promises to help those in need when, in actual fact, it is just juggling figures to make itself look good.

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INTERNATIONAL WOMEN'S DAY

SPECIAL RECOGNITION OF CONTRIBUTION MADE BY FARM WOMEN

Mr. Vic Althouse (Humboldt-Lake Centre): Today, Madam Speaker, is International Women's Day, which provides opportunity for us to recognize the tremendous contribution made by women to our society and to reaffirm the necessity of allowing them the opportunity to work and to receive compensation for their work in whatever way they choose. Farm women, in particular, are part of an economic team which is most often a family, yet these women must fight for the smallest compensation and are still among one of the most under recognized groups in our society.

As an example, recent census data state that only 4.3 per cent of the Saskatchewan female labour force actually worked on family farms or businesses for no pay. Unfortunately, either a bias crept into the questionnaire in its administration, or the men filling out the forms did not recognize the contribution of their wives, mothers, daughters, and sisters.

The true cost of producing food is not currently reflected by the prices farm families receive for their products. Society should and must pay just compensation for farm families so that fair wages can be paid for all work on the farms. Only then can farm women, along with farm men, receive a return for their labour, contribute to pension plans, and achieve the sort of financial independence and security taken for granted by many men and women in our society.

* * *

ENERGY

CALL FOR MAINTENANCE OF DOMESTIC OIL PRICE STABILITY

Mr. Bill Yurko (Edmonton East): Madam Speaker, there can no longer be any doubt that the most beautiful and talented young ladies live in Edmonton, as was again evidenced last night by the results with respect to the Miss Teen Canada Pageant. Both this year and last year the award has been won by a young lady from Edmonton.

Some Hon. Members: Hear, hear!

Mr. Yurko: The Minister of Energy, Mines and Resources, while appearing before a committee several months ago, advised that the new Government direction in the energy sector is "stability and decisiveness", and that he would not be recommending any new taxes on the oil and gas sector in the forthcoming budget. This sector of the economy is suffering from instability. World oil prices are being subjected to severe buffeting and fluctuations.

In Canada the formula for setting domestic oil prices contained in the September, 1981, Canada-Alberta Oil Agreement is redundant. It is imperative that domestic oil price stability be maintained for the next several years to assist in the economic recovery of the nation. Therefore I ask the Government to follow its new directions in the energy sector and act with decisiveness to impose stability by fixing the domestic price of old oil at $29.75 per barrel until this price reaches the world price, and then keep it there.

Madam Speaker: Order.

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STATUS OF WOMEN

TRIBUTE TO WORK OF SENATOR BIRD

Mr. Jack Masters (Thunder Bay-Nipigon): Madam Speaker, this past year has been a particularly significant one for Canadian women. We saw the Charter of Rights and Freedoms entrenched in our new Constitution. We saw the first

woman appointed as a Justice of the Supreme Court of Canada, and the first ever federal-provincial conference of Ministers responsible for the status of women. We saw significant changes to the laws with regard to sexual assault, and increased awareness and debate on wife battering, divorce, pensions, sexual stereotyping in media, pornography, microtechnology, and part-time work.

• (1410)

I would like to pay tribute on this International Women's Day to all Canadian women. Especially I would like to pay tribute to one Canadian woman who has been so instrumental in furthering women's rights, the retiring Senator Florence Bird. Women owe Senator Bird a great debt for her pioneering work as Chairman of the Royal Commission on the Status of Women and for her continuing efforts toward the principle of equality.

It is my concern, however, that much of the progress in the past year has been as a result of consultation and action on the part of this Liberal Government, and so much of what needs to be done lies within the domain of the Provinces. For instance, just yesterday the Conservative Government in Saskatchewan announced the abolition of the women's bureau in their Labour Department. Can this be the same political party that federally is trying so hard to con Canadian women into thinking they are concerned about them? I ask women—

Madam Speaker: Order, please.

* * *

FINANCE

MINISTER'S STATEMENT ON SIZE OF GOVERNMENT DEFICIT

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I could not help but note the remarks of the Minister of Finance (Mr. Lalonde) over the weekend in which he proposed to play the federal deficit or the people of Canada—it was not absolutely clear which—like an accordion.

When it comes to his musical ability, methinks the Minister is much too modest. He is a veritable one-man band. Not only is there his one-way accordion, which always expands but never has to contract in order to be able to expand again, but there is also the bagpipes at which the Minister is adept. He blows and blows to keep the bag full of hot air, and hopes the rest of us will be impressed with his fingering. Of course there is his harp, which makes wonderful music as long as we listen to it with our eyes closed. It is only if we open them suddenly that we notice that the strings are being pulled by former Members of the Liberal Cabinet.

INTERNATIONAL WOMEN'S DAY

CANADIAN HUMAN RIGHTS COMMISSION RECOMMENDATIONS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I am pleased to join with my colleagues on International Women's Day to urge the Government to implement two key recommendations of the Canadian Human Rights Commission of particular concern to women. First, the Canadian Human Rights Act should be amended to clarify that discrimination on the basis of sex includes discrimination on the basis of pregnancy or childbirth. As well, the Act should make very clear that sexual harassment, a serious and widespread problem in the workplace, will not be tolerated. Canadian women would thus be ensured that unfavourable treatment resulting from a refusal of sexual attentions, as well as the unwanted and unsought reception of sexual advances, would be prohibited under the Act.

While the recently tabled amendments to the Act did include these long overdue changes, other provisions in that Bill, in particular the offensive reference in proposed Section 14(2) to the possibility that a person may "behave or is likely to behave in an unduly disruptive manner unacceptable in the individual's environment" have jeopardized passage of the Bill.

It is the strong and unanimous view of representatives of the disabled community as well as national women's groups and many others that this Section opens a dangerous loophole which allows people's attitudes and beliefs toward minority groups and women to be legitimized as bona fide job requirements rather than constituting discrimination. While Clauses 9(3) and 25 remain problems, if the Government removes this dangerous Clause 14(2), we will support speedy passage of the Bill to extend the rights of the physically and mentally disabled and ensure that women are protected from discrimination on the grounds of pregnancy, child birth, and sexual harassment.

Madam Speaker: Order.

* * *

[*Translation*]

STATUS OF WOMEN

PROPOSED APPLICATION OF RECOMMENDATIONS ON INDIAN WOMEN'S RIGHTS

Mrs. Céline Hervieux-Payette (Montreal-Mercier): Madam Speaker, International Women's Day is dedicated to women's struggle for equality throughout the world. It is a day of hope, on which one of the main objectives being promoted is to achieve greater social justice. Against this background, Madam Speaker, I invite my Opposition colleagues to join the Government's team in implementing the report submitted to the House by the Committee on Indian Women's Rights and to proceed fortwith to amend the Indian Act by restoring all their rights as soon as possible to Indian women by amending Section 12.1(b), thus restoring their fundamental rights to Indian women and their descendants.

ORAL QUESTION PERIOD

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

FEDERAL PAYMENTS TO PROVINCES FOR HEALTH AND EDUCATION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Minister of Finance. Yesterday the Minister proposed to his provincial counterparts that the six and five formula be applied to the federal cash transfer payments for health and post-secondary education, in other words, a cutback of almost $700 million from what these payments would otherwise have been. This in effect would amend the Federal-Provincial Fiscal Arrangements Act which was passed just a year ago. Will the Minister assure the House that no change will be made in the fiscal arrangements for health and post-secondary education unless it is in the form of an amendment to the Fiscal Arrangements Act to be brought before the House and debated separately?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am pleased to inform the hon. lady that she is misinformed. At no time was there any discussion about modifying, in any way, shape, or form the payment formula for health expenditures. Contributions by the federal Government under the health programs will continue exactly as before. In that regard, whoever informed her was misinformed. I am happy to clear up this situation quite categorically. The discussion between the Ministers of Health will continue on this program, discussions that were undertaken in the last year. As far as the formula payments are concerned, they are going to continue exactly as they are.

As far as the payments for post-secondary education by the federal Government are concerned, the Hon. Member knows that many Provinces have set very strict limits to any increases in their payments to post-secondary education. I have indicated that I am considering the possibility of increasing our payments for post-secondary education by 6 and 5 per cent over the next two years. This would represent, next year, an increase of $256 million in the payments that the federal Government would make to the Provinces. In addition, the federal Government is also considering reallocating resources so that there will be more funds going to young people in all areas, particularly in the area of training, in order that they will be better equipped to deal with the job market in the next decade.

REQUEST FOR DEBATE ON AMENDING LEGISLATION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, the question that I put to the Minister of Finance has still not been answered. I asked whether he would assure the House that any change to the Fiscal Arrangements Act would come before the House by way of amendments to that Act and be debated as a separate measure. That was the question I asked.

May I ask him at the same time, since he indicated that there will be cutbacks in post-secondary payments to the Provinces, from what they otherwise would have been, to assure us specifically that no change in the fiscal arrangements relating to that program will be made that will result in unequal per capita transfer payments being made to any of the Provinces?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am sorry if I did not answer the first question by the hon. lady, but there were several points that were wrong in her preamble. I took too much time answering the preamble and forgot the final question.

Miss MacDonald: I understand you forget a lot.

Mr. Lalonde: If the hon. lady would put a straight question, she would get an immediate answer. If she would not go around beating the bush, putting all kinds of wrong information in her questions, she would get answers to her questions.

Mr. Nielsen: You did it to the Prime Minister. You misled all of us.

Mr. Lalonde: I want to tell the hon. lady that if the payments for post-secondary education were to be increased by only 6 and 5 per cent, this would imply a change in the Fiscal Arrangements Act. Obviously no such thing would take place without coming before Parliament and having the Act amended accordingly.

As far as the second question that she raised is concerned, the formula is based on the per capita grants. I have not heard any suggestion that the system of per capita grants would be modified. No consideration is being given to changing the payment per capita formula that exists at the present time.

As I indicated, discussions took place with the provincial Finance Ministers concerning the advisability of increasing the payments for post-secondary education to the Provinces by 6 and 5 per cent over the next two years.

• (1420)

GOVERNMENT POSITION ON EDUCATION GRANTS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I am sure the Minister understands that the per capita payments are in fact based on a process of equalization between the tax points and the cash payments. Therefore, if there is a straight six and five cutback to the Provinces in the cash payments, it could result in an unequal payment to the "have not Provinces". That is what I wanted him to make sure he dealt with, so that that would not happen as far as the have not Provinces are concerned.

I would also like the Minister to tell us why, at a time when enrolments are increasing in universities, and when many young people are being forced back into the universities because of the high unemployment rate, the Government is taking the unusual step of reducing what would have been its payments in post-secondary education, causing tremendous hardship in this field.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, again there are so many wrong statements in the hon. lady's question that I will have to take them one by one. There is no question of a cutback by six and five per cent. What is being discussed is an increase of six and five per cent in the payments to the Provinces under post-secondary education payments by the federal Government.

I remind the hon. lady that several Conservative Provinces have planned increases in post-secondary education of less than six and five per cent. She should bear this in mind.

Second, the payments are going to be made under the formula which has been traditionally in operation. The only difference is that they would be increased by six and five per cent. There is no reason to believe that this would lead to unequal increases between Provinces.

I would remind the hon. lady that if we were to reach any such conclusion—and I have discussed this with my colleagues—it would be on the basis also of an increase over and above what was paid this year, when there was, indeed, a very large increase in enrolment in post-secondary education. In this case, there is a very large base from which to start.

Also, I would like to point out to the hon. lady that the federal Government has also increased substantially the amount it is allocating to young people, particularly students, whether it is in the form of summer jobs, where we have increased the amount of money going to young people this summer from $120 million to $170 million. The moneys allocated under the National Training Program have also been increased very substantially, so our young people will be better equipped to cope with the job market in the years to come.

FUNDING OF HEALTH CARE

Mr. Jim Hawkes (Calgary West): Madam Speaker, my question is also directed to the Minister of Finance. The Minister will know that we have had an increase of 4 per cent in the unemployment rate in the last year. That kind of unemployment rate increase is accompanied by an increase in the demand on the health care system. Stress related illnesses have grown by approximately 20 per cent in the last year, and those illnesses include heart attacks, ulcers, and alcoholism.

The Minister indicated that he has no plans for an increase in payments for health care. Does he believe that that statement is justified when in fact demands on the health care system are growing? Should he not be considering, with other First Ministers, an increase in money for the health care system, and should that not be substantial?

Hon. Marc Lalonde (Minister of Finance): Yes, Madam Speaker, and this is exactly what we are going to do. I do not know whether the Hon. Member was in the House when the Hon. Member for Kingston and the Islands asked a question about health payments. I indicated then that our payments under health care program will increase very substantially next year, and that the existing arrangements which we have with the Provinces are going to continue without any change at all next year. Therefore, our contribution to health care in this country is going to continue to be very, very significant, indeed, in the billions of dollars every year. That is what is taking place at the present time and will continue next year. No change is planned.

REQUEST FOR INCREASED FUNDING

Mr. Jim Hawkes (Calgary West): Madam Speaker, to be too precise sometimes is to attempt to mislead the House. The planned increases, according to Bill C-97, are to take care of inflation. I am speaking about an increase in demand which is caused by the Government's bad economic policy. Demand goes up as well as inflation. I am asking whether or not there will be any consideration by Cabinet, those backbenchers over there, which will provide an increased amount of money to the health care system in real dollars, not just inflationary dollars? Will you meet that demand with money?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I shall try answering in French, since the Hon. Member seems to have misunderstood the answer I gave in English. I pointed out that the Government of Canada is spending billions of dollars on contributions to health care in Canada. Under our agreements with the provinces, the amounts are increased each year according to a formula that ensures the provinces are receiving an annual and very substantial increase in the funds they receive for health services. Under this formula, which will be maintained, the amounts received by the provinces in the coming year will be even greater than what they received in previous years. Therefore, the Canadian Government's contribution to health care for Canadians, including hospital services and medical care, will continue to increase in the years to come.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION OF BELGIAN PARLIAMENTARIANS

Madam Speaker: I have the honour of drawing the attention of the House to the distinguished presence in our gallery of a delegation of Belgian Parliamentarians headed by Mr. Jean Defraigne, Speaker of the Belgian House of Representatives.

Some Hon. Members: Hear, hear!

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

EDUCATIONAL PAYMENTS TO PROVINCES

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Finance as well. It concerns his acknowledgement that the Government is now going to apply its six and five program to post-secondary spending. At a time when not only young people, but adults who have not been able to get a job, are returning to universities and community colleges in increasing numbers, and at a time when many Provinces, if not a majority, have a greater need for money, how could the Minister justify the Government's plan to apply the six and five guidelines to post-secondary spending, when he knows that what is involved is really a cutback in the amount of money which would otherwise have gone to this sector, and at a time, in particular, when such spending is labour intensive and would be creating more jobs?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is probably aware that many provinces have restricted increases in spending on the post-secondary sector to less than 6 per cent. In fact, some provinces intend to maintain the status quo next year, without any increases in spending at all. However, the decision on how much money is to be earmarked for post-secondary education rests with the provincial authorities. As far as the Federal contribution for next year is concerned, if we apply the 6 and 5 formula it will increase by $256 million over what will be paid this year, in other words, next year, the Canadian Government will be contributing nearly $3.9 billion to post-secondary education in Canada. I may point out that this is a very substantial sum.

Second, I may remind the Hon. Member that the Government of Canada is also spending hundreds of millions of dollars on youth training through training programs provided by the Department of Employment and Immigration. The Canadian Government also has a student assistance program which provides loans and also a summer employment program with a budget of $170 million, compared to $120 million for last summer. These are real contributions the Canadian Government is making to help young Canadians, while ensuring that the money will go directly to young people.

[*English*]

Mr. Broadbent: Madam Speaker, the Minister answered about ten questions I did not ask. Because Conservative provincial Governments are taking socially regressive and economically foolish steps in cutting back on post-secondary education is no reason the federal Government should follow suit. That is the important point.

Some Hon. Members: Hear, hear!

• (1430)

EFFECT ON WOMEN

Hon. Edward Broadbent (Oshawa): Madam Speaker, since today is being celebrated around the world as International Women's Day, is the Minister aware that, in this sector where he is about to make cutbacks, well over 50 per cent of the people affected by job losses are women? How can he justify that to the women of Canada, particularly today?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I find it strange that the Hon. Member is talking about cutbacks when we are going to increase payments to Provinces by $256 million, and when he himself says there is no guarantee that that money will go to post-secondary education. The basis for that is his own argument that the Provinces are not necessarily allocating that money to post-secondary education. He knows this is the case in many Provinces.

Mr. Broadbent: Bring in a Bill and make them do it.

Mr. Lalonde: Even so, we are increasing significantly the amount of money going to that sector.

I have also indicated the other things we are doing to ensure that the young women as well as the young men of this country are going to benefit directly from federal programs in the areas of training, student loans, and summer jobs. These are things we are doing, and we are going to continue, Madam Speaker. I think the record of the Government of Canada in that regard stands up very well when you look at it objectively.

GOVERNMENT POLICIES ON STATUS OF WOMEN

Hon. Edward Broadbent (Oshawa): Madam Speaker, we in this House should be aware of precisely what is involved. So far the Government has applied its six and five program to pensions, and over 54 per cent of pension recipients are women. It has applied six and five to family allowances where the vast majority of recipients are women. It is now going to apply it to the education field where the vast majority of working people are women. As applied by this Government, the six and five program is nothing less than an anti-women program.

Some Hon. Members: Oh, oh!

Mr. Broadbent: The Minister is smiling at this, but I know lots of women will not find it funny. I ask the Minister how he can take a step that will affect disadvantageously those trying to get higher education at a reasonable cost, and at the same time take a whack at the ordinary woman in this country precisely at a time when she needs more assistance, not less?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the arguments of the Leader of the New Democratic Party are so far-fetched that quite frankly, I find it difficult to keep a

straight face. Anyone who uses arguments like these must be really short of ammunition to defend his case. In any event, I am very happy to see that the Leader of the New Democratic Party found out that today was International Women's Day. I may remind the Hon. Member that the Government concerned itself with the status of women well before the Hon. Member started to take an interest in the problem, and that the policies implemented by this Government during the last fifteen years with respect to the status of women are innovative policies that compare favourably with those developed by any other country in the world. I would ask my hon. colleague to look at any other country in the world, including those being governed by a socialist government. He will realize that the Government of Canada is definitely in the forefront as far as the status of women is concerned.

* * *

[*English*]

TRADE

UNITED STATES DECISION ON CANADIAN LUMBER EXPORTS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister responsible for International Trade. The Minister will join with hundreds of thousands of Canadians who work in our forest industry who are relieved to learn that the United States does not plan on levying countervailing duties on our lumber exports to the U.S. However, as he knows, today's decision is an interim ruling only, and it can be appealed and possibly reversed when the final decision comes down in May. What assurances can he give the House that the Government will pursue every effort and every avenue to ensure that duties will not be imposed and Canadian jobs lost?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, certainly the news we had from the United States today is of the best possible quality. I thought for a moment that the Hon. Member was going to try to make bad news out of it.

What has happened is that the U.S. Department of Commerce has made a preliminary finding that there are no subsidies on the export of Canadian softwood products to the U.S. market. Those exports have a value of more than $2 billion, and until we found other markets at least 40,000 jobs would have been lost in this country if the U.S. had decided to levy countervailing duties.

I am very happy about the fact that the provincial Governments, the industry, and the Government of Canada worked closely together to see that the claims were fully rebutted. I think the decision today is a great victory for that co-operation. It is true that it is a preliminary finding, but the process that leads to a final determination on May 23 is merely one of verifying the accuracy of the facts placed before the U.S. officials. So I am extremely confident that we are well on the way to a final victory in this matter.

May I also say to the Hon. Member, through you, Madam Speaker, that the reason she can be confident about the future is the fact that the Governments involved have worked together with the industry, without politics playing any part, to see to it that the Canadian interest was protected.

Some Hon. Members: Hear, hear!

Miss Carney: Madam Speaker, I would like to remind the Minister that, when it comes to economic policy, our Party does not have to make bad news; his Government is quite able to do that itself.

REQUEST FOR REMOVAL OF GRANTS

Miss Pat Carney (Vancouver Centre): Madam Speaker, the Minister is ignoring the fact that there are hearings scheduled on April 14, he is ignoring the fact that there are teams of U.S. investigators who will come to Canada to confer with the industry about this finding, and he is ignoring the fact that there could be some reversal of this ruling. Will the Government act to remove those irritants which do exist, specifically some of the DREE grants and loan programs which were found to be a form of subsidy, and thereby remove any basis of appeal by U.S. lumber interests?

Mr. Cullen: You are being very helpful.

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I think the Hon. Member shows a lack of understanding of the process and what is involved here. First of all, while the finding was that there was an insignificant amount of subsidy in the existence of some tax advantages and DREE grants, these were not at a level sufficient to warrant a countervailing duty. I would hardly see a very strong argument for doing away with something which is not in breach of the American regulations, if it results in creating Canadian jobs.

Mr. Lalonde: Typical Tory.

Mr. Regan: The Hon. Member does not realize that the fact that this finding has been made is an indication that the U.S. Government has withstood political pressures and made a proper factual finding, which is a good indication of the fact that we have the best relations with the United States we have had in a long time.

* * *

[*Translation*]

FINANCE

STATUS OF FEDERAL AGREEMENT ON ESTABLISHED PROGRAMS

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, my supplementary question is addressed to the Minister of Finance and concerns the status of the federal agreement on established programs. Today's newspapers

report that the Minister of Finance of Ontario made the following statement yesterday after the federal-provincial conference: "The Federal Government seems prepared to maintain the existing financing formula for health programs, but wants to change the calculations for postsecondary education grants, while at the same time seeking wider control over college and university curricula." Can the Minister comment whether the Minister of Finance of Ontario did make that statement to the effect that the Federal Government wants to interfere in a provincial jurisdiction through wider control over education?

Hon. Serge Joyal (Secretary of State): Madam Speaker, I would say to the Hon. Member that that statement is totally unfounded. In the course of numerous meetings with my provincial colleagues in the past five months, it has always been agreed that any discussion pertaining to the funding of established programs would have to do exclusively with taxation issues and that it would not have any impact on the orientation to be taken by high schools and universities, in keeping with our Constitution which acknowledges full provincial jurisdiction in the field of education.

* * *

[*English*]

STATUS OF WOMEN

POSITION OF ELDERLY

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is directed to the Minister of National Health and Welfare. Statistics Canada reports that 40 per cent of marriages end in divorce, leaving more and more women alone in later years. I should like the Minister to comment on what older women told the NDP Task Force on Older Women. They said such things as, "My only hope is to die young so I won't be a burden on society in my later years"; "I'm terrified of being unemployed and alone", or "I feel like a second-class citizen since my husband's death."

● (1440)

Madam Speaker: Order, please. Will the Hon. Member please ask her question.

Mrs. Mitchell: What does the Government intend to do for such women in their middle and older years, who are the most deprived of our citizens?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I would not want us, especially us women in this House to amuse ourselves at the expense of women on this International Women's Day. If the Hon. Member for Vancouver East is now trying to help a woman who says she has a problem of loneliness in her old age, she is not doing so. On the contrary, she is laughing at this problem because the truth of the matter is . . . I am not trying to say that the Government has done great things, but for many years, we have been making steady progress to guarantee that senior citizens, especially those who live alone, three quarters of whom are women, will have pensions which will bring them above the poverty line. The Hon. Member is well aware that we still have to find some funds to make the final step across this line and that it is not so easy at the present time. However, she forgets what we have been doing regularly to ensure that these women, who do not receive a pension at the age of 64 or 61 because the age of eligibility for the federal program is set at 65, and therefore had to rely on provincial welfare payments, which were much lower than—

Madam Speaker: Order! Order!

[*English*]

Mrs. Mitchell: I can assure the Minister that I am very serious about this problem, Madam Speaker.

PROPOSAL TO ESTABLISH STANDING COMMITTEE

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my supplementary question is directed to the Minister responsible for the status of women. Yesterday the Minister claimed that a standing committee on the status of women requested by both Opposition Parties would ghettoize women and be regressive. I should like to ask the Minister why such a committee would be regressive when it would deal with all women's issues, would be a focal point for action, would require all Government legislation and programs to be studied, and would be a reference point for women's organizations?

Will the Minister consult with women's organizations to obtain their views on this matter and, if they agree, will she then press for a standing committee on the status of women?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I could not take the motion put forward yesterday very seriously since it was a non votable motion and since there were very, very few Members of the Opposition present to participate in the debate.

One of the reasons why I do not prefer to have such a committee is that the issues that affect women are not issues that affect women alone, they are societal issues that must be studied in the broadest possible way by every Member of the House and by all Canadians. What the Hon. Member for Vancouver East is suggesting is that we ghettoize the problems of women. Is divorce a women's problem? Is child care a women's problem? Are pensions women's problems? No, they are problems in which we must all participate.

Oral Questions

INDUSTRY

RESEARCH AND DEVELOPMENT—REQUEST FOR INCREASED ASSISTANCE

Hon. George Hees (Northumberland): Madam Speaker, I have a question for the Prime Minister, because I do not want him to feel left out today.

The United States and Japan both spend twice the percentage of their Gross National Product on research and development that this country does. This enables them, and has enabled them, to take a great many important orders away from Canadian producers, because of lower prices, better quality and design, and it has enabled them to increase their share of the Canadian market from 19 per cent 15 years ago, when the Prime Minister took over, to 31 per cent today.

Is the Government giving any consideration and, if not, will it give consideration to offering the same incentives to Canadian industry to increase its research and development as are offered in the United States and Japan, so that our industry can do a great deal more research and development and, in so doing, become more competitive and win more orders and more jobs for Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am happy that the Hon. Member is showing interest in this particular subject. Perhaps he realizes that he is not talking of spending by the federal Government in terms of percentages compared to the Government of Japan. He is looking at just one aspect of this. No doubt his remarks are addressed mainly to the private sector and to the university sector. The university sector, of course, is being assisted by the federal Government through some research grants.

The figures the Hon. Member is quoting are quite misleading because they seem to indicate misinformation on his part, that there is only one source of R and D, whereas there are many in a country.

Mr. Hees: Madam Speaker, I can assure the Prime Minister that the figures I have given come right from Statistics Canada and are accurate figures. They show that those countries have increased their share of our market from 19 per cent, when he first took over as Prime Minister, to 31 per cent today. That is very serious.

REQUEST THAT PRIME MINISTER TAKE ACTION

Hon. George Hees (Northumberland): Madam Speaker, I would ask the Prime Minister if he would stop putting this matter aside, as he always does, take it seriously, and start to do something about it while he is still in office. I can assure him that it is later than he thinks.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can assure the Hon. Member that I am not challenging his figures. When he talks about twice the percentage of GNP, is he talking of the percentage by the federal Government as opposed to the national Government of Japan, the percentage spent by the universities, or by the private sector? If he says his figures are accurate, perhaps he can enlighten me on that.

Mr. Hees: I am talking about the total.

* * *

INCOME TAX

TIMING OF REFUND PAYMENTS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of National Revenue. Yesterday in reply to a question from my colleague, the Hon. Member for Simcoe North, the Minister said that he expected Parliament to pass the Government's massive income tax legislation, Bill C-139, before the end of March, in which case the time allocated for issuing income tax refunds this year would be the same or about the same as last year.

If Parliament is not able to pass Bill C-139 before the end of March, will the Government withhold income tax refunds due to taxpayers across the country until the legislation is passed, which could be as late as May, or even June?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I am a bit surprised at the pessimistic assumptions made by the Hon. Member, since this morning, I attended the proceedings of the House which was sitting in Committee of the Whole, and I realized that we had made very substantial progress in the debate on Bill C-139, and I am still convinced that we shall be able to pass this legislation well before the end of March.

[*English*]

EXPLOITATION OF TAXPAYERS AWAITING REFUNDS

Mr. Tom McMillan (Hillsborough): Madam Speaker, I will repeat my question. If Parliament does not pass Bill C-139 by the end of March despite the Minister's optimism, will the Government still withhold income tax refunds due Canadians?

While the Minister is answering that question, would he also answer this one. Does he know that it is the Government's foot dragging on income tax returns that is forcing desperate Canadians into the hands of fly-by-night firms that will pay on the spot cash to Canadians for their tax refunds before they are received from the Government? If he does, would he at least arrange to have processed on a priority basis the income tax returns of Canadians in desperate need in order to avoid that kind of exploitation?

● (1450)

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I am surprised, and not agreeably so, at the alarmist comments the Hon. Member makes so often, and I would like to ask him to stop making assumptions that are

likely to alarm Canadian citizens. He should encourage Canadians to complete their tax returns as soon as possible and to return them to the Department of National Revenue. I would ask the Hon. Member to co-operate with other Members of this House in expediting the passage of Bill C-139, and then we shall be able to mail out refunds at the same rate as we did last year. Right now, there is no reason to panic and make alarmist speeches. Instead, it would be better to ask people to complete their returns as soon as possible, and to get them back to the Department, and I think the Hon. Member himself should co-operate with other Members in this House in expediting the passage of Bill C-139.

* * *

[*English*]

PUBLIC SERVICE

NUMBER OF MANAGERS

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Madam Speaker, my question is directed to the President of the Treasury Board. In light of the allegations raised yesterday by the Hon. Member for Mississauga South that the Government had increased the number of managers in its top Departments by 78 per cent as a way of skirting its own six and five restraint program, would the President of the Treasury Board provide a concise and factual explanation to clarify the validity or indeed, the lack of validity of those allegations?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, the figures mentioned by—

Some Hon. Members: Oh, oh!

Mr. Gray: —that Conservative Member yesterday simply reflect the bringing together into one management category of 55 various groups which were previously listed separately. All these people were previously managers, and the conversion of people into the new management category has not resulted in mass promotions. In fact the management category compensation plan is specifically referred to in Bill C-124, and all the people in question are strictly subject to the six and five guidelines.

I might add that this program was first announced in 1980 by my predecessor, and he further announced its implementation in April, 1981. I wonder where the Hon. Member for Mississauga South has been, obviously not paying attention to an obvious and self-evident program.

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LABOUR CONDITIONS

WAGE EQUALITY FOR WOMEN

Ms. Lynn McDonald (Broadview-Greenwood): Madam Speaker, my question is directed to the Minister of Labour who, I am sure, is aware that equal pay for work of equal value has long been one of the prime objectives of the women's movement, that is, not just to get it legislated, which we now have in the Canadian Human Rights Act, but to get it implemented. Also I am sure he is aware that, with women earning only 60 per cent on average of what men are earning, unequal pay is widespread and not merely the subject of isolated cases with which the Canadian Human Rights Commission might deal. What is the Minister's Department doing to see that their is implementation in the corporations under his jurisdiction?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, I remind the Hon. Member that the principle of equal pay for work of equal value has been and is a principle which has guided the Liberal Government for many years. It is because of this concern that the previous Parliament passed legislation for the formation of the Canadian Human Rights Commission under which this principle is included.

In reply to the specific question of the Hon. Member, under Part III of the Code we have inspectors in the field who can file complaints with the Human Rights Commission for employees under federal jurisdiction. But let me remind the Hon. Member that 90 per cent of the work force is under provincial jurisdiction. If she looks across the country from British Columbia to Newfoundland, including the Province which is run by an NDP Government, she will not find, except for one Province, legislation for the provision of equal pay for work of equal value.

Ms. McDonald: Of course it is true that only 10 per cent of employees come under federal jurisdiction, but it does not cheer us up at all to say that, because the Provinces are not doing enough, somehow we should ignore that 10 per cent.

Madam Speaker: The Hon. Member is not supposed to argue when asking her question. If she has a question, I will allow it.

COMPILATION OF STATISTICS

Ms. Lynn McDonald (Broadview-Greenwood): Madam Speaker, what ammunition is the Minister of Labour prepared to provide for the trade union movement and for the women's organizations which are working for equal pay for work of equal value, by having inspections, by reporting statistics, and by providing accurate data so that year-by-year comparisons can be made? Perhaps the Minister is aware that series have been discontinued which show the widening gap. Is he prepared to re-institute them? Is he prepared to make this material available so that people who are concerned will actually see this comes about and does not really remain only a principle?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, certainly we are always preoccupied with improving the system of filing complaints with the Human Rights Commission. This is why we have Part III under the Code. But the best answer to the Hon. Member's question is the fact that

last year 3,300 federal Public Service sector workers came forward and filed complaints with the Commission. The same can be said of some 500 Government librarians and registered nursing assistants who came forward and obtained a settlement in pursuance of this legislation.

* * *

THE ADMINISTRATION

CONFLICT OF INTEREST GUIDELINES

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is directed to the Prime Minister. Is the Government planning a review of the conflict of interest guidelines? If so, could the Prime Minister assure the House that the review will take the form of a study by a parliamentary committee and not simply be an in-house review?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker.

POSSIBILITY OF REVIEWS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, is the Prime Minister saying no to both elements of the question? Specifically, will he answer whether he is planning any form of review of the conflict of interest guidelines as a result of the Gillespie affair?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have been considering the possibility of improving those guidelines. I was certainly distressed at the way in which they have been interpreted in the past few weeks, practically treating former Ministers as non-persons. I would be happy to hear the views of the Opposition as to how we should treat its former Ministers who are lobbying the Government. We have not heard much about that. I am reflecting upon the possibility of looking at those guidelines, of considering improving them. I have made no decision as to how or when it should be done.

INQUIRY RESPECTING REPRESENTATIONS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my supplementary question is directed to the Prime Minister. Has he received any representations from Michael Pitfield or from any of his Cabinet Ministers with respect to suggestions as to changes in those guidelines?

Right Hon. P. E. Trudeau (Prime Minister): Well, Madam Speaker, I could say that it is none of the Hon. Member's business, but the answer is no.

ADMINISTRATION OF JUSTICE

CONSEQUENCES OF IMPLEMENTATION OF YOUNG OFFENDERS ACT

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Madam Speaker, my question is directed to the Solicitor General. Provincial social services Ministers at a meeting recently stated that the federal Young Offenders Act will put thousands of teenagers in jail and deprive them of the chance to rehabilitate and, further, that the Act will jail youths who otherwise would be handled by social workers. Will the Minister advise that this will not be the result of the implementation of the Young Offenders Act?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, the disposition of particular cases will remain in the hands of the courts and in the hands of the judges. I was surprised to read that, because the whole purpose of the Young Offenders Act is to open the door wider to community-based corrections in which young people are punished for their crimes in ways other than by incarceration. I think a number of Provinces are unduly emphasizing in their discussions with me the extent to which incarceration ought to be used for young people. My own view is that it should be reserved for crimes of violence, in particular, and for individual young people who cannot be handled in the community in any other way. It should be a last resort. I am disappointed to hear Provinces suggesting that in some cases it ought to be a first resort.

* * *

NATIONAL PAROLE BOARD

PRACTICE OF GATING

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, I have a question for the Solicitor General about the practice of gating, mandatory supervision. The Minister will know that the Supreme Court of Ontario has said that the practice of gating is illegal, and that the Federal Court has said that it is legal. What is the Minister's view? Does he not agree that, rather than waiting a year or a year and a half for the Supreme Court of Canada to settle the question, he should bring forward legislation in this Chamber immediately to clarify whether or not gating will be permitted?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I agree that gating is a very important power that should reside within the criminal justice system so that those individuals—and there will be a very small number—who approach mandatory supervision and are easily spotted as being walking timebombs, in effect, can be kept behind bars for the whole sentence imposed upon them by the courts. But I do not think that the court's determination will take as long as the Hon. Member suggested.

• (1500)

I am glad to report to the House that yesterday leave was obtained by the law officers of the Crown to appeal to the Supreme Court of Canada. We intend to ask for an expeditious hearing and resolution of the matter. I would indicate that, in the meanwhile, the Parole Board is continuing to impose gating in appropriate circumstances. I have given the assurance that if the Supreme Court of Canada takes away the gating power of the Parole Board, I would move quickly to bring before this House—and I hope I will have the Hon. Member's support—some measure to restore the authority to gate in the limited cases where it is proper.

* * *

[*Translation*]

ADMINISTRATION OF JUSTICE

INQUIRY RESPECTING NUMBERS RELEASED UNDER CONDITIONAL FREEDOM AND MANDATORY SUPERVISION

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my supplementary question is addressed to the same Minister. I do hope that, while he is waiting for the Supreme Court decision, the Minister will take full responsibility for every murder committed by inmates on parole. Madam Speaker, can the Minister tell the House how many individuals accused of murder are now either on parole or under mandatory supervision?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I am not sure whether I fully understood the question of the Hon. Member, but I can tell him that every day there are about 2,000 inmates under mandatory supervision and we now use gating or the power to put some of them back in jail. No inmates are now free who would still be behind bars if the Board did not use that power. I can assure the House that the Parole Board does use that power at the present time and that it will continue to do so while we are waiting for a decision from the Supreme Court of Canada.

ROUTINE PROCEEDINGS

[*English*]

BROADCASTING ACT

AMENDMENT TO PROHIBIT ABUSIVE COMMENT ON THE BASIS OF SEX

Ms. Lynn McDonald (Broadview-Greenwood) moved for leave to introduce Bill C-675, an Act to amend the Broadcasting Act.

Some Hon. Members: Explain.

Ms. McDonald: Madam Speaker, my Bill is a very short one. It consists simply of a provision to incorporate into the Broadcasting Act provisions which are now in the broadcasting regulations regarding abuse on the basis of race, religion or creed. The purpose of my amendment is to add the word "sex" to the list of groups which are not be abused by comment or pictorial representation, and to see that this is part of the Broadcasting Act which gives direction to the CRTC in formulating policy and further regulations.

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

* * *

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER SECOND READING STAGE OF BILL C-143

Hon. Paul J. Cosgrove (Minister of State (Finance)) moved:

That, in relation to Bill C-143, an Act to provide supplementary borrowing authority, one additional sitting day shall be allotted to the consideration of the second reading stage of the Bill; and

That 15 minutes before the expiry of the time provided for Government business on that day, all proceedings before the House shall be interrupted, if required, for the purpose of this Order and, in turn, every question then necessary in order to dispose of that stage shall be put forthwith and successively, without further debate or amendment.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Cosgrove: Madam Speaker, the Bill before us today can be described quite simply as a measure required by the Government for prudent financial housekeeping.

The economic statement delivered last October by the Minister of Finance (Mr. Lalonde) made it clear that the extent of the borrowing authority that had already been granted to the Government for the current fiscal year was not sufficient to meet the financial requirements to the end of that period.

Let me quote from that October 27 statement the following two sentences:

I have also made it clear from the estimates I have presented that further borrowing authority will be required before the end of this fiscal year. In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-1984 and future fiscal years, and then seek additional borrowing authority as required.

In his meeting with the provincial Finance Ministers yesterday, the Minister of Finance repeated his intention to proceed with the budget as soon as possible, but in the interim, and during the immediate post-budget period, interim borrowing authority sought by this Bill is required.

Members opposite have feigned shock and amazement at the present Bill. They are not fooling anyone. There have been protests about the inclusion of interim borrowing authority to

apply to the next fiscal year, but this is not a new procedure and the interim amount granted will be deducted from the amount to be set out for 1983-1984 financial requirements in a subsequent Bill.

In their frantic and frequent efforts of late to thwart the smooth operation of Parliament while they attempt to get their own act together, Members of the Official Opposition have added insult to the financial injury they are causing the Canadian people by stalling this and other legislation before this House. They have so little respect for the intelligence of Canadians that they would have us believe they are dragging their feet on this matter and others because they do not have sufficient information. I would draw their attention to the 6,000 pages of Main estimates material tabled two weeks ago today by my colleague, the President of the Treasury Board (Mr. Gray), as ample indication of how the money will be spent.

To refresh their memories, I would point out that in tabling the Main Estimates the President of the Treasury Board indicated that almost two-thirds of these budgetary Estimates are slated for statutory expenditures based on continuing authority given by Acts of the current or previous Parliaments which determine the basis whereby individuals, businesses, provincial and other Governments become entitled to receive federal funds.

The Main Estimates show in great detail the wide variety of programs being carried on by this Government living up to its responsibilities of assisting Canadians who have been buffeted, as we all know, by the worst recession we have experienced in this country in some years.

They reflect a 21 per cent rise in cash payments under the Established Programs Financing Act whereby the federal Government contributes to the financing of hospital insurance, medicare, extended health care and post-secondary education. They indicate a $2.9 billion allocation to Unemployment Insurance as we anticipate a slow recovery in employment prospects during our gradual recovery from the recession. These funds are committed to assist in that area.

• (1510)

The Estimates show a 21 per cent increase in federal contributions to the Provinces, for example, under the Canada Assistance Plan. The federal Government pays for 50 per cent of eligible provincial and municipal expenditures for assistance payments, welfare services and certain health programs. We also cover one-half of the costs of child support services such as foster care, daycare and a broad array of other family and social support services.

If Members opposite are still in doubt as to how the money will be spent, I would mention that the Main Estimates also spell out a number of new initiatives undertaken by the Government, including the Small Business Investment Grant Program, the New Employment Expansion Development Program or the NEED Program.

I find the allegation that Parliament is being kept in the dark as to the disposition of the funding under consideration particularly ironic because I, as Minister responsible for finance in areas such as the Insurance Department, have been requested by the Standing Committee on Finance, Trade and Economic Affairs to answer questions on Estimates dealing with those expenditures. Other Members of the Government have been requested to substantiate the expenditures listed in the Estimates which the President of the Treasury Board has already tabled in the House.

I find it ironic and not really worth arguing with Hon. Members opposite when they say they do not have enough information to gauge what the expenditures are for. Will they not attend any of these committee meetings? Are they not going to ask questions of Ministers? I cannot believe that.

Without this interim authorization, the borrowing activities of the Government would be constrained in the early months of the new fiscal year, which is a period when all Members appreciate the Government usually faces heavy cash requirements stemming from the payment of tax refunds and from other seasonal factors.

The point that we urge upon all Members, if we have to repeat it, is that if borrowing powers are limited during that period, the Government would be precluded from prudent planning of its debt program and would not be able to take advantage of developing market situations. This could be costly not only to the Government, but could impact upon provincial Governments in their borrowing activities in the market and upon the private sector in its participation as well in the capital market. As I said, it behooves the Government and Parliament to proceed in an orderly way with the legislation before it because it comes down to the issue of good financial housekeeping.

Bill C-143 is but one of a series of measures being undertaken by the Government to provide the financial setting for the development of a national strategy for economic recovery.

There were a number of questions asked about Bill C-139 during Question Period today. That is another Bill which Hon. Members, at times, had requested the Government to proceed with quickly in order to bring about some economic stability and stability to the private sector so it would have an idea of how to plan for the future. It is in the context of bringing that improved stability to the private sector that Bill C-143 is part and parcel of the Government's program. We are reviewing priorities. We are preparing a budget and we are reviewing these matters in an attempt to proceed without adding to the deficit.

In the circumstances, proposals for future Government action involving either increased spending or revenue reduction will have to compete with a wide range of other needs as expressed to us by Canadians generally. We have made it clear that we are seeking areas where we can act in close co-operation with business and labour in order to strengthen the financial health of the private sector and its ability to expand and prosper. We have indicated that this legislation will assist the Government to deal with the market in an orderly manner.

I conclude by saying that, in the consultations that we have had with the private sector for the preparation of the budget and the prospect of financial recovery in a wider sense, I was impressed by the participating groups and their willingness to recognize that we must all set aside our differences and work together toward a sense of national purpose and a renewed spirit of co-operation. We would ask that Members opposite demonstrate a similar desire to get Canada back on the road to economic recovery. Giving this matter speedy consideration by the House would be a good first step.

Miss Pat Carney (Vancouver Centre): Mr. Speaker, I rise today to protest strongly the Government's attempt to gag debate on the borrowing Bill by introducing time allocation on Bill C-143. We feel that this Bill is far too important to be stopped before the Government can be held accountable for its spending.

I listened with sheer amazement to the Minister's comments during the presentation of his argument. I did not recognize any sense of shame or discomfort over introducing a borrowing Bill of this size. The Government has effectively asked for a blank cheque to borrow $19 billion just for the next few months. The Minister suggests that this is prudent.

I would like to put that $19 billion into perspective. That $19 billion is the size of the Government's entire budget ten years ago. It is 12 times what the Government spends on post-secondary education. It is 13 times what the Government spends on employment programs. That $19 billion of borrowed money is 15 times what the Government spends on housing. It is nearly double what the Government spends on old age pensions and is four times what the Government spends on medicare. It is eight times what it spends on Family Allowances. That amount is double what the Government is paying in Unemployment Insurance benefits. It is more than double what the Government spends on defence.

At the present time, the public debt charges represent the fastest growing envelope of expenditure. Public debt charges now amount to 21.7 per cent of all Government payments. The Government has made a nation of promise into a nation of debtors. It still will not say what it needs the money for. Despite the Minister's comments about the Estimates, he has not provided any forecasts for his spending for the next few years. The Government has not provided any forecasts for spending since 1981. What information it has provided has been grossly inadequate. It has kept delaying the presentation of its budget. It has given us no fiscal framework upon which to judge its requests. The Minister of Finance (Mr. Lalonde) says that he will play the budget deficit like an accordian. He is playing some very sour notes.

In the absence of all of this information, the Government has tabled spending estimates totalling almost $90 billion. That is a 17 per cent increase over the 1982-1983 Main Estimates, despite what the Minister and his colleagues say. At the same time as the Government is asking pensioners and families to sacrifice income and abide by the six and five restraint program, its own Estimates show that Government spending continues to escalate wildly.

The Minister has spoken of the need to increase social support services. Let me relate some of the other spending increases that are planned. The public debt charge is up 10.7 per cent from last year's Main Estimates. The number of management positions has increased 78.3 per cent over the last year for the 11 largest Departments. The Estimates for the Department of Agriculture have increased 14.3 per cent over last year's Main Estimates. Accommodation costs alone for the Department of Industry, Trade and Commerce are scheduled to increase by 40 per cent. There is no reason given for that.

The cost of FIRA is forecast to rise 14 per cent. The total Estimates for the Department of Justice are up 10 per cent. The Main Estimates for the Department of National Defence have been increased by 11 per cent. The Main Estimates for the Department of National Health and Welfare have increased by 13 per cent, but National Revenue is increasing by 9 per cent. The total Estimates for the Solicitor General are up by 16 per cent. All of these increases are taking place in this age of six and five. All of this is in the name of social services.

Let me give some more examples of Government spending. In terms of employment, the Canada Employment and Immigration Commission is now spending more on unemployment than on employment. In Transportation, subsidies to VIA Rail will increase 49.3 per cent to $755 million in spite of cutbacks in service last year. In terms of transfer payments, the Minister ignores the fact that payments to Crown corporations will jump 30 per cent, to $3.8 billion this year. Transportation and communications costs are up 16 per cent on a Main Estimates to Main Estimates basis. Professional and special services are up by 16 per cent, rental costs by 19 per cent and purchased repair and upkeep is up by 45 per cent.

• (1520)

This is not compassionate Government spending; this is Government spending which is out of control. How can we even trust these figures? Last year more money was added to total spending through Supplementary Estimates than through increases in the Main Estimates. All sense of Government accountability and Government responsibility has clearly been cast aside, and by gagging this debate, the Government is saying: "Trust us. Forgive us our past mistakes; we will try to do better." We cannot do that because someone must call this Government to account. Future Governments, a Conservative Government, and future generations will be paying for the present Government's mistakes, and no attempt to stop debate can cover up that fact.

The mistakes of the Government have been too horrendous to ignore. This is the Government which ran up the deficit in prosperous years and entered the recession with a $10 billion deficit. It took 113 years, from Confederation to 1980, for the net federal debt to total $68.6 billion. In four years, Ottawa will have more than doubled the net federal debt, from the $68.6 billion in 1980 to $152 billion. The Liberals will have done it.

The economy is in a very precarious state right now. According to Statistics Canada, 1982 was the worst year for the economy since 1933. As one indication in the manufacturing industry alone, the capacity utilization in the fourth quarter was at its lowest level, around 63 per cent, since Statistics Canada began keeping records more than 20 years ago. In the last quarter, real GNP dropped 2.8 per cent from 1981 on a year to year basis. It is the first time since figures were kept on a quarterly basis that GNP has dropped in six consecutive quarters.

Against this dismal background, the leading indicators show that there will be a recovery this year, but that if it occurs, it appears as though it will be a very weak one. For instance, Dominion-Ames Securities gives 50/50 odds of a 1 per cent GNP growth this year and possibly 3 per cent next year. Wood Gundy is a little more optimistic, predicting that real output will grow at a 3.6 per cent annual rate between the fourth quarter of last year and the fourth quarter of 1984. The Conference Board forecasts real growth of only 1.2 per cent this year. All of these predictions indicate that this is not an economy which can easily manage to absorb borrowing of the magnitude the Government is running up.

The key to recovery will be confidence. Consumers and investors must have confidence that there will be jobs and markets before they will begin spending and investing. By demonstrating that it is bankrupt in terms of money and policies, the Government threatens to kill confidence and choke off our fragile chance for recovery, because confidence dies when Government plays with the numbers and gives forecasts which prove to be wrong or refuses to provide any forecasts at all. It dies when Government stifles debate and refuses to explain and justify its spending and avoid accountability.

The Government must explain where it is going and what it is doing with our money. We must start reducing the deficit. We must start limiting Government spending. We must start creating a positive and open investment climate. We must start reducing the burden of Government and unnecessary regulation. There are positive measures which can be put in place. The Government is clearly not able to make those moves.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I quite frankly do not believe that we are hearing Hon. Members rise today to speak against the motion which has been introduced to allocate time for discussion of Bill C-143. I suspect that to the general public, allocating time sounds like a reasonable gesture.

Some Hon. Members: It is.

Mr. Riis: However, what it means is that the Government has decided to stop debate on the question.

Some Hon. Members: No, no.

Mr. Riis: It has decided to gag debate. It has decided that it has had enough at this stage of the proceedings and that it is no longer prepared to continue with this open, free parliamentary discussion.

The Liberals say: "Listen, we have spent nearly seven days discussing Bill C-143, and certainly after seven days we have heard enough". I think the Government needs to be reminded that we are discussing a Bill requesting authority to borrow $19 billion. That amounts to something like $2.7 billion a day. If the Government thinks that is enough public discussion and examination at this critical stage of principle, then I think the Government has once again shown us that it has lost touch with reality.

I could not believe the Minister of State for Finance (Mr. Cosgrove) as he stood in his place today and said: "Listen, those people in the Opposition are feigning shock and amazement. They are bluffing. They are acting surprised when they obviously are not."

Some Hon. Members: Oh, oh!

Mr. Riis: I would ask the Minister of State for Finance whether he has spoken to a normal person in the last six months. Has he gone out and sat in the coffee shops and gone up and down the streets of his constituency?

An Hon. Member: Yes, he has.

Mr. Riis: Has he spoken to a single normal person in this country? If he has, then he knows very well that Bill C-143 is causing everyone in the country to shake their heads in utter disbelief. Then the Minister went on to say: "But yes, they want their tax returns". What do tax returns have to do with Bill C-143? Again it demonstrates the inability of certain Hon. Members opposite to deal with and grasp the seriousness of the request which is before Parliament today.

I want to remind the Minister of State for Finance that most Canadians admire the concept of Parliament and strongly care about this institution. This is evident from one end of the country to the other. We have seen it develop over hundreds of years, but it has now progressed to a point at which the Government of Canada is making a mockery of the institution of Parliament by going against the very fundamental nature of Parliament. After all, when one considers the fundamental mandate of Parliament, one finds that it is to collect taxes and to spend those collected taxes wisely. Bill C-139 indicates that this is not being done with any sense of justice, fairness and fair play.

While certain institutions are having their marginal tax rate reduced, most Canadians are having it increased. People earning taxable incomes in excess of $133,000 will have a marginal tax rate drop of 10 percentage points.

Certain institutions in the country, and I will only name the Royal Bank of Canada as an example, will be able to use the existing tax structure to accumulate profits. Last year, 1982, which was a so-called difficult year for the banks, there were profits in excess of $320 million. How many dollars in taxes did the Royal Bank of Canada pay last year? I did not pay a single penny in income tax. That is the kind of news received

by ordinary Canadians who then shake their heads in disbelief when Hon. Members opposite stand up and say: "We are abiding by the true sense of Parliament and are collecting taxes in a just, fair and equitable fashion".

How is the Government spending those taxes which have been unfairly derived, I will say, from the public of Canada? The Government then comes forward and says: "We will now spend those moneys and will ask Parliament to approve the expenditure of $19 billion, but we will not tell you how we will spend that money. We will not utter a single sentence which will give Canadians a clue as to how their moneys will be expended." That is a pig in a poke. As an Hon. Member said previously, that is like asking someone to sign a blank cheque. No one believes that that is a sensible approach to managing the country's finances.

I will say that Hon. Members opposite are doing everything possible to make a mockery of this institution. Now, today, by asking Members of Parliament to be muzzled, to stop discussing this $19 billion, by saying that it has heard enough, the Government once again shows the kind of arrogance, insensitivity and uncaring behaviour which it has come to demonstrate time and time again. I suspect that Canadians now simply shrug their shoulders in the manner of that infamous Gallic shrug of the Prime Minister (Mr. Trudeau) when he said: "There is nothing that can be done. These people are out of control. They have no idea as to what fiscal responsibility actually means." I remember that not many weeks ago the Prime Minister stood up and said: "We are now committing ourselves to stimulating the economy in an effort to create jobs". Then yesterday the Minister of Finance (Mr. Lalonde) stood up and said: "Hold it, we have now changed our minds. We will not really stimulate in terms of job creation; we will leave it to the private sector." That man must believe in fairies and leprechauns. Anyone today who believes that the private sector will be the springboard for recovery does not understand what is going on in the Canadian economy.

• (1530)

With regard to the capacity existing in the plants, mines and factories of this country, it will take months and months to get back to the point where we left off. With the level of confidence that exists in the investment sector, businessmen will not fall over themselves at this point to stimulate the economy and get things going. No businessman will do that when there are two million people out of work, essentially on the dole of one kind or another, and hundreds of thousands of other Canadians are threatened with job loss, assuming they will lose their jobs, are laid off prematurely this year or are having an extended vacation period. In other words, Canadians know full well that their purchasing power is being eroded on a daily basis. They are not going to run out and stimulate the economy by making large much-needed purchases, spending their hard-earned money in an effort to get the rebound under way.

I want to dissociate the Party I represent, the New Democratic Party, from the position that the catalyst or springboard is going to be the private sector. They want to see some leadership from the federal Government before they spend their money, and so they should. Before they expand and invest their shareholders' money, they want some idea from this Government where it is going, what its policies are, what are its long and short-term programs and its economic and long-term strategies.

For Members opposite to stand up and say to the business community and the consumers of Canada "have faith in us", "have confidence in Mr. Trudeau and his Cabinet" is asking too much. There are simply too many incidents that have occurred which have proven that we cannot have faith in this Government in terms of providing economic and social leadership in this country.

I close by saying that we in the New Democratic Party feel that if there is one thing we should be doing today to take a major step in confidence-building in this country, it is not to terminate the debate on Bill C-143. It is too important a Bill. It involves too much money to have debate curtailed, to have the Opposition voices muzzled.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, some Hon. Members have been explaining why they are opposed to the Government borrowing money to stimulate the economy, and at this point I would like to point out that during the past year, the parties opposite have, in fact, been urging the Government, because of the economic recession that is affecting Canada as it has been affecting other industrialized countries, to create jobs and to put workers on the road to prosperity.

Mr. Speaker, what is astonishing here is not so much the Government's deficit as the Opposition's lact of intellectual currency. They are having trouble making any worthwhile suggestions for helping Canadians get back to work and getting this country on the way to recovery.

Mr. Speaker, if we consider the present situation, it is clear that the problems are very serious and that people are going through extremely difficult times. Both Government and Opposition Members are fully aware of these problems, but sitting in the House and making speeches and especially repeating the same thing over and over again is not going to help us find any real solutions.

Mr. Speaker, I have been listening to these speeches today, and most of them seem to demonstrate that the Opposition is completely incapable of proposing any serious solutions in the House. The Opposition has been asking: What is the Government going to do with the money it borrows in the years to come? I would like to give a few examples of what the Government is going to do with this money. However, first of all we should understand that the Canadian Government has a budget of $90 billion. Now, when loans are contracted, it is normal to check what percentage the loan is of existing funds. A $19 billion loan compared with a total budget of $90 billion

is a very clear example of a situation in which proper ratios are respected.

However, Mr. Speaker, although at this time we do have a very substantial deficit that is raising highbrows in the country, it is probably advisable for the Government, in difficult times such as these, to use the money for specific projects that will be a good investment for several generations. Remember what the United States did during the depression. At that time, the Roosevelt Administration invested funds in basic infrastructures which are still being used today in 1983, and which were built in the 1930s and 1940s.

Here is one example. In Eastern Quebec, including the Gaspé area, people are awaiting the start of an economic recovery program that was announced in 1982 by the Right Hon. Prime Minister of Canada (Mr. Trudeau). Part of the funds that will be borrowed will make it possible to invest over $100 million in this area, thus giving the people that have been hardest hit by unemployment in this country a chance to have durable infrastructures and young people a real chance to set up a framework for long and prosperous development.

Often, Hon. Members tend to compare apples and oranges. If we look at Vancouver or Montreal or Toronto, we see that most of the services are in place and that the people who live there have just about everything they need for work and recreation. However, if we look at the remoter areas of this country, to the south, east and west, we see that those areas have been neglected for years, for various reasons. Nevertheless, these people are also entitled to develop their region. The Gaspé program is estimated at about $100 million, funds that will be used to build piers and airports, to stimulate the local fishing industry and make it competitive, and to offer young people a future that will be worthwhile.

There is also the Kirby Report which was tabled in the House a few weeks ago and contains 57 recommendations. In its working hypotheses it urges injecting $200 million into the fisheries in eastern Canada to make the industry competitive and thus create new jobs and access to new markets. These are very specific proposals. Furthermore, there are regions in eastern Canada that lack certain infrastructures, and that is where we are going to invest the amounts Parliament is being asked to ratify.

Mr. Speaker, perhaps we could consider the airport situation in the riding of Bonaventure-Îles-de-la-Madeleine. For years, the Îles-de-la-Madeleine airport was abandoned. A while ago, the Department of Transport invested millions of dollars to make the airport suitable for both passengers and airlines, in order to simplify access and to stimulate economic activity in that area. The same applies to airports on the Middle and Lower North Shore, and I am thinking of the airports at Havre-St-Pierre, Chèverie and Lourdes-du-Blanc-Sablon, airports which were practically non-existent. Granted, an airport 3,500 feet long costs an average of between $4 million and $4.5 million. So at this stage, the Government needs money to build these infrastructures. Mr. Speaker, if we borrow the money, for these infrastructures, they will last for ten, fifteen or twenty years. That is what we should consider. If the money were borrowed just to pay current outstanding debts, that would be unacceptable. However, the money is going to be used for capital investment and the result will be an asset to the country.

Mr. Speaker, the same applies to piers. Both in the East and the West, there are structures that have been abandoned. The people want to participate in the country's economic recovery, and they need infrastructures. With these funds we will be able to improve existing facilities and create new ones to help vital sectors of our economy develop as they should.

As I was saying a while ago, this Parliament's greatest problem is that hon. Members opposite are bankrupt of ideas. Canadians, therefore, do not want us to hear about deficits, but would rather consider the challenges which may result from the present situation. One needs only compare that situation with that in the United States, France and also Great Britain to realize that the problems are just about the same. What really matters at this stage is for us to properly manage the negative growth, the recession, in order to come out of it with the best possible record as regards individual and corporate citizens as well as the Government.

I suggest, therefore, that if Hon. Members opposite want to act in a responsible manner, they should make an effort to offer solutions, show imagination, because imagination is exactly what is needed to start the economy moving again. For the time being, opposition Members are satisfied with rehashing the same old stories dealing with hypothetical situations, without ever coming up with worthwhile remedies. I hope the Progressive Conservative Party Leadership Convention will bring out new ideas to ensure Canada's prosperity for now and the future. When one compares our situation in Canada with that of other countries—I see a number of opposition Members who travelled abroad recently—one soon realizes that Canada is better off than other countries coming out of this crisis. It is always easy to scare people with prophecies of doom and gloom.

Mr. Speaker, I think that the worst part of the crisis is over and that we must look to the future, with the hope that the borrowing power the Government is now seeking will accomplish what the opposition parties and Hon. Members on both sides of the House really want, namely, new jobs and the economic recovery of this country.

Mr. Speaker, there are important projects on the North Shore which have been shelved for many years and which the Government wants to see moving again with this money. There are for instance the Pointe-Noire project, the fishing development in Port-Cartier, the Schefferville Recreation Center—which already has the support of the federal Government which pays its administrative costs—the Schefferville Ski Resort, and the reason the Government is stepping in is

because the Iron Ore Company has stopped paying for these services. And thanks to the Canadian taxpayers the Schefferville people can enjoy these services in spite of the current hard times.

I hope, therefore, that our hon. colleagues opposite will show a greater sense of responsibility by accepting to end these discussions and dispose of this bill, which will trigger an immediate upturn in our economy, for Canadians no longer want talk but action.

• (1540)

[*English*]

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, this is the second time in a few months that I have risen to address the subject of closure. The Government continues its old practice of pushing and shoving, then using a club to get what it wishes rather than using the time-proven method of consultation, full information and then negotiation to get its legislation through. This group under the Prime Minister (Mr. Trudeau) gives us little or no information, instead of full information. Instead of consulting, it tells us it knows what is best for us. Instead of negotiation, it says to the House of Commons, "Stuff it! If you do not like what we want, we'll just push it through with Standing Order 75 anyway".

Let us look at the record. This Government has used Standing Order 75, 19 times, counting this time. Is it any wonder, given this process and the process, which I will outline, of introducing this Bill, that we are questioning it? Is it any wonder, given the actions of this Government in the last few weeks—and I will just speak about the last few weeks—regarding the actions of the Minister of Finance (Mr. Lalonde) and the Secretary of State for External Affairs (Mr. MacEachen) in the coal project, and the money wasted there, or the payment of $800 per day to Mr. Macdonald to check into the economy? We all know what is wrong with the economy. There are many people out there unemployed who would like one-eighth of $800 per day just to keep them going. With the constant examples of waste and questionable spending, which are put before this House by the Auditor General and by Hon. Members of Parliament each and every day, is it any wonder that we, the Opposition, are questioning the Government when it puts before us a borrowing Bill of this magnitude? The Minister says, "Well, you have before you this great book of Estimates", I believe he said there were thousands of pages, I cannot remember how many.

Miss Carney: Six thousand.

Mr. Schellenberger: Yes, 6,000 pages. Open for scrutiny there are the great spending practices of the Government. Well, every Hon. Member of Parliament knows just how well you can scrutinize the Estimates by looking in that big Blue Book. It is impossible to go through it adequately without the proper staff. The Government is using this absolute power—and that is what the closure motion is, absolute power—and we are questioning the ability and the practice of this Government to use this method time after time after time. We can only hope that the Government will be remembered for what it has done and by the way it is using the power which Canadians have given to it, or which it has taken for itself.

Rather than building confidence, which is so necessary in this country at this point, this Government asks first for $5 billion, then for $14 billion, or $19 billion all in one bite, in one piece of legislation. Is it no wonder that such a deep psychological barrier exists in this country? No activity is taking place. The psychological barrier is in place and, as a result, we have a self-fulfilling predicament. We have lower than anticipated revenues. The Government tells us we need more revenue because business taxes are down. Why are business taxes down? Because businesses are going into insolvency, bankruptcy, or just trying to save themselves as we go through this recession which we have been put into. We have more unemployment, therefore there are fewer people paying taxes and, as a result, we have less consumer spending and fewer businesses which are able to survive. It is a self-fulfilling predicament which goes round and round. People who have the ability to participate in consumer spending are concerned that they may be next. As a result of this thinking they are putting their money into savings when they should be spending that money and helping the country get back on its feet.

Instead of a borrowing Bill of this magnitude, Mr. Speaker, if the Government needs some money for the next few months it should present a borrowing Bill of less magnitude and then a plan for recovery to put confidence back into the private and public sector and get us on the road to recovery. What do we have instead? We have Bills presented to us to implement budgets which have done nothing but create a lack of confidence in this country, and we have this borrowing Bill. Instead of assisting business, we have raises in taxes, increases in UIC premiums, the Provinces have increased Workmen's Compensation payments, federal Government increases of 12.5 per cent in small business taxes, a 50 per cent decrease in capital cost allowances in the first year, and limits in interest deductions for new capital expenditures. If these are the kinds of positions which are put forward to create confidence in the business section, it is just not there, Mr. Speaker. Instead, we have the largest borrowing Bill in Canadian history, a Bill which has been introduced without any formal forecast.

A few figures were thrown out by the Minister of Finance and they are supposed to be adequate for the House of Commons to accept a $19-billion borrowing Bill. No new budget was put before us as the Minister of Finance promised he would do before coming to Parliament for additional borrowing. We have the Government saying instead, "Trust us. Give us this $19 billion. We need it to start off the spring on the right foot." Is it any wonder, Mr. Speaker, that we are debating this Bill, or trying to, that we in the Opposition are placing squarely before the Government the kind of record it has and the kind of change which we would like to see in this country through debate? We are asking for forecasts. We are asking for reasons. We are asking for logic. We are asking for some hope for the businessmen, the farmers, the workers and

consumers of this country, who are desperately seeking that kind of hope and confidence for fiscal year 1983.

What can those Members of Parliament say to their constituents? They have to say, "Well, we are adding to our gross debt". It is now $134 billion. Given the musings of the Minister of Finance it will be over $160 billion next year. One in every four tax dollars goes to pay interest on that deficit. This is horrendous. When we ask the Prime Minister or his Minister of Finance to set up a committee where Members of Parliament can bring forward examples of waste and areas where expenditures can be cut, we get a great, big no. What do we get from the Minister of Finance? We get a borrowing Bill followed by closure. This country needs confidence, but in the last number of weeks we have had every kind of legislation except that which will assist this country to gain the confidence it needs to rise out of this recession.

• (1550)

We need job creation and venture capital, Mr. Speaker. But what has happened? Capital has gone elsewhere. It has gone into savings, gone to other countries, gone to pay ever increasing taxes and interest, or gone to lower business debt in order for businesses just to stay alive. Instead of programs to put this money into productive ventures, we get Government Bills to borrow more, and then debate is cut so that Members of Parliament cannot adequately discuss what is being put before them. It would be all right if the Government asked for borrowing authority and then set out a plan as to how it intends to spend the money, apart from what is shown in the Blue Books. It would be all right if the Government could in fact provide examples to show that it was spending this money productively in providing pools of venture capital for small businesses and removing the disincentives to go to work. Instead, we see that this Government is really just a great consumer of wealth, a great spender of capital; not on productive things but on the kinds of things that we have seen over and over again to be unproductive. The Government has to borrow money just to pay interest on its debt, and our financial picture continues to get worse and worse.

That is why I and other Members in this House are opposing today the use of closure. We want negotiations rather than debate being cut off.

[*Translation*]

Mr. Louis Duclos (Montmorency-Orléans): Mr. Speaker, I have been following this debate which has now been going on since February 17, or for close to the past three weeks, and what strikes me is the weakness of the points made by Hon. Members opposite, whether from the Official Opposition or from the New Democratic Party. Basically, what do we hear? Primarily we are told that the Canadian Government has lost control over its expenditures and, as far as the Opposition is concerned, there is no question of handing the Government a blank cheque by allowing this $5 billion borrowing authority for wrapping up the 1982-83 fiscal year and providing for the 1983-84 fiscal year with a $14 billion borrowing authority, when we know that the estimated deficit for the 1983-84 fiscal year could approximate $30 billion, as stated by many observers.

I would like to point out that if the Government needs $14 billion for the 1983-84 fiscal year, it is because in its capacity as a good manager it has to plan its drive on the money markets to avoid having to do so at the same time as the provinces and large private corporations.

Mr. Speaker, what are the actual facts? Is it fair to suggest to the Canadian people that the federal Government has lost control over its expenditures? Let us look at the figures, the specific and actual data giving the exact picture. Not taking into account the debt service the federal Government's expenditures in 1975-76 accounted for 20.5 percent of the Gross National Product. In 1981-82, six years later, still excluding the debt service, the percentage had decreased from 20.5 percent of the GNR to 16.2 percent. Some way say that there have been significant changes as from the 1982-83 fiscal year, and so will it be in 1983-84.

Clearly, the Government could not stay on that course, because of the horrendons economic conditions that affected not only Canada or North America but the entire world, the whole of the industralized nations, Mr. Speaker. If Hon. Members opposite would reel out of their shells and have a look at the world in which they live, if they would look beyond the limits of North America, they would realize that governments throughout the world are facing deficits. We only have to look at what is going on in the United States. Although their administration is headed by a gentleman who was elected on the commitment to balance the budget, after a few years they are facing a record deficit, the likes of which had never been seen over the years.

Mr. Speaker, how come the deficit increased that much? For the simple reason that, first, revenues have been lower than they would have been under normal economic conditions, and second, because expenditures in turn have been higher than they would normally have been had we had a six or seven percent unemployoment rate and real economic growth of 4, 5 or 6 per cent per year, when in fact we had negative growth.

Mr. Speaker, it stands to reason that during an economic recession there is more unemployment, people earn less money and pay fewer taxes. In addition, businesses record losses or reduced profits. Consequently, taxes on corporate profits are lower as well. Slower economic activities and decreasing oil prices have resulted in a sharp decline in Government tax revenues generated by the petroleum sector. As for expenditures, one does not have to be a mathematical genius to figure out that if we compare 1982-83 and 1983-84 for instance, we will have to spend $1.8 billion more for servicing the public debt in 1983-84 than we do this year. Expenditures for unemployment insurance will be almost $2 billion more next year, simply because the Government must bail out the unemployment insurance fund which cannot be self-financing when

benefits paid out are unduly high. Under the Canada Assistance Plan, the Federal Government pays 50 per cent of all provincial welfare benefits, and those expenditures are expected to increase by $558 million. The Home Ownership Stimulation Plan has been so successful that we will spend $240 million more than expected this year, and that will spur the housing and construction industry. I would not say that the Government is spending money as if it were going out of style, Mr. Speaker! For established programs financing, hospital insurance, health insurance and post-secondary education, the government spent $5.4 billion in 1982-83 and will spend this year $6.6 billion, or $1.2 billion more than last year.

I would like to take this opportunity to denounce the hypocrisy of the Opposition. I recall that when we were discussing the renewal of the financial arrangements last spring, all Opposition Members criticized the Government for being too hard on the provinces and for not granting them enough fiscal transfers, which, they claimed, would enable the provinces to assume their responsibilities. If we had listened to them, we would have added billions of dollars to the budgetary deficit.

Mr. Speaker, our budgetary deficit is obviously substantial. We must not try to hide this fact and we must be honest, but it seems to me that in view of the very high level of savings in Canada—and we know that Canadians now save 13 per cent of their available personal income—and, most importantly since, as long as the process of economic recovery has not begun more fully, the private sector is not very active on the capital market, the Government is essentially only taking over for the private sector and I am convinced that the private and public sectors will not compete on the capital market to the point that it would cause interest rates to increase.

Mr. Speaker, when I say that the public sector is taking over, and I know that provincial governments must also do their share, it means for instance that over $2 billion were spent these last few months on job creation programs. Of course, this is reflected in the deficit, but would the federal government act responsibly if it left the unemployed to their fate, especially in cases where they have exhausted their benefits and must go on welfare?

Mr. Speaker, I think that there is an attempt to dramatize the budgetary deficit. In the case of Canada, between 90 and 95 per cent of the national debt, the Government debt, is owed to Canadians, which means essentially that it is owed by Canadians to themselves.

Mr. Speaker, since my time has nearly expired, I would like to invite the Government to act as quickly as possible. I believe that the Opposition Members have had quite enough time. They have had a reasonable opportunity to explain the reasons for their opposition to the bill, however unfounded they might be. In a democratic system, they have the right to explain their reasons for not agreeing and for objecting to the granting of a borrowing power to the Government. In my opinion, the time has come to take whatever means are necessary to put an end to this debate, so that we might continue to work at solving the economic problems of Canada through other legislative proposals.

• (1600)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Corbin): Order. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie)—Bilingualism—(a) Special recruitment of francophones for employment in civil service (b) Effect on English-speaking Canadians; the Hon. Member for Erie (Mr. Fretz)—Environmental Affairs—(a) Pollution of Niagara River—Proposed action by province of Ontario (b) Access to information on dump hazards; the Hon. Member for Skeena (Mr. Fulton)—Aboriginal Rights—Possible effect of Gulf Oil development in Northern Yukon.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER SECOND READING STAGE OF BILL C-143

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

That, in relation to Bill C-143, an Act to provide supplementary borrowing authority, one additional sitting day shall be allotted to the consideration of the second reading stage of the Bill; and

That 15 minutes before the expiry of the time provided for Government business on that day, all proceedings before the House shall be interrupted, if required, for the purpose of this Order and, in turn, every question then necessary in order to dispose of that stage shall be put forthwith and successively, without further debate or amendment.

Mr. Bill Domm (Peterborough): Mr. Speaker, today we are objecting not just to limiting debate but to closure on a very important matter dealing with borrowing by the Government without the information that is necessary in order to make an honest judgment on the matter. I was amazed when the Hon. Member for Montmorency-Orléans (Mr. Duclos) said that the deficit of the Government was expected to be somewhere in the neighbourhood—and I stand to be corrected—of $30 billion. I have not heard that figure from the Government benches

before. I wonder if the Hon. Member has brought this to the attention of the Minister of Finance (Mr. Lalonde).

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

[*Translation*]

Mr. Duclos: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Corbin): The Hon. Member for Montmorency-Orléans (Mr. Duclos) rises on a point of order.

Mr. Duclos: I should like to mention to my hon. friend in the Official Opposition that many observers expected the deficit to reach $30 billion. I have never said that the government's deficit would amount to $30 billion. I think the record should be set straight.

[*English*]

The Acting Speaker (Mr. Corbin): Order, that is debate. The Hon. Member for Peterborough (Mr. Domm).

Mr. Domm: Mr. Speaker, I would be really surprised that a Member of the Government would refer to an estimate of $30 billion as having any authenticity whatsoever if there were not some justification in his mind that it is possible. He went on to say that this is a weakness in our argument when we are supposed to have known this for some time. I would remind all Hon. Members of the Government that it is not so long since the Government was talking about $10.5 billion. If it thinks that we in Opposition are the only people in Canada concerned about a possible $30 billion deficit without seeing a budget to justify not only the $5 billion it is asking for but an additional $14 billion today, then it is sadly mistaken.

The people of Canada are opposed to the likelihood of a deficit of $30 billion. It is not we who will have to pay back that debt, but our children and our grandchildren and our great grandchildren. They will have to pay back a deficit that is beyond the control of Members on this side of the House because the Government resorts to closure, to limiting debate, in order to borrow money without the necessary information to justify it. I challenge the next speaker to tell the Members on this side what business in the country could run its affairs the way the Government thinks it can run the nation.

The Minister of Finance is on record as saying there would be a new budget before more borrowing authority was sought. As reported in *Hansard* for October 27, 1982, he said:

> In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-84 and future fiscal years, and then seek additional borrowing authority as required.

At the Standing Committee on Finance, Trade and Economic Affairs on May 31, 1982, the former Minister of Finance, now the Deputy Prime Minister (Mr. MacEachen), had this to say:

> I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update of both the economic situation and the fiscal situation.

Surely the Government today does not treat lightly the borrowing of these billions of dollars without giving the Opposition the opportunity to examine a fiscal policy that would justify such expenditures. It is not satisfactory just to table the Main Estimates in the House because, by themselves, they are insufficient evidence of the need for additional funds. In Supplementary Estimates C there are some things that disturb the people of the country and that require more explanation. Is the pit bottomless, Mr. Speaker? Is it the understanding of the Government that for as long as it is in office it intends to come back here because it has a majority, bring in the requirements for more moneys, give them two, three or seven days of debate, never present a financial budget in the House, and expect us to accept willingly the estimates for additional funds to cover additional deficits which have never been explained in detail to Members of the House of Commons? It is totally irresponsible, it is unacceptable. I am absolutely amazed that the Government Member who just spoke would treat the matter lightly and make statements about the "weakness" of our arguments as we object to an additional $19 billion, $14 billion or $5 billion, as required by the Government, without bringing in a budget.

• (1610)

If Hon. Members opposite would like some horrendous nightmare stories such as the ones documented in the House over the period of many months and years concerning inappropriate spending of Government, I am prepared to give some examples which, with all due respect to the Government, it cannot really justify.

An Hon. Member: Let us hear a few.

Mr. Domm: All right, I will give the Hon. Member some and see what he thinks about them. When we talk about taxis and about taking the people of Canada for a ride in its request for funds, let me indicate that between March 1, 1980 and May 31, 1981, the Government paid out $3.5 million in taxi fares. The largest single bill from any Government Department was perhaps appropriately from Transport Canada for $422,000 worth of taxi bills. At current Ottawa taxi rates of $1.20 per mile, this is enough to go around the world 120 times. With no effort to control that growing budget, they come back here and ask for $19 billion.

Let us talk about telegrams for a minute. Between March 1980 and June 1981, the Government spent $16.7 million on telegrams, cables and other wireless communications. Even Canada Post does not trust its own mail, as it spent $260,000 in that period of time on telegrams.

What about hospitality? I do not know whether they are celebrating the appointment of a new Finance Minister or the appointment of a Minister in another Department who is as irresponsible as the Minister of Finance, but let us refer to the Government's treatment of hospitality. In fiscal year 1981-82, 11 Government Departments spent a total of $10.4 million on hospitality, food, booze, and authority for it, as required, was given.

If the Hon. Member opposite think that these kinds of requirements are justification for a budget, that it has seeded

itself many times over since it was first introduced in this session of Parliament way back in history, then I think he is sadly mistaken. He is mistaken if he is under the impression that we should accept it without argument and that the $30 billion deficit, as projected, is justified to Canadians.

Perhaps it would be helpful in the last few minutes, having been provoked into trying to justify the inappropriateness of these required moneys, if I made a couple of observations which might bring some sanity into the spending of Government, the deficit and its cash requirements. The deficit today is equal to 28 per cent of all our expenditures. For every $4 the Government spends, it must borrow $1. There are only two ways to finance a deficit. First, we can print more money, and over the past 12 years the Bank of Canada has monetarized a total of $12 billion on the Government's financial requirements. The other way to handle the deficit is by borrowing money. In 1982, borrowing by the federal Government accounted for 51 per cent of all new security issues placed in Canada. Borrowing of that magnitude clearly must have an effect upon the supply and demand for money and thus upon interest rates which must be borne by the private sector.

The Government's October budget forecast a record deficit of $23.6 billion this year, and already the Government, with all due respect, is blabbering in the House about the possibility of a $30 billion deficit without our ever seeing another financial statement dealing with a true economic budget so that we could look at the forecast over a reasonable length of time for justification.

Miss Aideen Nicholson (Trinity): Mr. Speaker, when introducing the borrowing authority Bill now before us, the Minister of Finance (Mr. Lalonde) drew a distinction between the financial requirements of the Government and the Government's deficit. They are different, the figures are different, but they are also clearly connected.

Obviously we have to be concerned about the deficit. With over 20 per cent of Government revenue now going to service the national debt, this is certainly a time to be prudent about Government spending, even though it must be said that Canada's national debt in the form of Canada Savings Bonds, Treasury bills and Government of Canada bonds is largely held by Canadians and, as with such a debt, repayment and interest charges represent a recycling of money within the Canadian economy.

Canadians have been saving a great deal of their incomes at rates much higher than Americans, for instance. There is a vast pool of savings to be recycled in our economy and federal borrowing requirements, although heavy, should not constrain private borrowing.

A large part of our deficit is recession-induced, a fact with which Opposition Members have not dealt in their speeches. Government spending is not out of control, to use their phrase. The deficit is high and borrowing requirements are high because of the world recession, because the world economy has been virtually stagnant for the past three years.

In Canada, revenues are down. Personal income tax is down because so many people are unemployed. Sales taxes are down because consumers are buying less. Business taxes are down because profits are low. At the same time as Government revenues are down, Government spending has increased on social programs to protect Canadians from the worst effects of recession. Unemployment Insurance payments alone have increased by 133 per cent. Payments to the Provinces under the Canada Assistance Program are also up.

We have in Canada a very good system of automatic stabilizers which goes into effect to help our citizens when times are difficult. It is a system which has been built by Liberal Governments over the years and of which we can be proud. It is interesting that in the very extensive consultations of the Minister of Finance as part of the pre-budget exercise, when he met with leading industrialists from all over the country nobody suggested that the safety net be cut from under those Canadians who are feeling the pain of recession most.

Clearly Government expenditures will be reduced, Government revenues will increase and the deficit will be reduced when the economy recovers and Canadians return to work. This is obvious, yet not one of the Opposition speeches on the borrowing authority differentiated or dealt with measures which temporarily increase the Government's borrowing needs but will result in increased revenues in coming months.

Apart from the fact that $6 billion will shortly be paid out in tax refunds—not an inconsiderable stimulus which will be injected into the economy—there were, in the last year, programs designed to stimulate the housing industry. The popular $3,000 grant to new home owners has represented a substantial expenditure of Government funds, but those expenditures created jobs for unemployed construction workers who are relatively high earners and, therefore, make a sizeable contribution in personal income taxes. Those expenditures to stimulate the housing market helped create demand for building materials, appliances and furnishings, thus creating jobs for other Canadians who, in turn, will be freed of the necessity to collect Unemployment Insurance and who will again become taxpayers. Similarly, the increased Government expenditures on direct job creation and on training are an investment in the future.

• (1620)

Throughout the discussion on this Bill the Opposition has attacked Government spending, but it has failed to put forward alternatives. One of the Conservative leadership candidates has now been quoted as saying that his Party has to stand for something other than for just replacing the Liberals. This is an interesting statement from a Member of a Party which has held three major conventions without any policy discussion.

Mr. Epp: That is not true.

Miss Nicholson: Perhaps the leadership convention will finally be the forum when Conservatives tell us what they are

for. In the House of Commons they tell us only what they are against.

Mr. Epp: We had a policy convention in Toronto in May.

Mr. Scott Fennell (Ontario): Mr. Speaker, I did not expect the Hon. Member for Trinity (Miss Nicholson) to end her speech so quickly, so I have been caught unawares. The point the Hon. Member gets from the Minister of Finance (Mr. Lalonde) that this whole situation is caused by a world recession—

Mr. Riis: Is not true.

Mr. Fennell: That is right, it is not true. The Hon. Member for Kamloops-Shuswap (Mr. Riis) said that is not true. That is one point on which we do agree. Canada has greater opportunity than any country in this world. We should not have suffered through the recession as we did. We have all the natural resources. We have more than any other country in the world and we are doing nothing about it. I maintain it is entirely due to the incompetence of this Liberal Government that brought this country down on its heels for the last 15 years.

On borrowing Bills, the Government should give the public and Members of Parliament an explanation so that we can all understand. We keep getting every two or three months new amounts which the Government wants to borrow. Could the Government not present to the House the amount of money that is outstanding, to whom it is owed, when it will become due, and give an explanation? The Government should explain why the Government needs the additional amount. Together with that, I believe the Government should bring in the amount it estimates will be created in specie. We get a tiny, little picture on everything from the Liberal Government. We do not get a complete picture with which we can work. We get only little bits and pieces. I request the Minister of State for Finance (Mr. Cosgrove) to discuss this point and give us a total picture so that Canadians will know the predicament which this additional borrowing will cause us.

I read through some notes on this borrowing and I find that of the total, about $2 billion will be carried over to the next year. We are talking about $5 billion and $2 billion being carried over. Then there is another $14 billion. We do not know how long that will last. Surely the Government has an over-all opinion as to how long that amount will last. The Government leaves us with such little information that we cannot assess these Bills properly and do the research required. Furthermore, we cannot the Government brings in a Bill on borrowing before we have a budget which would tell us how the Government will spend the money. This is not treating Canadians with dignity. This is not treating this House with dignity. We are not given an opportunity to discuss these Bills appropriately. We do not have all the facts.

The Estimates are wonderful if one has the sense to assess what part comes under a super Ministry and what part comes under a direct Ministry. The Estimates have hidden amounts throughout. Certain programs are tucked away in every corner. We have tried to simplify it. My friend, the Hon. Member for Capilano (Mr. Huntington), has come forward along with with one of your Members, Mr. Speaker, to present a proposal which will enable Members of Parliament to work with a real purpose and to come up with some answers. Then we will know what is happening. I do not think the Government knows what is happening. I do not think the Government knows where the money is being spent. If the Government does not know, how can we in the Opposition, lacking information, be expected to know? Why does the Government want $19 billion now when it is talking about a $90 billion budget? Does the Government know now how much of that money will be required this year, next year, and the year after? We do not have enough information to know what the debt is at the present time. We have been told various amounts. We have been told it is $122 billion at the end of 1983. I heard another comment that it was $137 billion. I do not know how many billions it is. It is beyond us. We do not have our hands on it. We talk in the House but we do not really have our hands on these amounts. That is why we are fighting closure today.

This subject of borrowing should be taken to committee. Closure should not be imposed in the House of Commons on this matter. This matter should be taken to committee so we can ask questions of the Ministers. They are responsible to the people of Canada. We are not getting the information in this House. The only place we can get it is in committee.

As an aside on that point, Mr. Speaker, I was a member of the Standing Committee on Public Accounts. One day I asked exactly the same question—

The Acting Speaker (Mr. Corbin): Order, please. I regret to interrupt the Hon. Member, but the Chair sees two other Members standing and holding a conversation in the House. Out of respect for the Hon. Member who has the floor, Hon. Members should try as much as possible to hold their conversations elsewhere.

Mr. Lewis: Mr. Speaker, I wish to present the apologies of my colleague, the Solicitor General (Mr. Kaplan) and myself, to the Hon. Member for Ontario (Mr. Fennell).

Mr. Fennell: Mr. Speaker, as an aside, I hope perhaps those two gentlemen were having a discussion having something to do with mandatory supervision, a subject which is very close to my heart. As the Minister walks out of the House, I hope he hears those few words and takes some action.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Fennell: I could get into a debate of a whole hour and a half on that subject, but I will stay with the matter under debate, that is, closure. We fight closure because we are not given the information we require. We must get this information. I accept that during the good times we built up social justice programs to such an extent that at this point we cannot cut back. The people who benefit from these programs are the ones who suffer the most. The one thing this Government is

not doing is dealing with the problem. We have a fixed cost for social affairs. But we are doing nothing to build up the economy of the country to create jobs through the private sector so as to get Canada in a positive position, in view of potential that we have. The Government is not moving ahead quickly enough to encourage industry. Industry is being discouraged.

• (1630)

There was a marvelous show on the CBC last Saturday about farmers and how they got into their present situation. The story explained how bankers encouraged them to borrow money at nine per cent. When the rates went up to 25 per cent they were put out of business. It is the Government's responsibility to assist those people because they are not being treated fairly. It was the Government that was responsible for interest rates increasing to 25 per cent, not the farmers. That is my point.

The Government should be providing grants to certain industries that can, through the use of the Department of National Defence, create a high technology capability that cannot be afforded in other circumstances. The Minister of National Defence (Mr. Lamontagne) will appreciate that the majority of the new technology that has been developed in the U.S. came from National Defence and NASA. We should be given grants to National Defence not only to build up our forces and equip them but to carry out the extremely expensive research that is required to remain competitive.

My next concern involves medium-sized industries which are trying to switch to the new technology. The Government provides for some research and development, but the critical costs which those industries incur while getting into production are so great that a tax relief should be provided. Ultimately, employment will be created.

Attention must be given to new and expanding industries. A new business which is just beginning cannot afford the full interest rate costs. Today, as a result of the SBIG, the rates are down from 16 per cent to 12 per cent. We cannot afford to capitalize as much of the interest costs as we have in the past. It makes us non-competitive with the rest of the world. In Japan, for example, consider the involvement of expanding companies that are moving into advanced technology. They receive free loans because the Japanese realize that if the interest on the capital is compounded, no company will be able to start production economically.

I repeat that I believe that the Government's management of the country is disgraceful. It is time that it told us all of the facts and gave us enough information so that Canadians can adopt a policy which can make us one of the greatest countries of the world. It was a former Liberal Prime Minister who said that the twentieth century belonged to Canada. We are in the last 17 years and we do not seem to be progressing.

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Mr. Speaker, I wish to comment on three main areas, and add some miscellaneous remarks. First, I wish to comment on the Canada-Ontario General Development Agreement as it applies to Renfrew County. Second, I will comment on the Canada-Ontario General Development Agreement as it applies to eastern Ontario, and finally, I will talk about the forestry programs.

As you know, all three of these items involve federal-provincial relations. When we become involved in federal-provincial relations on financial issues, it causes curious results. There is always a tremendous competition between the different levels of Government as they try to take credit for what is taking place. As a result of this competition, people perceive this Parliament as working in an atmosphere of confrontation, which is true. People perceive Members of Parliament as constantly fighting and the various levels of Government as not getting along with each other. Therefore, individuals have developed a certain disdain for politics.

In response to that I would say that it is the positive results that come from these debates and from the federal provincial and municipal relations that really count. Sometimes, however, those positive results become lost in the fray of confrontation in legislatures and inter-governmental relations.

An example of this was an agreement involving Renfrew County and the City of Pembroke, where plans were developed to conduct a mineral survey of the region, a survey of the forest species of the region, the introduction in the City of Pembroke of a new water filtration, sewage disposal upgrading plant, and a new industrial park. The reason for that project is clear. At the turn of the century when the forest industry had declined in the Ottawa Valley, there was nothing brought in from the private sector to replace it. AECL was brought into Chalk River, and National Defence base was enlarged. I see the Minister of National Defence in the House today and I wish to tell him that if he wishes to increase the base further, we would certainly welcome it because we appreciate having the Armed Forces base in that area.

With respect to the Renfrew County and the City of Pembroke GDA with the Province and the federal Government, which was signed on December 7, 1977, the wheels ground very slowly. The program had commenced prior to the 1979 federal election. Plans as to what would take place were well formulated. When the Conservatives came into power in 1979 and a new Minister was appointed, possible changes in policies were envisaged, and the project received a major setback. That setback came when the Mayor of Pembroke received a letter from the then Minister of DREE, the Hon. Member for Central Nova (Mr. MacKay). With regard to the three projects of the industrial park, water filtration and sewage plant, he said:

> I certainly appreciate the fact that government assistance may be needed to help expand the economic base of this slow-growth area of Ontario, and your personal concern to solicit help for the City of Pembroke. However, during this period of spending restraint by governments, my Department is hard-pressed to fund even existing programs, and therefore any new commitments can only be considered if there is a very high degree of urgency. Under these circumstances, I am not persuaded that assistance for Pembroke can be priorized until the restraint on federal spending can be eased.

People were very concerned about the water situation. He went on to say:

The interim period could be used constructively to revise and strengthen the Phase II proposal. For example—

Listen to this. This was the industrial strategy introduced by the then Minister of DREE:

—consideration for the industrial park could be strengthened if it were supported with a list of prospective tenants. Moreover, I understand there exists some confusion regarding ownership of the land on which the park is to be developed.

Does it mean that if one wants to get an industry started in the local community, one has to indicate one's desire to have that industry in the region but first an industrial park must be built if the region agrees? There could be a delay of two or three years, but it would finally get there. That was the message that was sent out.

This project was further hampered by another incident which occurred on June 21, 1980. Prior to that, on May 21, 1980, the new Minister of DREE, the present Hon. Member for Matapédia-Matane (Mr. De Bané), wrote to the provincial Treasurer of Ontario and stated:

• (1640)

In the case of Pembroke, I am sympathetic to the requirement for the industrial park itself—

He went on to elaborate. Then, one month later, after receiving the letter from the federal Minister of DREE, the provincial Treasurer stood before a Conservative Party meeting in the riding and said, "We sense the federal Government has been withdrawing support for infrastructure programs, and if so, Pembroke's new industrial park could be in jeopardy". One can imagine how that hit the local press. Shortly thereafter, the federal Minister of DREE, along with two colleagues from eastern Ontario, the present Minister of Supply and Services (Mr. Blais) and the present Minister of State for Mines (Mrs. Erola), went to Toronto. The Province seemed to be absolutely astounded that there was so much support. I suppose that when the provincial Treasurer made that statement in front of that Tory meeting, he thought he would be a hero and could dump the blame on the federal Liberal Government for not doing anything. However, when he was suddenly confronted with the fact that we were taking a strong stand, that changed the whole picture. The end result was—

Mr. Lewis: Are you riding a white horse?

Mr. Hopkins: —that the Minister of DREE discussed the matter further with the Province of Ontario. Then the DREE Department submitted a plan to the Ontario Government in the summer of 1980. We never heard from the Ontario Government until late in November when the provincial Treasurer of Ontario had to bow out of the federal-provincial meeting and could not be there to discuss the situation.

Nothing else was heard from the Province until June 12 of 1981, when the provincial Treasurer wrote to the Minister of DREE requesting a meeting. Throughout this time the controversy was continuing all across the region. It was being said that the feds were dragging their feet while the Province was willing to go ahead. The provincial Treasurer even wrote a letter to the City of Pembroke saying, "We are prepared to go ahead and commit the $5.6 billion if the federal Government is willing to do likewise". Of course, this was after he had received the federal Government's proposal, about which he said nothing.

I admire Ministers who carry out these kinds of federal-provincial relations and still stick to their guns. Of course, these are the sort of squirming federal-provincial relations which should be laid out in the open so that we can make other arrangements in the future with a little more dignity and with a little more respect for each other.

The end result was the Liberal Minister of DREE approved the project. He met with the provincial Treasurer here in Ottawa and came to an agreement the first time they met thereafter. It could have happened months before, but it did not because the Province did not approach the federal Government for months after the proposal was made. This is not the way to handle federal-provincial relations, and we must adopt a more constructive approach and put a time frame on these matters thereafter.

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, it is unfortunate that I must take part in a debate on a borrowing authority Bill for which closure has been sought when it concerns a request for more than $19 billion. The House has been told that there must be closure in order for the Government to carry on with its business. I want to discuss some of that business for a few moments, if I may.

It is disturbing to see the kinds of things happening in my riding, and to hear in Ottawa about the main corridor of VIA Rail and the passenger services which must be accommodated here. There have been problems involving crews on passenger trains in the West which have had to call in the RCMP to take drunk people off the trains. This is affecting their duties on the trains. There have also been cases of rape on trains. It is difficult for conductors to carry out their duties. As well, passengers have been overbooked. This has been caused by the action of the Government. The Minister of Transport (Mr. Pepin) has brought in legislation without even presenting it to the House, making sweeping changes to VIA Rail, affecting transportation services to which people are entitled.

The Hon. Member for Trinity (Miss Nicholson) referred to job creation programs. I would like to emphasize the problem in my riding where the federal and provincial Governments have allocated almost $1 billion to develop the Northeast Coal Program. At this time, 2,000 workers in my riding are laid off for six weeks, with the possibility of being laid off for another four weeks because of stockpiling of coal going to the Japanese, the very same market for which the Government is providing extra funding. I want to say in all sincerity that if the Government is to enter into those kinds of programs, and if that is in the best interests of the country, there should be orderly marketing to protect the towns and villages involved. When I see billions of dollars being spent and the high level of deficit, and those kinds of problems being created, I want to

say, "Shame, shame on the Government which would cause that to happen".

At the present time the Minister of Transport is proposing sweeping changes to the Crowsnest Agreement without even bringing them before the House for its consideration. Literally billions of dollars would be granted to the railway system, besides the changes to the Crowsnest Agreement, which could literally destroy the grain markets of the Canadian economy. The Government has made such proposals without debate of any kind in the House.

The Premier of the Province of British Columbia, on a tour of my Province, came into my area and said what a great venture it would be and how it should be carried out. I received a resolution from the municipal councils in my riding endorsing the proposed provisions in the Crowsnest Agreement. However, we have not even had the opportunity to see nor to debate those very basic changes the Government is proposing, which could create some very serious economic problems across Canada.

Those are the kinds of problems the Government is creating. I say that it is no wonder we have such a large deficit. The Government should be sincere about doing something about the deficit instead of attacking Family Allowance benefits, the cheques of senior citizens, and the pensions of public servants. It should devise a program so that there is equity in these projects for every dollar allocated to the railway system. Then, as it started to develop, the money could be paid back. We are certainly in full agreement that the transportation system must be upgraded across Canada. However, we do not agree that money should be given, for instance, to CP Rail, which has done nothing but drag its feet and take money from the Government over the years, exploiting it and using it in other areas without carrying out its commitments. It is a shame that the Government would make those kinds of changes with regard to pensions, the indexing of Family Allowances and so on.

I would like to refer to the Minister of State for Mines (Mrs. Erola) who is responsible for the status of women. Her riding is Nickel Belt. I think it is appropriate to let the people hear what she has done. An editorial letter was captioned: "Sweeping statements are unfair to thousands of Canadian women." This was printed in the Sudbury *Star* of January 17, 1983. It reads:

• (1650)

I strongly object to your insinuation that unemployed, childless women contribute nothing to Canadian society.

I am a childless unemployed Canadian woman. My husband and I remain childless because we cannot have children of our own and because we feel we cannot personally accept adoption or unnatural conception. I am unemployed because, after 10 years of teaching elementary school, my husband was transferred to Sudbury. I oppose a viewpoint that brands me as a non-contributor in my own country. I further feel that your views on contribution to society are narrow and without thought.

That is another indication of this Government's attitude toward the Canadian people and how this country will be governed. There is no industrial strategy that will put people back to work. The deficit that we face, combined with this closure motion, is an insult to all Canadians, especially Members of Parliament who have not had an opportunity to express their views as to how this deficit may be brought under control or put to better use in order to create employment and give some future to the many unemployed who look to this Government for some direction.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, it is time for us to move ahead in our debate on this Bill. It is time to finish this stage of our discussion, get this Bill into committee, back from committee and passed so that the Government can proceed with the other elements in its program. This is my argument because I believe we have had plenty of time for debate on this topic. Second, we know, and every practical-thinking Canadian knows, that the money is needed. Third, we know and have demonstrated, as did the Minister of State for Finance (Mr. Cosgrove) today, that there are efficient ways to borrow money that will save Canadians millions and millions of dollars, and the smooth passage of this Bill will help us with that efficiency.

Let us look at some of the fascinating statistics about our debate so far. We see that until this time Parliament has dedicated five full debating days to this Bill, which I am told represents some 15 hours and 41 minutes of discussion. During that time we have heard from 46 comrades in arms from the Conservative Party, 15 of our colleagues in the new Democratic Party, and ten Members of the Government, up until this morning.

Far more important than all of that, we have had a lot of debate on the basic instruments which led up to this Bill, the financial instruments that gave us some idea of the Government's sense of direction.

For example, we had ample discussion on the Minister's statement of last October. At that time he laid out the Government's program and its borrowing requirements up to the end of this current fiscal year. As we look at this borrowing authority Bill, we see clearly from the statement last October where the money will go. That is a very important point because the Opposition has regularly clouded that fact in its discussion. There is plenty of information available from the November, 1981 budget, the June budget and the October statement. There is plenty of information to indicate the direction of the Government's programs over the next few months.

Second, we had from the President of the Treasury Board (Mr. Gray) a detailed set of Estimates for the fiscal year 1983-84. Equally, we have had, and every Member of this House knows it, a pledge from the Minister of Finance (Mr. Lalonde) to produce a budget as quickly as he can. However, he said that we must clear the decks before he bring in another budget. He made it a condition that we must clear away the Income Tax Act, straighten out the borrowing authority, and clear up the six and five legislation.

We have done much of that. The Minister views it as irresponsible, and he said this in the House and outside, for us

to introduce another budget before we finish with the legislation of past budgets. That is reasonable, and I think most Canadians accept it.

We have not pulled surprises. We have clearly told Canadians the general thrust of our program, our tax policy and our spending through the Estimates for the coming year. We have had a lot more information through the pre-budget consultations, the Finance Committee hearings and the debate on Bill C-139, the Income Tax Act.

Finance matters are the focus of parliamentary activity at this time. I was astonished to hear a Member of the Opposition stand up and say that he does not get enough information about the Government's work. That Member must be on a holiday. He must be living in some kind of cave. We have done nothing but talk about finances, budgets and the Government's general financial direction since last June.

We have all kinds of other legislation to deal with, but we have not been able to pay attention to it. Why? Because the Government has made finance and our response to the recession the number one priority, and the Opposition knows it. There is no reason why any dutiful, hard-working Member on the other side would not know what we are doing.

We do not know what they are doing. I have looked at the record of what the Opposition said today. It was a little hobby to while away the hours listening to the speeches. I thought it would be interesting to tell people what we heard from the ranks opposite.

Early this morning the Hon. Member for Edmonton West (Mr. Lambert), a distinguished Member of the House, told us not to tax so much. That chorus was joined in by a lot of other singers because we were discussing the Income Tax Bill. The Members were eloquent indeed about the terrible tax burden this Government supposedly is putting on the people. They said in conclusion, "Don't tax so much".

We then heard from the Hon. Member for Vancouver Centre (Miss Carney). She thinks we should cut the deficit, that we should not borrow so much. They tell us we should not tax so much and we should not borrow so much. There are several people in the Barnum and Bailey Circus running for the leadership of their Party who are saying, "Don't borrow so much". We have those two positions undeniably from the Tories.

In questions from the other side during today's Question Period we were asked why we do not spend more on health care, transfers to the Provinces, women's issues, and research and development. In one day alone we opened up billions of dollars worth of opportunity. The Tory position was made eminently clear today: Spend lots of money, but don't tax and don't borrow to get that money. Lord knows where it will come from, but it is the Tory magic program. It is a very attractive one. I would like to find out how they plan to carry it out. We look forward to the details on that.

Our friends on the left, our bosom buddies in the NDP, as they are said to be, do not have an idea at all. Their position on the borrowing authority has been completely procedural. They say they do not like the way we are going about it. They do not say anything about what we are doing, not one word. I must correct that. The Hon. Member for Kootenay-East Revelstoke (Mr. Parker) told us that he would like to see us spend a little more money to kick drunks off trains. He went on from there to give us a very good and, I thought, heartfelt dissertation on transport policy in his riding. That was a good discussion and I can remember it clearly because it was the only good discussion I have heard from his Party. We have not had any discussion from the New Democratic Party about the direction they want to follow.

• (1700)

Their Leader, the Hon. Member for Oshawa (Mr. Broadbent), said a short while ago that he wanted to cut the deficit. I remember that clearly. It was shocking to all of us who felt that the deficit was one of the rocks of the NDP. We felt that they could always he counted on to support us in this debate, but, no, there was the Hon. Member for Oshawa saying, "cut the deficit". Now we do not know, any more than we know from the Tories, whether the NDP wants to cut the deficit by lowering our borrowing, lowering our taxes or lowering our spending. All we know is that they do not like the way we are going about it. We do not know where they would go or what they would do, otherwise.

In fact, we heard from the NDP spokesman on finance matters today that he dissociates himself from the view that the private sector will lead us to a recovery.

Mr. Deans: That's right.

Mr. Fisher: I hear them saying, that's right. How does that fit in with his Leader's view that we should cut the deficit? Would he like us to leave it all up to the private sector and cut the deficit, or would he like us to add some to the deficit and lay off the private sector? We would like to hear some of these opinions from him.

We would also like to hear a little less about the procedural stuff and a little more information such as we got from the Hon. Member for Kootenay East-Revelstoke telling us where he wants to go. We want a few ideas on principles, and a little less of this hollow procedural stuff. We will look forward, in the days to come, to some debate along that line from both sides of the House, Mr. Speaker.

Mr. Dave Nickerson (Western Arctic): I always enjoy listening to the Hon. Member for Mississauga North (Mr. Fisher). He is one of the more eloquent Members of this House. And today, Sir, not only have we had the opportunity to listen to that hon. gentleman, but we also listened to his colleague, the Hon. Member for Mississauga South (Mr. Blenkarn). In fact, Mr. Speaker, if there has been any hijacking of Parliament done these days, it has certainly been done by the two Hon. Members from Mississauga who have just about monopolized today's debate.

What I wanted to say in this brief time which is available to me is that this imposition of closure, this use of the guillotine,

is particularly unworthy of the Government. Not only is it unworthy but it is unnecessary. The House Leader of the Liberal Party had only to count the number of Hon. Members who have spoken on Bill C-143 and he would have found that there were only a handful who had not spoken. I will let him in on a secret, Mr. Speaker. There were only about two Hon. Members on this side of the House who wished yet to speak. So in fact, what the Government has done by bringing in closure has cost them another day. What would have happened had they not brought in closure is that this debate would have ended. Second reading debate on Bill C-143 would have ended after about 20 minutes. It would have gone to committee and the work of Parliament would have been expedited, instead of being delayed as it is now. We have used this afternoon, and we will presumably use another full day on this issue, before the matter gets to committee. It is indicative, Mr. Speaker, of the Government's inability to run this House, and that is not unremarkable because we realize—

Mr. Deputy Speaker: Order.

[*Translation*]

Order please! As it is now 5.05, the two hours provided for the consideration of the motion now before the House under the provisions of Standing Order 82 have expired. Therefore, under the provisions of this Standing Order, it is my duty to interrupt the proceedings and put every question necessary to dispose of the said motion.

[*English*]

The question is on the motion of Mr. Cosgrove, seconded by Mr. Ouellet.

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

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

(*Division No. 299*)

YEAS

Messrs.

Appolloni (Mrs.)
Axworthy
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cullen
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Turner
Veillette
Watson
Weatherhead
Whelan—125.

NAYS

Messrs.

Althouse
Andre
Anguish
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Corbett
Cossitt (Mrs.)
Crouse
Darling
Deans
de Jong
Dick
Domm
Epp
Fennell
Forrestall
Fraser
Fretz
Fulton
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hawkes
Hovdebo
Howie
Jarvis
Kempling
Kilgour
Knowles
Korchinski
Kristiansen
Lambert
Lawrence
Lewis
Lewycky
MacDonald (Miss) (Kingston and the Islands)
MacDougall
MacKay
Malone
Manly
McCain
McDonald (Ms.) (Broadview-Greenwood)
McKenzie
McKnight
McMillan
Miller
Mitchell (Mrs.)
Mitges
Murta
Neil
Nickerson
Nielsen
Nystrom
Orlikow
Paproski
Parker
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Schellenberger
Scott (Victoria-Haliburton)
Shields
Skelly
Speyer
Stevens
Stewart
Thomson
Towers
Vankoughnet
Wise
Wright
Young—89.

● (1730)

[*Translation*]

Madam Speaker: I declare the motion carried.

Motion agreed to.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,638 and 4,648.

[*Text*]

CNR—EMPLOYEES AT THE PAS

Question No. 4,638—**Mr. Murphy:**

1. How many staff, broken down by job categories (a) were situated in The Pas two years ago (b) are now situated in The Pas by the Canadian National Railways?

2. Were any of the positions transferred from The Pas to Winnipeg and, if so (a) how many (b) for what reason?

3. Were any of the positions abolished and, if so (a) how many (b) for what reason?

4. Does CNR intend to close all dispatching offices between Saskatoon, Saskatchewan and Armstrong, Ontario with the exception of the one in Winnipeg, Manitoba and, if so (a) how many transfers are projected and how many jobs will be lost (b) what is the rationale for the decision?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Tansport): The management of Canadian National Railways advises as follows:

1. Job categories	(a) Jan. 1980	(b) Dec. 1982
Police	2	2
Clerical	31	25
Operating	88	82
Dispatching	10	10
Engineering	117	109
Total	248	228

2. No.

3. Yes. (a) 20. (b) 12 positions were eliminated because of technological change, with benefits being made available under the Job Security Agreement to those affected. In addition, eight positions were lost because of a decline in business.

4. It is CN's intention to consolidate all dispatching into Winnipeg with the transfer of The Pas dispatching on April 24, 1983. In late 1984, it is planned to transfer the dispatching function from Saskatoon to Winnipeg.

(a) The Pas

Positions transferred	—4 regular dispatchers —3 relief dispatchers

Three positions will remain at The Pas as operator positions.

Saskatoon

Positions transferred	—12 regular dispatchers —13 relief dispatchers

All 25 positions will be transferred to Winnipeg.

(b) The rationale for these changes is to provide a much improved utilization of relief train dispatchers at an annual savings in excess of $1 million, through the elimination of duplication of staffs (both supervisory and train dispatchers). In addition, maintenance costs for facilities, janitorial service and other incidental expenses will be eliminated.

METRIC COMMISSION ANNUAL REPORT

Question No. 4,648—**Mr. Greenaway:**

1. What was the (a) total (b) per unit cost of producing the Ninth Report of the Metric Commission of Canada for the period ending March 31, 1982?

2. Was the report printed on high-gloss paper and, if so (a) on what basis was it chosen (b) who in the Commission was responsible for the selection of the paper?

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. (a) $57,552.50; (b) $4.80.

2. Yes. (a) Supplied by the printer, at no extra cost, as a substitute for the requested but unavailable low-gloss paper. (b) Not applicable.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 4,525 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is that agreed?

Some Hon. Members: Agreed.

[*Text*]

CROWN CORPORATIONS

Question No. 4,525—**Mr. Siddon:**

What are the names of all Crown corporations established under federal jurisdiction and on what date was each established?

Return tabled.

[*English*]

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

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

Some Hon. Members: Agreed.

ELECTORAL BOUNDARIES READJUSTMENT ACT

FILING OF OBJECTION TO REPORT OF COMMISSION FOR THE PROVINCE OF PRINCE EDWARD ISLAND

Madam Speaker: It is my duty to inform the House that an objection, signed by the Hon. Members for Hillsborough (Mr. McMillan), Simcoe South (Mr. Stewart), Simcoe North (Mr. Lewis), Durham-Northumberland (Mr. Lawrence), Burlington (Mr. Kempling), Haldimand-Norfolk (Mr. Bradley), Western Arctic (Mr. Nickerson), St. Catharines (Mr. Reid), Waterloo (Mr. McLean), and Fundy-Royal (Mr. Corbett), has been filed with me pursuant to Section 20 of the Electoral Boundaries Readjustment Act, Chapter E-2, R.S.C., 1970 of the report of the Electoral Boundaries Commission for the Province of Prince Edward Island.

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration in Committee of Bill C-139, to amend the statute law relating to income tax—Mr. Lalonde—Mr. Francis in the chair.

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

The Chairman: The House is in Committee of the Whole. The following Clauses have been grouped for debate: Clause 4, Subclauses (6) and (7), Subclause (8) with an amendment, Subclauses (9) and (11), Subclause (12) with an amendment, Subclauses (13) and (15), Clause 22, Subclause (11) and Clause 54, Subclause (3).

Mr. Blenkarn: Mr. Chairman, I rise on a point of order. Earlier today arrangements were made for the grouping of certain Clauses, but we have not come to a final understanding on that grouping as yet. In view of the hour, I do not think it is necessary at this point to come to that final understanding on grouping. We are working rather closely with the Parliamentary Secretary on this matter to try to come to an effective grouping of the Clauses with respect to insurance and annuities, and we pretty well have it together. May I suggest there are a number of Members who want to ask questions on the general structure of annuities and life insurance. Perhaps between now and six o'clock that might be accomplished without putting further amendments at this stage. The next day the Bill is brought forward, those amendments, with respect to the groupings that we will have determined by that time to be appropriate, can be put all at once so that we will know exactly that we are dealing with.

• (1740)

Mr. Cosgrove: Mr. Chairman, the statement by the Hon. Member for Mississauga South reflects the working arrangements which Members opposite working in Committee of the Whole had adopted this morning. More than that, we had agreed that in addition to grouping sections dealing with life insurance and annuities together for purposes of debate—

The Chairman: Could Hon. Members currently carrying on conversations leave the House and go behind the curtains because it makes it most difficult to conduct the business of the House.

Mr. Cosgrove: Mr. Chairman, I indicated that the only intelligent way in which we can come to grips with the general policies affecting life insurance policies, annuities and taxation of insurance companies is by grouping. More than that, we had agreed there would be one vote which would incorporate all the Sections dealing with these through the 139 Sections.

I am in agreement with the proposal of the Hon. Member for Mississauga South. We are still trying to come to an agreement as to which of those Sections and Subclauses they will be, and how we will deal with the amendments. I think we can sort that out before our next sitting. In the interim, I understand there is a continuation of questions and some comments by Members opposite dealing with the Sections presently before the Committee.

Mr. Riis: Mr. Chairman, may I direct a question to the Minister regarding the now assembled list, or the grouping we have before us including quite a host of amendments to the Bill? Does this list now adequately reflect all the Government's technical amendments that it plans to table relating to this Bill? To be more specific, will the Minister be bringing forward technical amendments that we will then see added to this list at a subsequent date?

Mr. Cosgrove: Mr. Chairman, with respect to the subject that really is the first item namely, Clause 4 dealing with life insurance policies and annuities, I am told by my officials that in the material I provided to the Hon. Member—I think he has a copy in hand, which is the same as mine—those items preceded by (a) are subject to intended amendments. I have made those available to Members opposite, together with explanatory notes on those items. But in so far as other Sections in the Act are concerned, there could well be other technical amendments, and as I have indicated, most of them relieving. In the absence of agreement from the Official Opposition to treating those amendments as having been moved, I cannot say with certainty that the Government will move every one of those technical amendments. If we found proceedings to be very slow and we thought that, for the sake of the common good, the Bill up to a certain point could accomplish what was intended, the Government, in trying to assess that conceivably might abandon some of those technical

amendments. I would like to take the opportunity to offer to produce and table the technical amendments that we have prepared now if I had the agreement of Members opposite to treat them as if they had been actually moved.

Mr. Blenkarn: No.

Mr. Cosgrove: Then Members could have them. If we did that we could avoid the process of my making amendments available under each Section heading of the Act. I hear the Hon. Member for Mississauga South saying no. It requires unanimous consent of the Members. Therefore, I am precluded from doing that.

Mr. McKenzie: Mr. Chairman, I have a couple of questions for the Minister. There might be some repetition here, but because of the interest in the changes which the Minister is proposing, I want to make sure that I have everything perfectly clear for the people whom I represent. My question is with regard to annuity benefits.

Any annuity benefits prior to the last budget date should be exempted from taxation. Has the Government considered the financial position of a person who does not have a great deal of money and who is getting close to retirement? Let us say this person had accumulated $4,000 or $5,000 in a policy which he or she had taken out several years ago under the previous taxation laws, and consider that the same person was given proper advice according to those taxation rules, borrowed money from his life insurance policy and moved this money into a deferred annuity. The reason for doing so was to accumulate a better income supplement for his or her old age. This income would enable this person to be less of a burden on society and better able to care for himself in his senior years. Then the November, 1981 budget comes in and the same person must pay tax on the borrowed money. The person would have been better off leaving the money in the life insurance policy. Why is the Government discouraging personal investment?

Mr. Cosgrove: Mr. Chairman, the Hon. Member's understanding is correct. The example as I understand it, was the case of a couple who had utilized, first, a life insurance policy which had been taken out a number of years ago and, second, from that cash surrender value, loans were utilized to purchase an annuity to assist with retirement expenses. Presumably that was done prior to December 2, 1982, which was the date of amendments to the proposals which were first introduced in the November budget. For that reason, that situation, that policy and the income arising, the treatment of both the life insurance policy and the annuity would not be affected by the present legislation.

Mr. McKenzie: I thank the Minister for his answer, Mr. Chairman. Perhaps he can clear up something else for me. For insurance contracts issued after the June, 1982 budget owned by a corporation, the net proceeds will not be paid out tax free through the capital dividend account. Can the Minister tell me why not?

Mr. Cosgrove: Mr. Chairman, the dividends can be paid out without attracting tax. I would qualify that by saying that under certain circumstances the dividends to a certain extent would attract tax. That was a very difficult area for the Department officials and representatives of the industry, the Life Insurance Underwriters Association, and it was only after extensive consultations that the Life Underwriters agreed to those cases in which the payment would be paid out and tax would be fixed only under certain conditions.

• (1750)

I have been given the particulars. However, I do not know whether reading a whole page of those cases where they are exempted would be useful. I could make this letter available to the Hon. Member. Suffice it to say that what I have in my hand is a letter dated February 2, 1983, addressed to me. It is signed by the Chairman and Chief Executive Officer of Life Underwriters' Association of Canada. In reference to the amendment which is here, he says, "The presentation of this amendment resolves to our satisfaction the concerns of the Life Underwriters' Association of Canada relating to corporate-owned life insurance and the capital dividend account issue." That is a recent development, dated February 2, but it has been settled to their satisfaction.

Mr. McKenzie: Mr. Chairman, I would appreciate it if the Minister could provide me with a copy of that letter. Perhaps some of his technical amendments might make it more clear for us.

I have one final question. Tax shelter growth provisions, such as life insurance products, are useful to people using them to support their incomes. An example is taking out an annuity or using insurance products to meet commitments during a time of financial hardship by borrowing against their policy in order to help pay for a son's education or wedding or some other major expense. In such an instance, these individuals would be keeping their insurance policy in force at the same time. Why should these people who are trying to save more money for their future be penalized by having to pay tax on either the borrowed funds or the annuity?

Mr. Cosgrove: Mr. Chairman, I am pleased to be able to repeat what I said this morning, that the old rules for policy loans continue. In effect, there is nothing in the legislation before the House that treats the policy loans differently. It was in recognition of the very case that the Hon. Member has made that that amendment was made in discussions with members of LUAC and PLIA. They have indicated their receptivity to the treatment of not only loans in cases of hardship where a policyholder wishes to take the cash down for an emergency purpose, but in all cases where disability occurs. A policyholder, no matter whether it is an exempt policy or not, is exempted, and that person can use the cash or annuitize. That is so in the case of disability. Therefore, there are two cases; loans and disability. The old rules apply, and there is nothing new.

Mr. Darling: Mr. Chairman, I believe the Minister was speaking earlier today about the annuity as well as money in the bank. He was giving the example that the money in an annuity would have a much better return for the policyholder than leaving the money in the bank. As I mentioned before, when one purchases an annuity, there is a front end loading in a great many of these annuities which pays the commission and costs. Certainly, if someone tries to cash in an annuity or an instrument similar to an annuity, such as an investor's syndicate, he or she will take a loss.

In the case of an emergency, the money in the bank at a slightly lower interest rate will give a better return. You cannot compare the two and say that the annuity is a better deal than the bank loan because it certainly is not. I would appreciate the Minister's comments on that.

Mr. Cosgrove: Mr. Chairman, the same point was raised, I believe, by the Hon. Member for Edmonton West in responding to my comments. That is, drawing a parallel for tax purposes between a person investing in a bank account and looking at what the return would be as compared to those people who have been, during the last couple of years due to the increased interest rates, using annuities.

I believe that it is common knowledge that there is only a certain segment of the Canadian community who were taking advantage of the annuity situation. I would refer the Hon. Member to the *Financial Post* article dated July 4, 1981 which was entitled "Big Sums Go Into Deferred Annuities." The article points out the reason why this is troublesome to the Government, and it should alarm all Hon. Members who are concerned about equitable treatment of Canadians with respect to investment, whether bank accounts or annuities. The article begins by saying that the smart money is moving into deferred annuities, investment that earned today's high interest rates and lets income accumulate, compounded and tax-deferred for 10 to 20 years or more. The writer further suggests that the buyers are sophisticated, well-heeled investors, perhaps a little wary of the stock market, who can afford to tie up income for a long time in order to avoid paying tax on it at current high marginal rates.

The point is that the basis for tax is income. It should be income earned under whatever circumstances. We should not permit those people who are described as sophisticated, well-heeled investors to separate themselves from ordinary Canadians because their income and their interest allows them to put off tax payments for 10 to 20 years.

The logic of that is that if you have a deferred tax indefinitely, you in fact do not pay tax.

We just finished taking a vote this afternoon. The Government came to Parliament to explain that it is pressed to go to the market for additional borrowings because of the demand which is upon the Government in difficult financial times. The result of the use of these schemes by those people called sophisticated, well-heeled investors was a loss to the Treasury of an estimated $75 million annually, which is not available to meet the demands of the Government in other areas.

Mr. Darling: Perhaps I could give another example to the Minister. The tax department is after every nickel it can get. If there is a windfall profit made on the stock market, it takes 50 per cent anyway. You are not satisfied with that. You will not let the lucky person in the stock market agree to take their 50 per cent. The Government will say it will take its 50 per cent but will not let the individual buy an income averaging annuity to spread it over the rest of his life or a period of 10 years.

However, if one wants to become a real gambler and buy tickets on the sweepstake, the sweepstakes are home free. You do not put your claws on the sweepstake. At least, you have not thought of it yet, and maybe I should not give you the idea. I know that sweepstake winnings in the United States are subject to capital gains. I see the officials starting to blink their eyes.

What is the difference between a person winning a million dollars on the sweepstake and being comfortable for life and a farmer who works hard all of his life and sells his farm for a substantial amount—because they say that farmers live poor and die rich—and he sells his farm for that substantial amount of money for which he only gets a downpayment of $10,000. Suppose he gets cash.

• (1800)

The Chairman: Order. I hesitate to interrupt the Hon. Member but, it being six o'clock p.m., it is my duty to rise, report progress and request leave to consider the Bill again at the next sitting of the House.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

BILINGUALISM—SPECIAL RECRUITMENT OF FRANCOPHONES FOR EMPLOYMENT IN CIVIL SERVICE. (B) EFFECT ON ENGLISH-SPEAKING CANADIANS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, on April 23, last year, I asked the Prime Minister (Mr. Trudeau) about a Government directive establishing special recruitment teams for the purpose of searching out and hiring francophones exclusively for employment in the federal civil service. The Human Rights Commission is currently investigating the discriminatory promotion policy of the Liberal Government, although it appears that the Human Rights Commission is experiencing great difficulty in arriving at a decision on the various cases which have been brought before it with regard to preferential treatment for francophones.

The Commissioner of Official Languages, Max Yalden, stated in October 1982 that it is time that the federal Government told the country what its official language program was all about. Today I am calling on the Parliamentary Secretary to request that the Government and the Cabinet enact, as law, Paragraph 7 of the House of Commons Resolution on official languages dated June 6, 1973, or to otherwise adopt the contents of my Private Members' Bill C-666, an Act to amend the Official Languages Act, to ensure that English-speaking Canadians are protected against the discriminatory bilingualism policies of the Liberal Government.

In order to assist the Human Rights Commission in rendering a decision on the case which is presently before it concerning discriminatory practices based on nationality, preference being given to the French nationality, I request that Bill C-141, an Act to amend the Human Rights Act, be brought back for debate. This is essential so that the five amendments I have tabled may be implemented to include language as a prohibited grounds of discrimination. It is imperative that we have laws to protect English-speaking Canadians, due to the discriminatory language policy of the Liberal Government.

English speaking civil servants are being dead-ended because of this so-called bilingualism policy. As an example of public concern over this issue, I have just received the highest return ever from a questionnaire I distributed within my constituency of Winnipeg-Assiniboine and extensively throughout Ontario. The purpose of the questionnaire was to determine public sentiment pertaining to the Liberal Party's bilingualism policies and to determine general opinion on the necessity of holding an open parliamentary debate to discuss the elements of discrimination brought about by the Liberal Party's bilingualism policies. The results clearly point to the sentiment of the Canadian people. Of those responding to the polls, 98.35 per cent stated their desire for debate on these Liberal Government policies which are so blatant and discriminatory.

There have been obvious human rights violations of English-speaking Canadians employed in the Civil Service, the RCMP, the Armed Forces and Crown corporations. There is no doubt but that the merit system is being ignored and superseded by Government directives to give preferential treatment to francophones at the expense and to the detriment of anglophones employed in the public service.

In light of the Human Rights Commission being charged today in the Federal Court of Canada Trial division for the delay in rendering a decision on cases referring to discrimination based on the application of preferential treatment of francophones to the detriment of anglophones, I have in my hand a copy of a writ served on a Human Rights Commission directing the Commission to hold a hearing on a complaint which has been filed with regard to the awarding of preferential treatment to francophones in the RCMP. The application will be made to the Federal Court of Canada on March 17, 1983, under Section 18 of the Federal Court Act.

Is it the Liberal Government's policy to make Canada a French state? I ask this question in light of the statements made in Halifax by the Secretary of State (Mr. Joyal). He referred to "the ambition of making Canada a French country, both inside and outside Quebec", and the task of making "Canada a French state", which he has taken on.

• (1805)

The Minister has also introduced a Bill that would force bilingualism on the private sector and which would impose fines and jail sentences for non-compliance. By reason of the statements made by the Secretary of State, and by reason of the existing circumstances of the Human Rights Commission, I am calling on the Government to hold an emergency full-scale and open parliamentary debate to discuss its discriminatory policies on bilingualism.

Incidentally, I have had questions on the Order Paper for a year in an attempt to obtain more information with regard to these hiring teams, what Provinces they are going into and what nationalities they will be hiring in their recruiting program. I hope we can have some concrete answers from the Parliamentary Secretary tonight with respect to these discriminatory practices.

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, because the Parliamentary Secretary had to make an out-of-town speech tonight, he asked me to answer on his behalf.

I would point out that in his answer to the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie) the Prime Minister (Mr. Trudeau) mentioned the reasons for this policy. On April 23, 1982, he stated that he was not aware of the particular Order in Council or directive to which the Hon. Member was referring. He speculated that this directive had been necessary because the attractions of Quebec City were very great as opposed to Ottawa, because very few qualified French Canadians knew they would be able to work in a language environment conducive to the kind of productivity of which they are capable. He pointed out that the position of the Hon. Member was in direct contradiction to the policy of his Party and his Leader.

In his question in the House that day, the Hon. Member for Winnipeg-Assiniboine raised the matter regarding the operations of the House of Commons. The Speaker felt it necessary to answer him, pointing out that his reference to rights in the House was incorrect. Therefore, we have a number of cases where the information put forward by the Hon. Member is not as accurate as he would have us believe.

The Hon. Member cites with great flair his questionnaire. On the basis of what he said in the House, I would suggest that it was a biased questionnaire. If this were in court, he would be told by the other attorneys that he is posing leading questions. Therefore, it is not surprising he got the kind of results he did with his questions framed in that manner.

The Hon. Member made reference to statements made by the Secretary of State, and made the ludicrous assertion that it is the policy of the Government of Canada to make this country a French state. I feel that his assertions are blatantly

ridiculous and ludicrous. It is not worth my effort or the time of this House to give him an answer.

ENVIRONMENTAL AFFAIRS—POLLUTION OF NIAGARA RIVER—PROPOSED ACTION BY PROVINCE OF ONTARIO. (B) ACCESS TO INFORMATION ON DUMP HAZARDS

Mr. Girve Fretz (Erie): Mr. Speaker, the Niagara area is one of the most picturesque areas in North America. With its mild climate and rich soil, it quickly became one of the most heavily populated areas of our Province. Unfortunately, people are polluters. So are the industries where they work and where the goods they require are manufactured. Thus begins the tragic story of pollution in the Niagara River.

Niagara Falls is the place to spend your honeymoon. With the sun setting over the magnificent spectacle of the cascading waters, the scene is one of awesome splendour. Yet in those beautiful turbulent waters is a most disconcerting array of toxic materials. Some of the most powerful poisons known to and created by mankind are found in those waters forming the backdrop for countless romantic encounters. How tragic it is in such a beautiful setting to find such ugly chemicals as dioxin, mirex and PCBs. Today I stand in this House to outline once again these problems of the Niagara River and the deplorable lack of action to combat them.

• (1810)

For decades, politicians and environmentalists have been aware of the intolerable pollution taking place in this watershed. Giant chemical companies, with a lot of cash, and perhaps political clout, have been steadfastly preaching cleanup while ignoring pleas to clean up their act. They have dumped their wastes in hastily prepared sites which have deteriorated to the point that the liquid poisons within them are now seeping into the Niagara River. This, of course, is in addition to the pathetically inadequate sewage treatment plants which dump virtually untreated human waste into this once magnificent water course.

Yes, the Niagara River is lovely to look at. Yet in the early 1960s it was described as the biggest open sewer in North America. At that time, Niagara Falls, New York, was dumping raw human wastes and industrial by-products directly into the River by means of a huge pipe opening into the River of all places, just below the American falls in full view of the public!

These are not the sixties, Mr. Speaker. We know better now. We only have finite quantities of water to work with. We must preserve the quality of these waters. We have provisions for protection of the environment. We have the International Joint Commission, the Committee on Great Lakes Water Quality. Why then does the pollution continue? The laws are in place. The chemicals have been identified. We know they are there in even more dangerous quantities as the yellow barrels in the Love Canal continue to rust and allow their nauseating contents to seep through the bedrock into one of the most famous rivers in Northern America.

Is it apathy or misplacement of priorities which accounts for the fact that Niagara Falls, New York, is still dumping virtually untreated waste directly into the Niagara River? The modern treatment plant continues in its state of disrepair to give only primary treatment to the 65 million gallons of sewage passing through it daily. That is to say, it takes out the lumps and then adds some chlorine.

The Ontario Ministry of the Environment is aware of these assaults on the environment in the Niagara River. In a meeting with the Minister recently I noticed just how much he is aware of the problems with chemical seepage into the River. I believe he is very concerned. The Ontario Minister of the Environment has continued since that briefing in late 1982 in his efforts to negotiate a cleanup of the Niagara River, by dealing with major chemical companies and United States environmental groups. Yet how much more effective his representations would be if the Canadian Government took a much more action-oriented approach to the problem.

The main issue concerning Ontario environmentalists is the S-Area dump, which contains a mind-boggling array of death-dealing chemicals which are finding their way into the water table and into the River. It has been alleged that Hooker Chemical knows more about the makeup of the S-Area dump than they care to voluntarily admit. This matter is of enormous importance to Canadians, perhaps even more important than coal liquefaction. We need this information to undertake remedial action. Then why does the federal Government delay in offering its help to resolve the issues raised by Ontario? Mr. Parliamentary Secretary that is one of the questions you need to answer. In all fairness, it is a federal responsibility to resolve disputes of international character such as this. Once again, I ask the question to the Minister: What effort is being made to acquire the information so desperately needed on the S-Area dump? I do not want to hear that he is not party to these negotiations, as he mentioned in January. He should be party to these negotiations as federal Minister of the Environment. I understand, in speaking today with a representative of the Ontario Minister of the Environment, that the federal Government has agreed to raise our concerns with the State Department. When is this going to happen? We are all waiting with bated breath.

• (1815)

As the Member of Parliament for a constituency bordering on the Great Lakes I have spoken out on many occasions on water quality. I have read numerous reports sent out by the International Joint Commission and the Great Lakes Water Quality Group. They use great amounts of ink and paper in analysing the chemicals being emitted by various industries, and on measuring in intricate detail the substances to be found in Great Lakes water. However, little is mentioned regarding actual procedures to nail polluters and make them comply with regulations. The solution is not to slap offenders on the wrist; they should be made to clean up the mess. Not only that, when does the Minister intend to conclude his studies of pollution and do something definite about it? If there are plans to seal

the dumps and stop the polluters in their tracks, it is high time to implement those plans.

In conclusion, I implore the Minister to take appropriate steps to wipe out pollution where he has jurisdiction, that is on Canadian soil, and to immediately enter into serious negotiations to reach a bilateral accord with the United States on similar controls in that nation. To many people's health and well-being depend on such action. Rhetoric is not enough.

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): First of all, Mr. Speaker, I would like to congratulate the Hon. Member for Erie (Mr. Fretz) for whom I have great respect. I have so much respect for him that sometimes I think he is a Liberal.

Mr. Fretz: Never, Mr. Speaker, never.

Mr. Tousignant: I would like to thank him for the effort he brings to the solution of this very serious situation. I will reply on behalf of the Minister in French, as it is easier for me.

[*Translation*]

The Minister of Environment (Mr. Roberts) has informed the House that the Federal Government is bringing pressure to bear upon the United States to clean up the Niagara River. This is being done at the diplomatic, administrative and technical levels. At the administrative level, the advisory committee responsible for the Niagara River which is made up of high officials has met officially six times since last year to urge that action be taken to deal with problems such as that of the S-Area dump. Environment Canada and the Environmental Protection Agency of the United States chair jointly this committee which also includes representatives from the Ontario Department of the Environment and the Department of Environmental Conservation of New York State. Through this committee, data and technical advice exchanges have greatly increased between the two countries. However, in the case of the S-Area dump, the publication of information is restricted by a confidentiality agreement between the parties involved in the case now before the court of the New York district, namely the American organizations and Occidental Chemical Corporation. Under this agreement, the EPA cannot discuss with us the details of its negotiations with the company which might lead to a future settlement. Still, the confidential agreement does not in any way prevent us from holding discussions with the American Government, and we will continue to make representations to them regarding our concerns and our interest in a settlement. Senior officials of the Department of External Affairs and their counterparts in the American State Department are actively seeking under the terms of the agreement a mutually acceptable solution to obtain information which has been unavailable so far.

On the technical level, the provincial and American organizations have decided to co-ordinate and intensify their monitoring activities under the supervision of the Niagara River Toxic Products Committee. It is necessary to collect and analyze the scientific data to pinpoint the exact sources of the many chemical products involved, as well as to find effective remedial measures and to set priorities. The Niagara River Toxic Products Committee will publish its final report sometime in December 1983.

Some action has been taken in the case of the Niagara River. In our consultations with the United States, we are trying to find effective ways to solve the problems, and we are using every available diplomatic, administrative and technical mechanism to convince the Americans that it has become very urgent to do something to solve the Niagara River pollution problems.

• (1820)

[*English*]

ABORIGINAL RIGHTS—POSSIBLE EFFECT OF GULF OIL DEVELOPMENT IN NORTHERN YUKON

Mr. Jim Fulton (Skeena): Mr. Speaker, my question tonight concerns the possible effect of Gulf Oil development in the northern Yukon. I hope the Parliamentary Secretary is prepared to respond to some of the points that I will put on the record.

The first question concerns aboriginal rights in the northern part of the Yukon and the second concerns the impact of the intrusion of Gulf at Stokes Point or other sites on the north slope that might make a national park a nonviable option.

This is a peculiar situation, Mr. Speaker. As a result of the Berger Inquiry, the National Energy Board, many national environmental groups and native groups requested and received the endorsation of the Government of Canada for certain lands to be withdrawn. On July 6, 1978 Order in Council No. 78568 was Gazetted. This withdrew certain lands from disposition, and included such things as disallowing the location of any claims, any gold, precious metal or mineral prospecting. Clause (b) of the Order in Council stipulates as follows:

—that the lands described in the schedule are required for a national park and other conservation purposes to order the withdrawal of the said lands, including all mines and minerals, whether solid, liquid or gaseous, easements—

It is very clear that what is being pursued by the Minister of Indian Affairs and Northern Development (Mr. Munro) is quite improper and is not supported by his colleague, the Minister of the Environment (Mr. Roberts).

On February 25, 1983, an article appeared in the White Horse *Star* under the heading "Environment boycotting Stokes Pt. meeting" and it states as follows:

Environment Canada is not participating in the study of potential port sites on the Arctic coast because it doesn't want to help make a decision to build a harbour it doesn't support.

Environment Minister John Roberts has publicly stated his opposition to any decision that would allow development along the north shore, especially on the Yukon's north slope.

Gulf Canada applied last summer for Northern Development Department permission to build a deep-water wintering harbor at Stokes Point. The company wants that site because it says it can accommodate its huge Conical Drilling Units.

According to Sandy Lewis, a policy advisor with Environment Canada, the department wants to distance itself from any actual decision making. "We don't want to embarass our minister," Lewis said, or "prejudice our view."

The Interdepartmental Environmental Review Committee is studying potential harbor sites along the Beaufort coast. The Northern Development Department is also examining Gulf's site selections, which include Roland Bay and King Point, as well as Stokes.

The article concludes as follows:

There is no reason the decision has to be made after the end of March, Lewis said.

Once it is made, he said, "we will have to live with it."

We have the National Energy Board ruling, we have the very lengthy, thorough and widely accepted Berger Inquiry, we have environmental groups and native groups which all support the exclusion of these lands. But, for years the Minister of Indian Affairs and Northern Development has been promoting Gulf's application to go ahead with Stokes Point, which I understand will be heard in Ottawa on Friday. It is interesting that not only is the impact on the national park proposal to be considered, but also the impact on aboriginal claims.

On February 25 the *Native Press* under the headline "Impact Statement ignores claims" ran a story by Lee Selleck. We have the erosion of good faith negotiations in relation to aboriginal title and we have the erosion of the park proposal. It is not that Gulf, Esso and others do not have other sites they could go to. On February 25 Gulf sent me a Telex which read in part as follows:

—Gulf's current proposal for a marine supply base at Stokes Point and the content of the environmental impact statement which outlines a range of long-term future options for eventual oil and gas development in the north, if and when sufficient commercial quantities are discovered.

The EIS will be dealt with more appropriately, as planned, during the course of the federal environmental assessment and review process.

• (1825)

We have a situation where Gulf, I understand under pressure from Government officials, went ahead and made an application to get Stokes Point. Their original idea was to get access to various quarries, to build a road down to join up with the Dempster, and to run pipelines down. Now all they are doing is shifting it back to a very narrow application and saying, "Don't harrass us. We just want to have a site where we can put 50 men. We will not bring in 767 jets; there will not be many helicopters. We will not do too much damage to the environment". However, by their own information, this is just the thin edge of the wedge. They want to get this limited site. They want to undermine aboriginal claims. They want to undermine the national park. Anyone in good conscience, including the Minister, has to admit that once that site is there, once Stokes Point is dredged as a deep water port, it will be a year-round facility. They will start pressuring for roads because they will say it is too foggy, that there are iceouts and whiteouts, that they cannot bring in the jet, that they must have a road. Once they get the road, they will say, "Well, we have the road; now we need the pipeline". As Dr. MacTaggart-Cowan said years ago about what is happening in the Arctic, it is destruction by insignificant increments.

I hope the Parliamentary Secretary will address himself to the very important application that is being made this week; Gulf is applying on Friday. The Minister's own Department claimed to have a legal opinion that Gulf can go ahead and get this kind of easement or temporary permit access to the area, without the need for a change in Order in Council which was based on reports which cost taxpayers of Canada millions of dollars, through the National Energy Board and through the Berger inquiry, to have those lands set aside. If the Minister intends to go ahead and allow Gulf to do it now, the Minister of the Environment might as well resign. He is opposed to it. His officials are opposed to it on sound environmental grounds. I urge the Parliamentary Secretary to agree with the Minister of the Environment, and to take the necessary steps to deal with this matter in an appropriate manner.

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I will try to explain the situation to the Hon. Member.

Gulf Oil has submitted an application for approval-in-principle to locate a medium to deep draft marine support base at Stokes Point in the Northern Yukon to support its offshore exploration activities, including its new drilling systems, the conical drilling unit and the mobile Arctic caisson. The company has conducted an analysis of alternative sites along the Beaufort coast and determined that Stokes Point was the best site to meet its exploration support needs.

The Department of Indian Affairs and Northern Development is not predisposed to locating a new marine supply base at Stokes Point or any other northern slope location. It is, however, obliged to assess Gulf's need for a new marine supply base during its exploration program and to respond to its application.

The Government, having granted Gulf exploration rights and specified work commitments associated therewith, cannot now impose unreasonable operating conditions and effectively limit Gulf's exercise of its rights. Consequently, departmental officials in co-operation with experts from other Departments are conducting a facilities siting study to assess a range of harbours on the entire Beaufort coast, including not only sites on the Yukon's north slope but also sites on the Northwest Territories coast, to determine both the need and the preferred location to meet Gulf's operational requirements during the exploration phase of its activities.

In this regard, Gulf has been informed that no decision can be taken until all significant factors have been analysed and weighed, that all sites must be considered in this analysis, that new sites should be kept to a minimum in order to limit potential disruptions, that such plans should be the subject of consultation with those affected, and that the provisions of the COPE agreement in principle are to be followed in all actions.

In November 1982, Gulf applied to conduct geotechnical studies at Stokes Point, Roland Bay and King Point, both onshore and offshore. Gulf has been authorized to proceed with such studies offshore, which will provide information essential to the analysis. Gulf is aware that such authorizations

as it might receive for such studies should not be construed as implying that eventual Government approval of Stokes Point or any other north slope location is assured.

● (1830)

Gulf has indicated its intention to apply this week to the Department for the land use permit which it requires in order to construct facilities at Stokes Point. No such authorization will be provided until a decision has been reached, both on the need for a new facility and on an appropriate site based on the study I referred to earlier.

Before reaching a decision on a site or on the conditions which could govern the development of any chosen site, we will be consulting the territorial Governments and appropriate local communities and native groups. Department officials have already indicated to interested Parties that the result of the studies will be made public.

In conclusion, the Department of Indian Affairs and Northern Development is responsible for assessing proposals put forward by companies legitimately engaged in exploration activity in accordance with the law. Such assessments are, of course, conducted without prejudice to existing commitments and without anticipating their possible conclusions. In short, no decision has been made; no decision will be made unless and until all factors and interests have been taken into account.

[*Translation*]

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 6.32 p.m. the House adjourned, without question put, pursuant to Standing Order.

THE END VOLUME XX